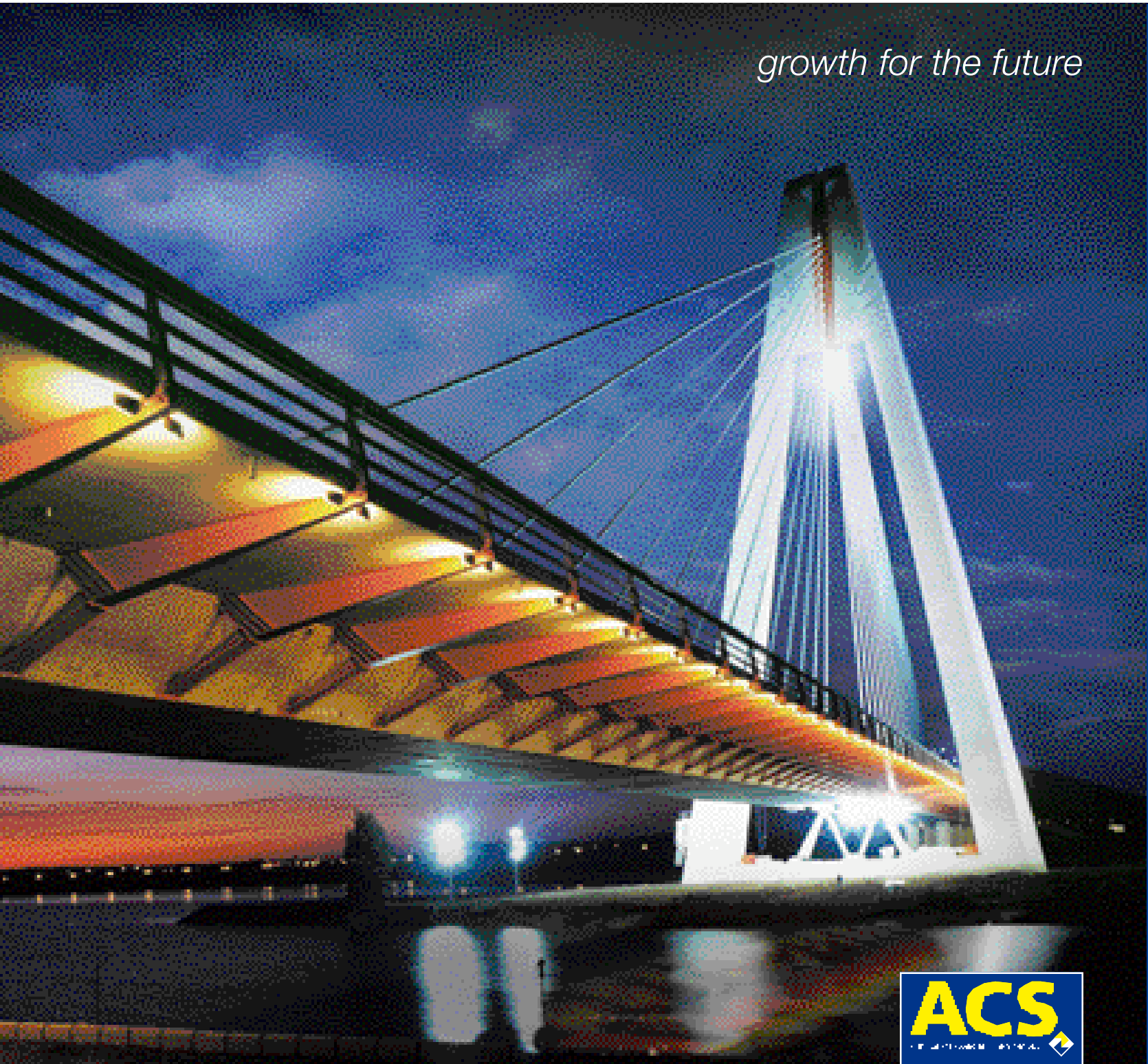


05

Annual Report
ACS Group

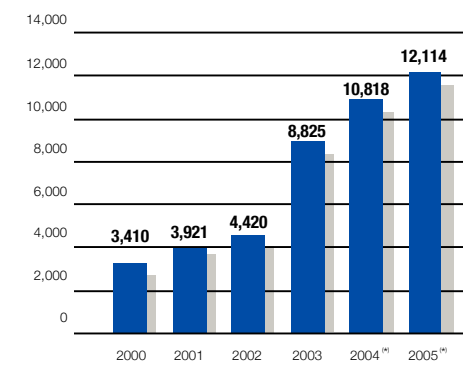
growth for the future



Main Figures of the ACS Group

Turnover

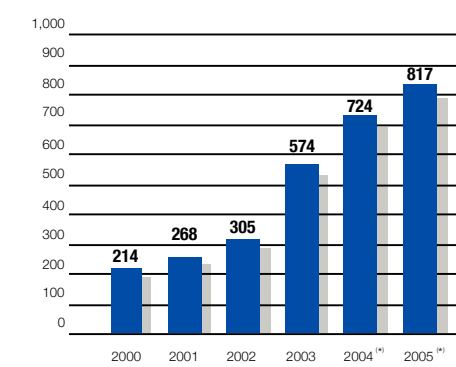
Millions of Euros



** Under IFRSs standards

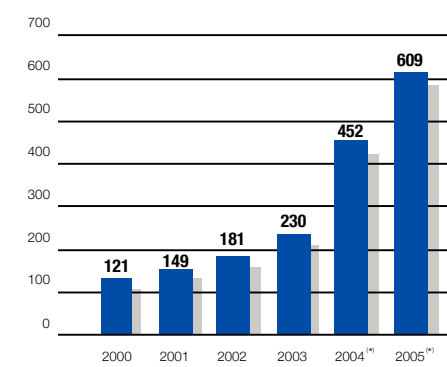
Net operating profit

Millions of Euros



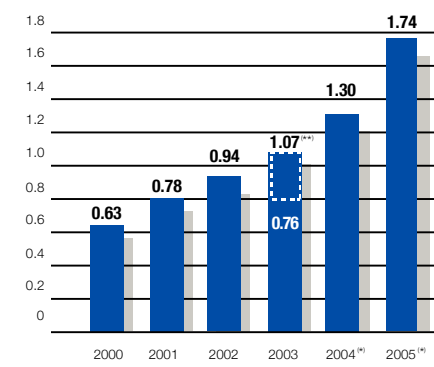
Attributable net profit

Millions of Euros



Earnings per share

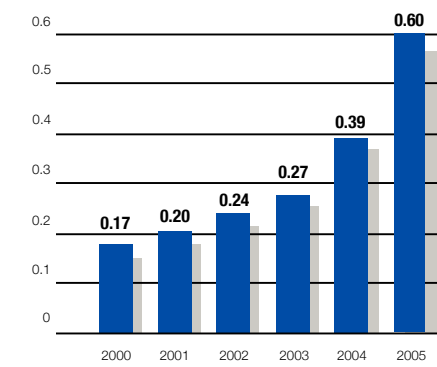
Euros



** Under IFRSs standards
** Exclude extraordinary merger expenses

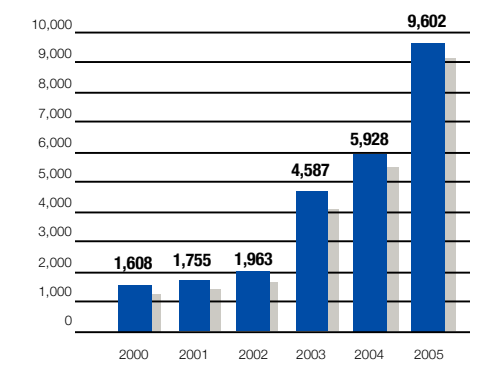
Dividend per share

Euros

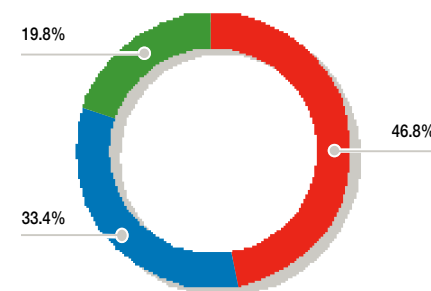


Market capitalization

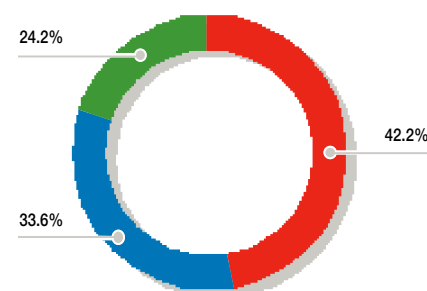
Millions of Euros



2005 Turnover by business



2005 Operating profit by business



Millions of Euros

Construction 2005

Turnover	5,725
International	9.7%
Net operating profit	359
Margin	6.3%
Net Profit	239
Margin	4.2%
Order book	9,369
Employees	18,217

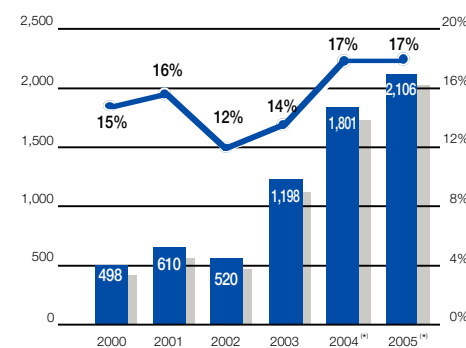
Millions of Euros

Industrial Services 2005

Turnover	4,077
International	32.3%
Net operating profit	286
Margin	7.0%
Net Profit	179
Margin	4.4%
Order book	4,269
Employees	32,122

Internationalization

Millions of Euros



** Under IFRSs standards

Millions of Euros

Services and Concessions 2005

Turnover	2,420
International	9.7%
Net operating profit	206
Margin	8.5%
Net profit	212
Margin	8.8%
Order book	13,230
Employees	62,875

International presence

Countries in which ACS Group is present

- Afghanistan
- Algeria
- Andorra
- Argentina
- Australia
- Belgium
- Bolivia
- Brazil
- Canada
- Chile
- China
- Colombia
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Ethiopia
- France
- Germany
- Greece
- Guatemala
- Holland
- Honduras
- India
- Ireland
- Israel
- Italy
- Kuwait
- Mexico
- Morocco
- Nicaragua
- Norway
- Panama
- Peru
- Portugal
- South Africa
- Spain
- Sweden
- Switzerland
- Tunisia
- Uganda
- United Arab Emirates
- United Kingdom
- Venezuela



Main Figures of the ACS Group

Millions of Euros

Financial and operating data	2000	2001	2002	2003	2004 ⁽¹⁾	2005 ⁽¹⁾
Turnover	3,410.4	3,921.4	4,420.2	8,825.1	10,817.9	12,113.9
Operating profit	214.3	267.8	305.3	573.5	723.9	817.4
Profit before tax	176.6	222.3	250.4	283.4	623.3	804.3
Attributable net profit	120.8	149.2	181.4	229.5	452.5	608.7
Cash-flow ^(*)	189.4	238.4	312.8	505.4	709.7	886.8
Dividends paid	25.0	32.0	38.4	46.1	96.8	137.6
Total investments	307.6	201.7	1,050.7	657.5	1,196.4	4,216.4
Total assets	3,338.7	3,880.6	4,914.5	11,226.3	12,399.6	17,712.5
Shareholders' equity	814.9	910.8	980.4	1,796.4	1,905.4	2,480.9
Total net debt	212.6	124.7	594.5	1,230.6	1,423.9	4,264.6
Order book	6,191.5	6,809.9	7,422.5	22,537.8	23,928.4	26,868.1
Number of employees	28,910	30,804	32,555	97,112	107,748	113,273

^(*) Net profit + Depreciation + Change in provisions

Data per share ⁽²⁾	2000	2001	2002	2003	2004 ⁽¹⁾	2005 ⁽¹⁾
Earnings	0.63	0.78	0.94	0.76	1.30	1.74
Gross dividend	0.17	0.20	0.24	0.27	0.39	0.60
Cash-flow	0.99	1.24	1.63	1.68	2.01	2.51
Shareholders' equity	4.24	4.74	5.10	5.05	5.40	7.03

Stock market data	2000	2001	2002	2003	2004	2005
Listed shares ⁽²⁾	192,185,448	192,185,448	192,185,448	355,580,493	352,873,134 ⁽³⁾	352,873,134
Market capitalization (€ Million)	1,608.0	1,755.3	1,963.5	4,587.0	5,928.3	9,601.7
Year-end closing price ⁽²⁾	€8.37	€9.13	€10.22	€12.90	€16.80	€27.21
Annual revaluation	6.59%	9.16%	11.86%	26.26%	30.23%	61.96%

Key ratios	2000	2001	2002	2003	2004 ⁽¹⁾	2005 ⁽¹⁾
Operating margin	6.3%	6.8%	6.9%	6.5%	6.7%	6.7%
Net margin	3.5%	3.8%	4.1%	2.6%	4.2%	5.0%
ROE	16.4%	17.3%	19.2%	16.5%	23.6%	27.5%
Gearing ⁽⁴⁾	23.3%	12.5%	54.9%	64.9%	70.5%	161.8%
Dividend yield	2.0%	2.2%	2.3%	2.1%	2.3%	2.2%

⁽¹⁾ Under IFRSs standards

⁽²⁾ Adjusted by the 3 x 1 Split of year 2004 (reduction of the nominal value of the shares from € 1.50 to € 0.50 with the consequent and simultaneous increase in the number of shares in proportion to the stock capital)

⁽³⁾ On June 10th, 2004, there was a reduction in the stock capital by a nominal amount of € 1,353,679.5 through the redemption of 902,453 shares of treasury stock

⁽⁴⁾ Gearing: Net Debt / (Shareholders' Equity + Minority interests)

05

Annual Report ACS Group

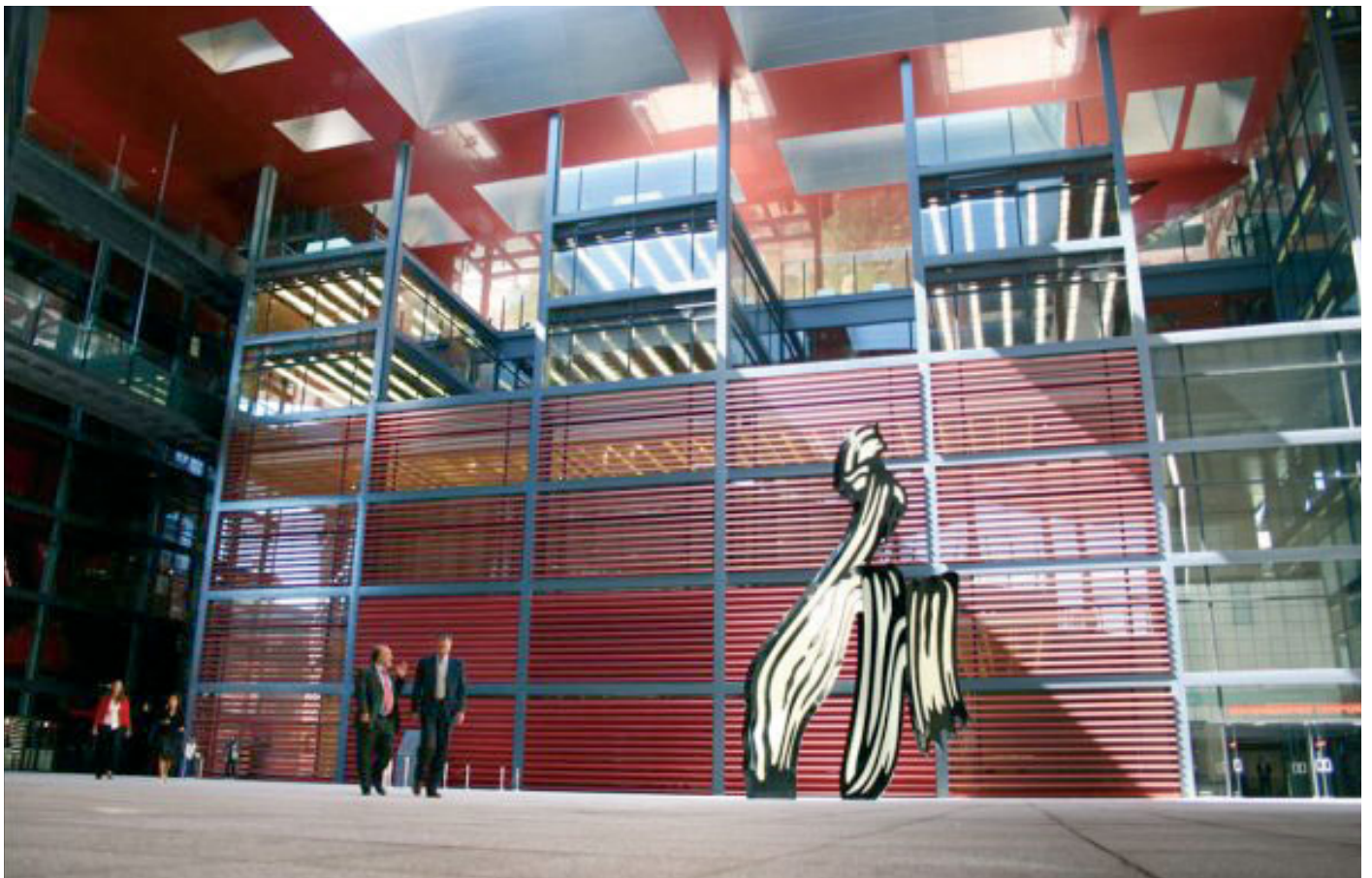
About this 2005 Annual Report

For the first time, the ACS Group Annual Report includes information on activities, as well as economic and financial, corporate responsibility and good governance information in a single document. The 2005 Annual Report has four sections and combines all public information on the Group which is of significance to shareholders, clients, employees, and in general, anyone with an interest in detailed information on the ACS Group's economic, financial, social and environmental activities, results and outlook. This is the second year that the ACS Group has published specific public reports on corporate responsibility and good governance.

As in the case of last year's report, the aim of the Report on Corporate Responsibility is to describe the Company's social and environmental principles, programs and actions, and evidence the quality of the ACS Group's relations with interest groups. This document follows the guidelines of the 2002 guide "Global Reporting Initiative" (GRI) and focuses on those matters that are especially significant to a company of the characteristics of the ACS Group.

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Letter from the Chairman

2005 has been a decisive year for our Group. We have consolidated our leadership in the infrastructure and services sector in Spain, continued our expansion in international markets and made the largest investment in the history of ACS with the acquisition of a significant stake in Unión Fenosa.

Economically, all of our initially foreseen objectives have been surpassed. Sales were up by 12%, reaching over 12,100 million euros and net profit grew by 34.5% to 609 million euros. The positive operating results of each activity and the improvement in working capital contributed to the generation of cash flow prior to investments and the distribution of dividends of over 1,350 million euros, enabling us to finance a portion of the 4,217 million euros invested this year.

Without a doubt, the Group's most significant investment was in Unión Fenosa. When we reached an agreement to acquire 22.1% of the third ranked Spanish electricity utility for 2,219 million euros on September 23rd, we were aware that we were taking a major leap forward in the corporate track record of ACS. Our knowledge of the markets in which Unión Fenosa operates, the opportunities existing in the energy sector and the company's leadership position as an integrated gas and electricity utility made this investment a strategic objective for our Group.

In order to reinforce our position as a reference shareholder of Unión Fenosa, two months later, ACS launched a takeover bid which was recently completed and has enabled us to increase our ownership interest in this company to 34.5%. Additionally, the financing arrangement used has allowed the Group to maintain its investment policy, which is aimed at guaranteeing the sustainable development of our activities in upcoming years.

Construction area sales were up by 9.5% this year, reaching 5,725 million euros. The positive performance of this sector in Spain and its future outlook, especially with respect to civil works, following the recent approval of the 2005-2020 Strategic Infrastructure and Transport Plan, guarantees ongoing stability in terms of income in upcoming years.

The performance of the Industrial Services area was excellent in 2005, backed by heavy domestic and international demand for energy-related systems, of which our companies knew how to take advantage, as well as the improvement of the operating efficiency of all activities. In this respect, sales exceeded 4,000 million euros for the first time in the area's history, up by 16.8%.

Services and Concessions area sales increased by 9.9% to 2,420 million euros, in view of the growing need for services relating to infrastructures. The area reinforced its leadership position in the Spanish market and increased its multinational offer in the environmental and port and logistics services areas.

The performance of the total order book, which increased by over 12% to nearly 27,000 million euros, clearly evidences the ACS Group's excellent position, which will guarantee its success in the near future. It also demonstrates that the Group's competitiveness and technical capacity are increasingly more valued by our clients.

The contribution to the Group's net profit of companies accounted for the equity method, amounted to 145 million euros, up by 53.5% from the previous year. The inclusion of Unión Fenosa within the scope of consolidation in the last quarter, the positive results obtained by each company and the increase in ownership interest in Abertis and Urbis to the current 24.8% respectively, accounted for this growth.

The solid performance of our business lines, confirmed by the excellent results obtained, and the Group's investment policy aimed at obtaining long-term profitability, has been backed by the strong support of our investors. In fact, in 2005 the ACS share had the best stock market performance since 1997, increasing by 62%, which tripled the revaluation of the main Spanish and European indicators.



Also worthy of mention is our Group's considerable effort in terms of corporate responsibility, relating to our commitment to "do good work", or in other words, to meet the expectations of clients, shareholders, employees and the society as a whole. In 2005 ACS continued to develop programs and to undertake measures to improve the social and environmental impact of our activity. In this respect, noteworthy is the substantial increase in environmentally certified production, which now accounts for 87% of total production. Significant advances were also made in terms of job safety as evidenced by the improvement of all the prevention indexes, confirming our position as one of the safest companies in the sector.

Finally, once again I would like to express my sincere gratitude to our shareholders, clients and employees for their confidence in our Group, which we attempt to respond to with the same dedication and enthusiasm for such a passionate project as ACS.

Florentino Pérez

A handwritten signature in black ink, reading "Florentino Pérez". The signature is written in a cursive, flowing style.

Management Bodies

Board of Directors



Executive Chairman

Mr. Florentino Pérez Rodríguez ■

Civil Engineer
Chairman and CEO of ACS Group since 1993
Member of the Board of Directors of ACS Group since 1989

Executive Vice Chairman

Mr. Antonio García Ferrer ■

Civil Engineer
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Abertis Infraestructuras
Member of the Board of Directors of Inmobiliaria Urbis

Vice Chairman

Mr. Pablo Vallbona Vadell ■ ■

Naval Engineer and MBA from the IESE
Member of the Board of Directors of ACS Group since 1997
Executive Vice Chairman of Banca March
Vice Chairman of Corporación Financiera Alba
Vice Chairman of Abertis Infraestructuras

■ Member of the Executive Committee

■ Member of the Audit Committee

■ Member of the Appointment and Remuneration Committee



Directors

Mr. José María Loizaga Viguri ■ ■

Economist
Member of the Board of Directors of ACS Group since 1989
Chairman of Mercapital, S.L.
Chairman of Mercapital Private Equity, S.G.E.C.R., S.A.
Chairman of Cartera Hotelera, S.A.
Chairman of Bodegas Lan
Vice Chairman of Zardoya Otis
Vice Chairman of Banco Urquijo

Dr. José María Aguirre González ■

Doctorate in Civil Engineering
Member of the Board of Directors of ACS Group since 1995
Chairman of Banco Guipuzcoano
Member of the Board of Directors of Acerinox
Member of the Board of Directors of Siemens España

Mr. Agustín Batuecas Torrego

Civil Engineer
Member of the Board of Directors of ACS Group since 1999
Chairman and CEO of Continental Auto
Vice Chairman of Fenebús

Mr. Álvaro Cuervo García ■

Doctorate in Economics. Professor of Business Economics
Member of the Board of Directors of ACS Group since 1997
Member of the Advisory Board of Privatisations
Member of the Board of Directors of ThyssenKrupp
Member of the Board of Directors of SONAE INDUSTRIA, SONAE SGPS
Vice Chairman of TAFISA

Mr. Manuel Delgado Solís ■

B.S. in Pharmacy. Lawyer
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Unión Fenosa

Mr. Javier Echenique Landiribar ■ ■

B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Member of the Board of Directors of Telefónica Móviles
Member of the Board of Directors of Uralita
Member of the Board of Directors of ENCE

Mr. Isidro Fernández Barreiro ■

Industrial Engineer
Member of the Board of Directors of ACS Group since 2003
CEO of Corporación Financiera Alba
Member of the Board of Directors of Banca March
Member of the Board of Directors of Prosegur

Mr. Joan-David Grimà i Terré

Doctorate in Economics and Business Studies
Member of the Board of Directors of ACS Group since 2003
General Manager of Santander Central Hispano
Member of the Board of Directors of Antena 3, TV

Mr. Pedro López Jiménez ■

Civil Engineer
Member of the Board of Directors of ACS Group since 1989
Chairman of Unión Fenosa
Member of the Board of Directors of CEPSA
Chairman of Terratest
Member of the Board of Directors of Keller Group Plc
Member of the Board of Directors of Lingotes Especiales

Mr. Santos Martínez-Conde Gutiérrez-Barquín ■

Civil Engineer
Member of the Board of Directors of ACS Group since 2001
General Manager of Corporación Financiera Alba
Member of the Board of Directors of Acerinox
Member of the Board of Directors of Unión Fenosa

Mr. Javier Monzón de Cáceres

B.A. in Economics
Member of the Board of Directors of ACS Group since 2003
Chairman of Indra

Mr. Miquel Roca i Junyent

Lawyer
Member of the Board of Directors of ACS Group since 2003
Secretary of the Board of Directors of Abertis Infraestructuras
Secretary of the Board of Directors of Banco de Sabadell

Mr. Julio Sacristán Fidalgo ■

B.S. in Chemistry
Member of the Board of Directors of ACS Group since 1998

Mr. Francisco Servando Verdú Pons

B.A. in Economics and MBA from the Chicago University
Member of the Board of Directors of ACS Group in the period 2002-2003 and re-elected in 2006
CEO of Banca March
Member of the Board of Directors of Corporación Financiera Alba

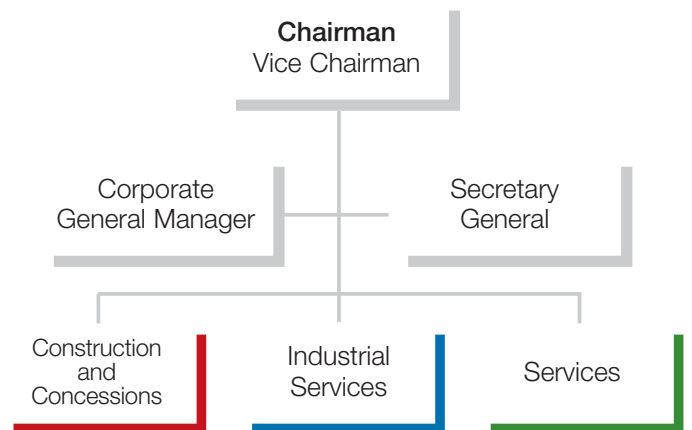
Secretary General and Director

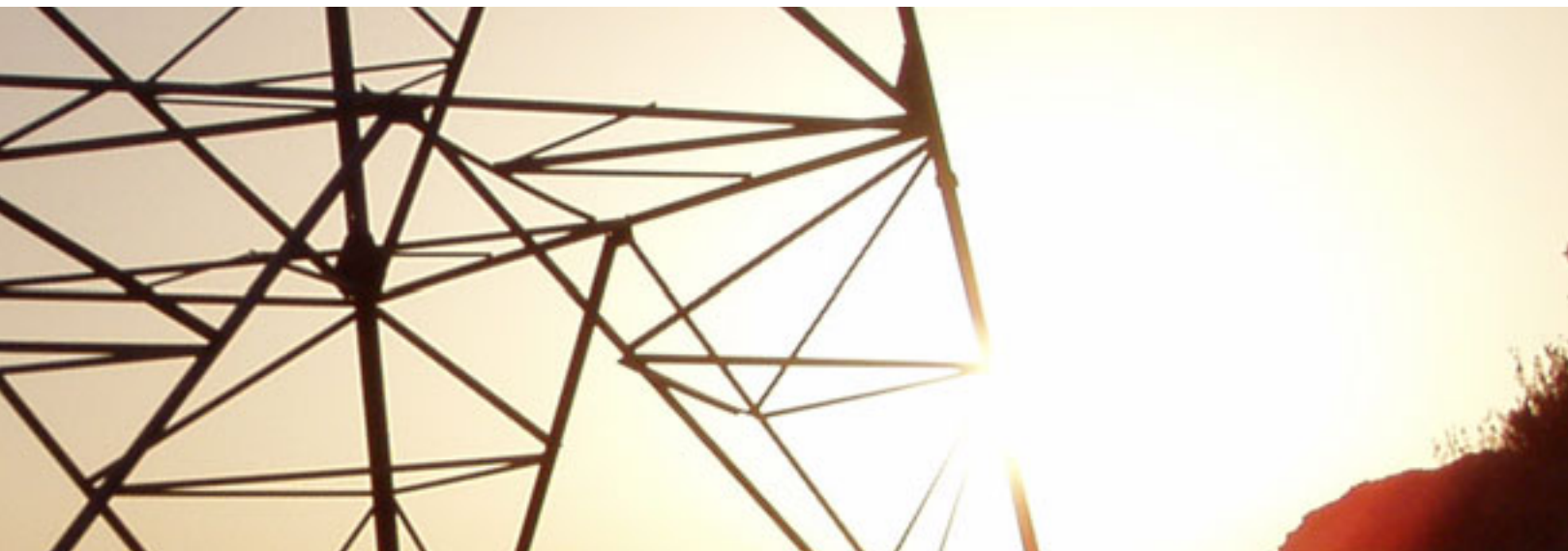
Mr. José Luis del Valle Pérez ■ ■ ■

Lawyer and State Attorney
Member of the Board of Directors of ACS Group since 1989



Management Committee





Mr. Florentino Pérez Rodríguez

Executive Chairman

Born in 1947. Civil Engineer. Although Mr. Pérez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1982 when he was Delegate for Sanitation and Environment of the Madrid City Council, General Sub-Director of Promotion of the Centre for the Development of Industrial Technology in the Ministry of Industry and Energy, General Manager of Transport Infrastructures in the Ministry for Transport, as well as Chairman of IRYDA in the Ministry of Agriculture. In 1983, he returned to the private sector as top executive of Construcciones Padrós, S.A., of which he was one of the main shareholders. Since 1993, he has been the Chairman and CEO of the ACS Group, first as the chairman of OCP Construcciones S.A., and since 1997 as the chairman and CEO of the so-called ACS Group.

Mr. Antonio García Ferrer

Executive Vice Chairman

Born in 1945. Civil Engineer. Mr. García started his career in Dragados y Construcciones, S.A. in 1970. After assuming various positions of responsibility in the construction company, in 1989 he was appointed Regional Manager for Madrid. Then in 1998 he was placed at the head of the Building business and in 2001 he became General Manager of the Industrial and Services Divisions. In 2002 Mr. García was appointed as the Chairman of Grupo Dragados, S.A., and in December 2003 he became the Executive Vice Chairman of the ACS Group.

Mr. Ángel García Altozano

Corporate General Manager

Born in 1949. Civil Engineer and MBA, University of Dayton. Mr. García started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as Corporate General Manager with responsibility over the economic-financial areas, corporate development and affiliates.

Mr. José Luis del Valle Pérez

Secretary General

Born in 1950. Lawyer and State Attorney. From 1974 until 1983 Mr. del Valle held various positions in the Public Administration and was a member of the Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS Group since 1989 and has been the Secretary General to the Board of Directors since 1997.

Mr. Marcelino Fernández Verdes

Chairman of the Construction and Concessions Area

Civil Engineer. Mr. Fernández joined the Group in 1987 and was appointed General Manager in 1994. In 1998 he became the CEO of ACS Proyectos, Obras y Construcciones S.A., and in 2001 was appointed Chairman of the company. He is the Chairman of Dragados.

Mr. Ignacio Pérez Rodríguez

Chairman of the Industrial Services Area

Born in 1952. Civil Engineer. After initiating his professional career in the construction sector, Mr. Pérez held several relevant management posts in Control Presupuestario and Bancovial, until 1991, when he joined the ACS Group as Chairman of Semi. He was named CEO of Grupo Cobra in 1997. At present he is Chairman of ACS, Servicios, Comunicaciones y Energía, the Services, Communications and Energy area of the ACS Group.

Mr. Demetrio Ullastres Llorente

Chairman of the Services Area

Born in 1945. Civil Engineer. Mr. Ullastres joined Grupo Dragados in 1969, and has carried out his entire professional career within the company where he has been head of the Building activity, Manager of Civil Engineering, International Director, Chairman of Dragados Industrial, Chairman of Dragados Construcción and General Manager of Grupo Dragados in charge of Concessions and Construction. He is currently the Chairman of ACS, Servicios, the Services area of the ACS Group.



Management Team

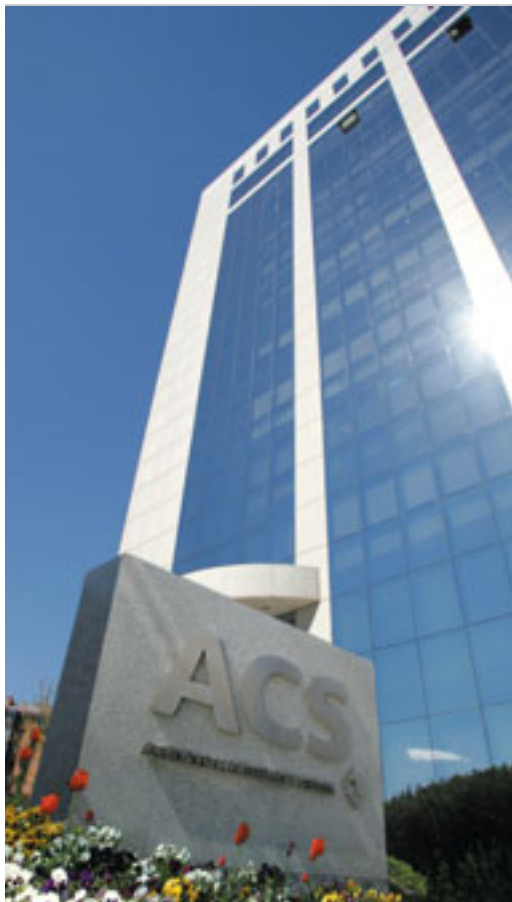
ACS, Actividades de Construcción y Servicios

Mr. Florentino Pérez Rodríguez
Executive Chairman

Mr. Antonio García Ferrer
Executive Vice Chairman

Mr. Ángel García Altozano
Corporate General Manager

Mr. José Luis del Valle Pérez
Secretary General



Dragados

Mr. Marcelino Fernández Verdes
Chairman and CEO

Mr. Juan Ernesto Pérez Moreno
Executive Assistant to the Chairman

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. José María López Piñol
Civil Works I Manager

Mr. Ricardo Martín de Bustamante
Civil Works II Manager

Mr. Gonzalo Gómez Zamalloa
Building I Manager

Mr. Ignacio Segura Suriñach
Building II Manager

Mr. Antonio Cortés Sánchez
International Manager

Mr. Octavio del Real Sánchez
Subsidiary Companies Manager

Mr. Maximiliano Navascués Redondo
Contracting Manager

Mr. Alfonso Costa Cuadrench
Technical Services Manager

Vías y Construcciones

Mr. Manuel Pérez Beato
Chairman and CEO

Mr. Antonio Alfonso Sánchez
General Manager

Mr. Manuel Álvarez Muñoz
Civil Works Manager

Mr. Ignacio Legorburu Escobar
Building Manager

Tecsa

Mr. José María Aguirre Fernández
CEO



Drace

Mr. José Luis Sarabia Centeno
CEO

Geocisa

Mr. Francisco Javier Asencio Marchante
CEO

Cogesa

Mr. Enrique Pérez Rodríguez
CEO

ACS Servicios Comunicaciones y Energía

Mr. Ignacio Pérez Rodríguez
Chairman and CEO

Mr. José Alfonso Nebrera García
General Manager

Mr. José Romero de Ávila González-Albo
Secretary General

Cobra Group

Mr. Eugenio Llorente Gómez
CEO of Cobra

Mr. Daniel Vega Baladrón
CEO of SEMI and MAESSA

Mr. Juan Agustín Sánchez Bernal
Chairman of ETRA, API and IMES

Mr. José Reis Costa
Chairman of CME

Dragados Industrial

Mr. Lorenzo Díaz Revenga
Chairman and CEO

Mr. Carlos Rodríguez Méndez
General Manager of CYMI

Mr. Mateo Rodríguez Sánchez
General Manager of Ingeniería Industrial y Plantas

Mr. Pedro Ascorbe Trian
General Manager of Dragados Offshore

Mr. Juan Enrique Ruiz González
General Manager of Sistemas

Mr. Antonio Benítez Vilches
General Manager of Masa

ACS Servicios y Concesiones

Mr. Demetrio Ullastres Llorente
Chairman and CEO

Mr. Juan Galvañ Morante
Secretary General

Services

Mr. Javier Polanco Gómez-Lavín
CEO of Urbaser

Mr. José Naranjo Hiraldo
General Manager of Urbaser

Mr. Juan Carlos Pery Paredes
CEO of Dragados SPL

Mr. Agustín Batuecas Torrego
Chairman and CEO of Continental Auto

Mr. Cristóbal Valderas Alvarado
CEO of Clece

Concessions

Mr. Manuel García Buey
CEO

Mr. Victor Revuelta García
General Manager

Mr. Francisco Fernández Lafuente
General Manager

Corporate Strategy

Vision

A worldwide reference in the **construction and services** activities. A group taking part in the **development** of key sectors for the economy such as **infrastructures** and **energy**. A company committed to the **social and economic progress** of the countries in which it is present.



Mission

Meeting our clients needs

- Innovating from day to day, and increasing the offer of products and services which enable the Group to diversify its portfolio of activities while reducing its exposure to economic cycles.
- Ongoing improvement of quality, safety and reliability standards in relation to the numerous services offered, in order to foster stability and to guarantee recurring income.
- Expanding the Group's current client base, through a permanent commercial effort in new markets.

Optimizing the profitability of the resources managed

- Increasing operating and financial efficiency and offering attractive profitability to our shareholders.
- Applying strict investment criteria in line with the company's strategy of expansion and growth.
- Maintaining a solid financial structure which facilitates the raising of resources and the maintenance of a low cost thereof.
- Offering an attractive dividend policy which is sustainable in the long-term.

Improving the society in which we live

- Contributing to its economic growth, whether directly through the wealth generated by the Group's activity and the fostering of investment and employment, or indirectly through improvements represented by the infrastructures developed.
- Improving social welfare through the creation of decent and fairly remunerated employment.
- Respecting the environmental and cultural backdrop in each of the activities carried out by the Group, in accordance with the recommendations of the main domestic and international institutions.



Values

Experience of over 60 years developing and incorporating the capacities needed to offer our clients high quality services relying on new technical developments.

Profitability as a future guarantee, obtained through the efficient management of resources and an active risk-control policy which guarantees our shareholders an adequate return.

Trust from our clients built on a long-term relationship and mutual familiarity, which allows us to adapt quickly and flexibly to their needs and demands.

Commitment to sustainable development, demonstrated by our track record of creating value for our shareholders and clients, and by the professional development of our employees and collaborators, which allow us to serve society in an efficient and ethically responsible manner.

History

The ACS Group began operating in 1983 when a group of engineers acquired Construcciones Padrós, a mid-sized construction company with financial problems located in Badalona (Cataluña). After restructuring this company, the same strategy was repeated with the acquisition of OCISA, a prestigious construction company which was larger and already in operation for over 40 years.

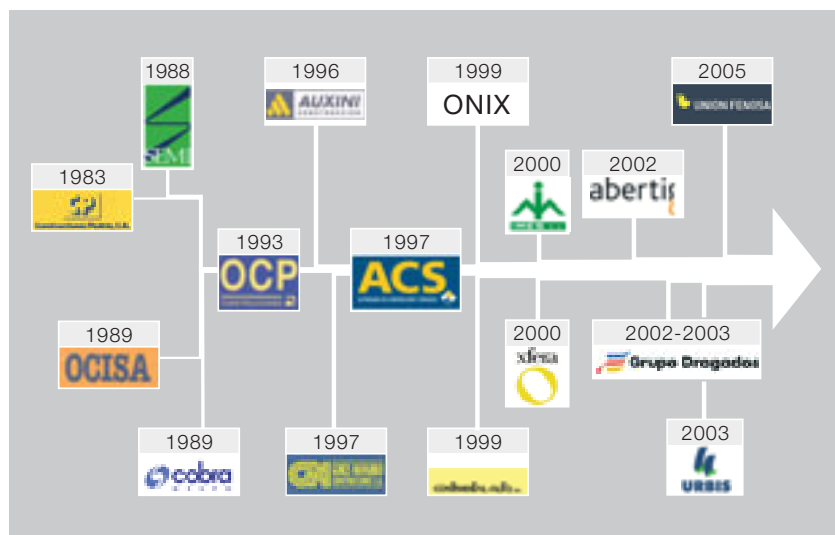
At the end of the eighties, a diversification process was initiated through the acquisition of SEMI, a company specialised in the maintenance and installation of electric lines. This process was continued a year later with the purchase of a majority shareholding in Cobra, one of the most reknown companies in the sector of support services to electric and telecommunications companies, and a market leader with over 70 years of experience.

The first of the large company mergers took place in 1993 with the creation of OCP, which would be the seed of the Group structured as it is today. OCP became one of the leading groups of the construction companies in Spain. The second large merger took place in 1997, with the creation of ACS as a result of OCP's merger with Auxini and Gines Navarro.

At the end of the nineties, the Group incorporated most of the companies forming its current services area; Continental Auto, which engaged in passenger transport, Onyx, a provider of environmental services, lmes, a company dedicated to public lighting services, integral maintenance and control services, and Vertresa, the largest waste treatment plant in Madrid.

The turn of the century started with the integration of the Dragados Group, which positioned the ACS Group as the indisputable leader in the Spanish market and of one the most important companies in its industry of the European continent.

Parallel to this entire integration process, the ACS Group has established the basis of its future strategy, by focusing its activity on relevant sectors of the Spanish and European economy through investments such as those in Abertis and Urbis, as well as its investment in Unión Fenosa in 2005 amounting to over 3,400 million euros. This investment has enabled ACS to enter in a strategic sector as a reference shareholder of one of the leading energy companies in Spain.



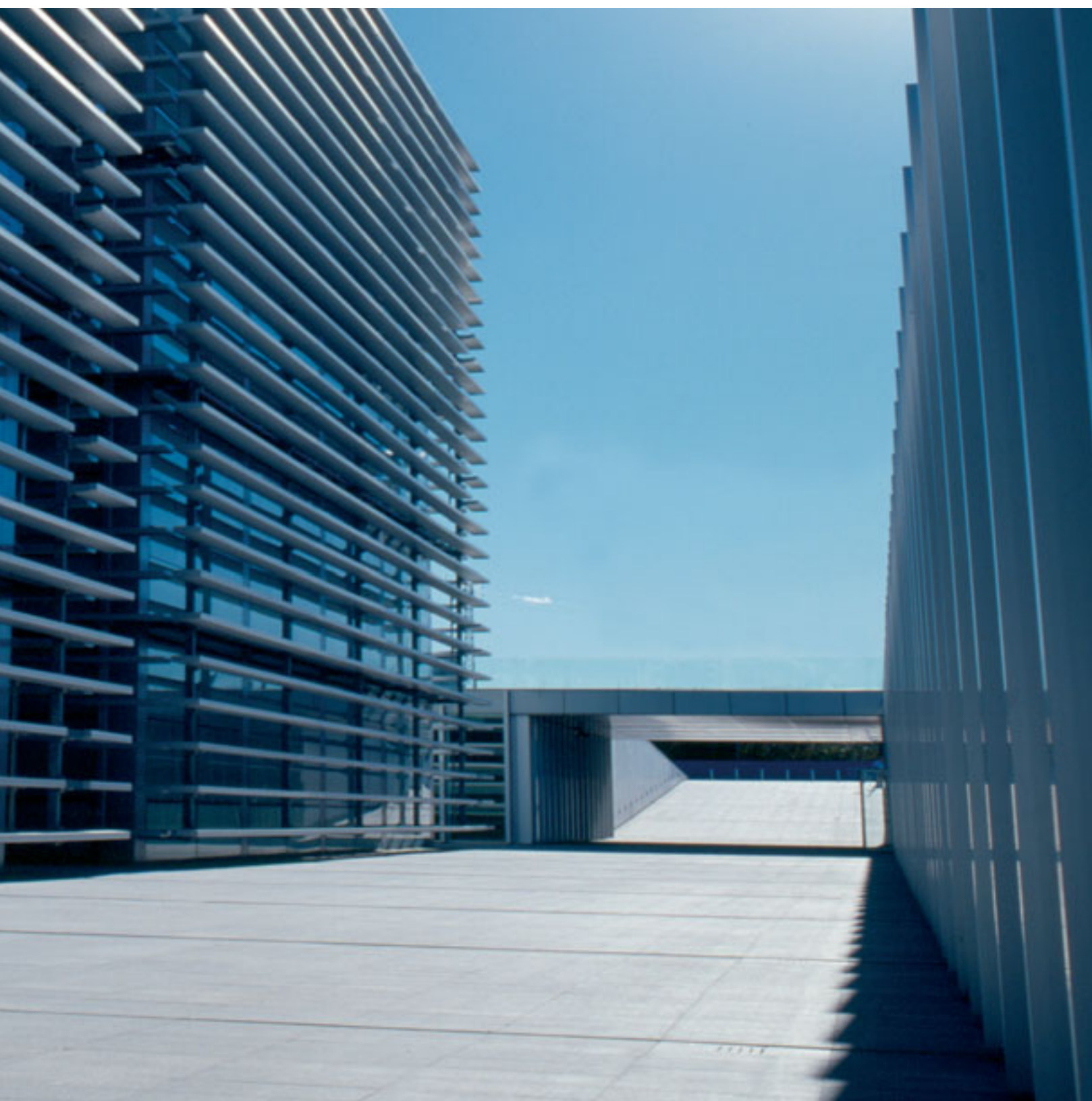
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Activity Report



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experience



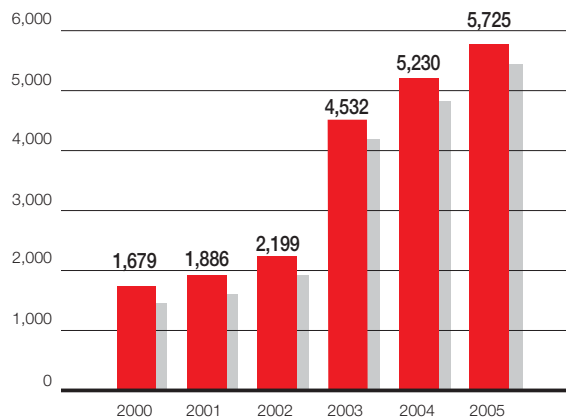
1.1

Construction

With sales of 5.725 billion euros in 2005 and an order book reaching an all-time maximum of almost 9.4 billion euros, the Construction area of the ACS Group has consolidated itself as the indisputable sector leader in Spain and one of the top construction companies in Europe in terms of turnover and profitability.

Turnover evolution

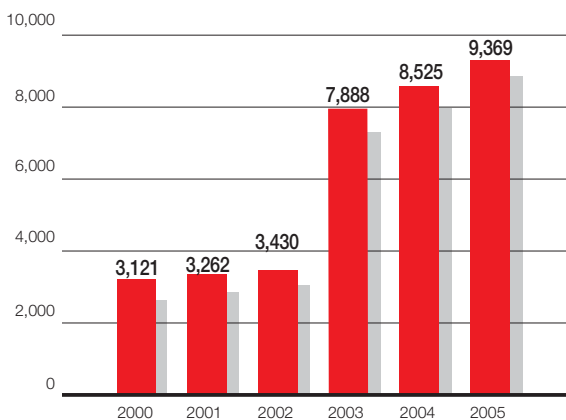
Millions of Euros



Note: 2004 and 2005 data according to IFRSs

Order book evolution

Millions of Euros

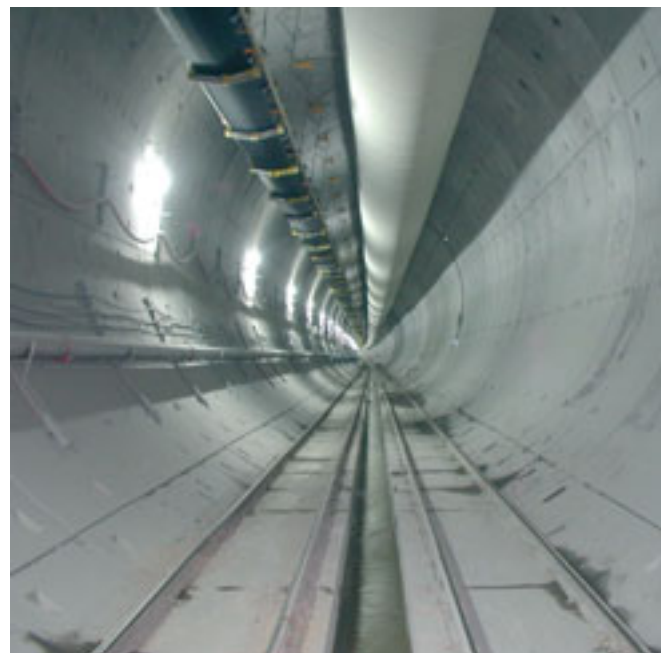


Note: 2004 and 2005 data according to IFRSs

Since 2000, sales have multiplied by 3.4 times and operating profit and net profit by 4.3 and 4.5 times respectively, which reflects that sales growth has been accompanied by substantial improvements in profitability.

These improvements have been achieved thanks to:

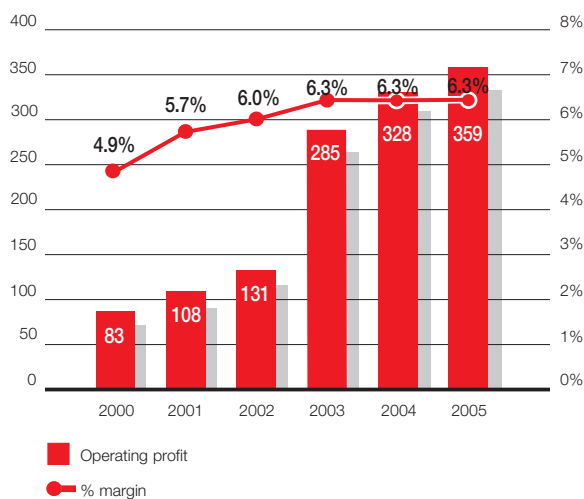
- The successful implementation of the merger process of the construction activities of the ACS Group and Dragados, which has by far exceeded the objectives set initially.
- The commercial strategy focused on large-scale works, with a high degree of specialisation and added value, and on the most highly developed international markets.
- The close relationship with its clients.
- Strict cost control.
- And the consistency of the demand of the sector in Spain over the last few years.





Operating profit evolution

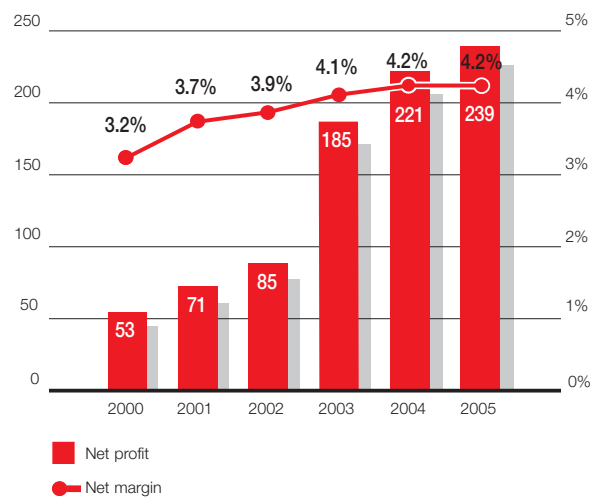
Millions of Euros



Note: 2004 and 2005 data according to IFRSs

Net profit evolution

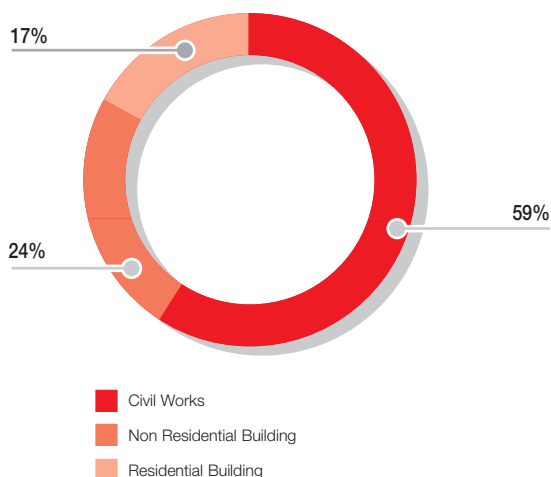
Millions of Euros



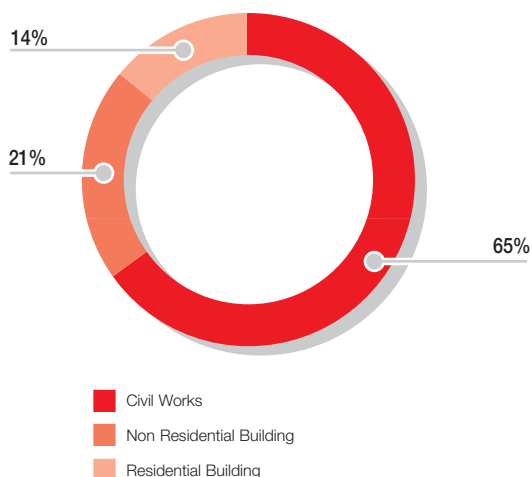
Note: 2004 and 2005 data according to IFRSs

The gearing of the commercial policy of the ACS Group in the Construction area towards large-scale projects is evident in the significant weight of civil works over total activity, representing almost 60% of turnover and 65% of the order book.

Turnover breakdown by activity



Order book breakdown by activity

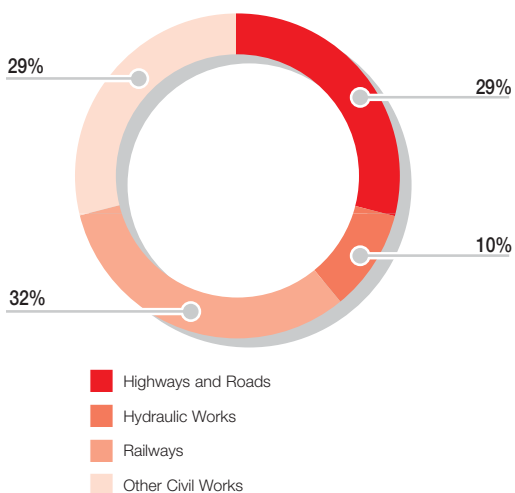




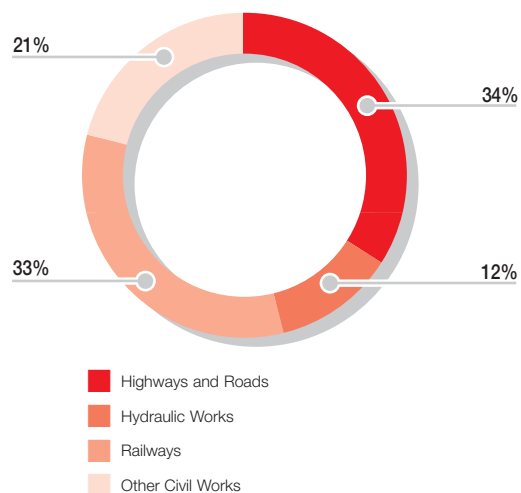
In the Civil Works activity, the ACS Group has a solid competitive position thanks to the complexity, dimension and quality of the projects that it carries out, standing out in the

construction of all kinds of infrastructures, be they transport-related, such as motorways, highways or roads, marine, hydraulic, airport-related or of any other kind.

Domestic Civil Works turnover breakdown by type of project



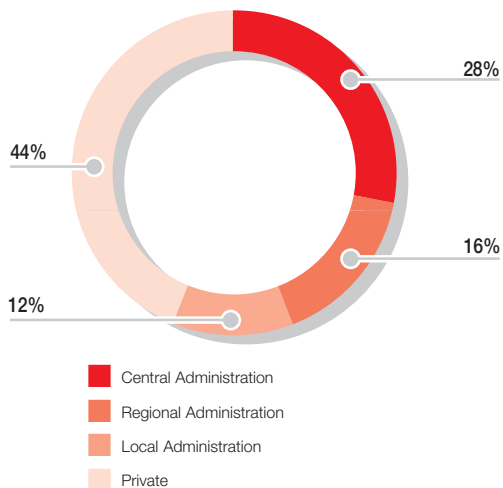
Domestic Civil Works order book breakdown by type of project



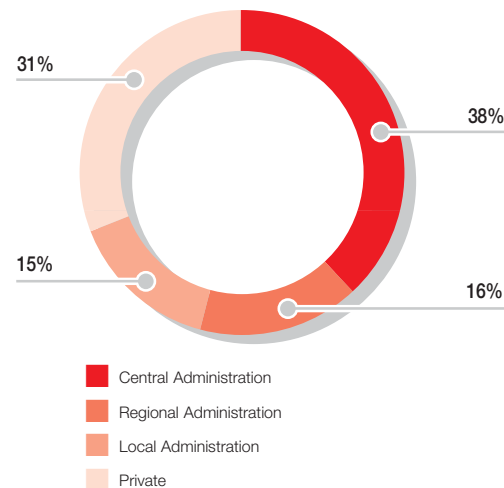
The ACS Group maintains a close relationship with its clients, seen through the quality in service provision and by its long-term commitment, which enables a continuous and efficient offer of services and an anticipation of clients' future needs.

Its main clients are public administrations, basically the Central Administration, and particularly the Ministry of Civil Works and the Ministry of Environment, and regional and local administrations.

Domestic turnover breakdown by type of client



Domestic order book breakdown by type of client





Sector prospects

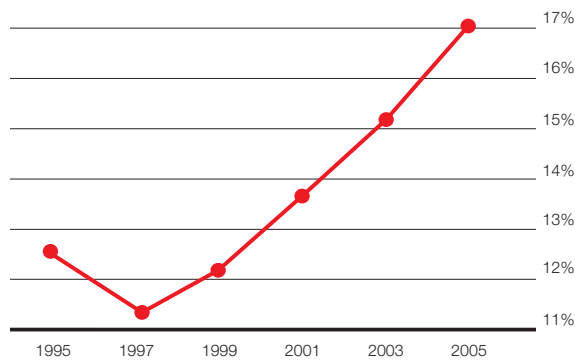
With a production of 154.8 billion euros in 2005, construction activity has for another year been the most dynamic sector of the Spanish economy:

- It has increased by 6% from the previous year.
- It provides employment to 12.4% of the population in work.
- Its investment constitutes 58.3% of the total investment of the economy.
- And it represents 17.1% of the country's economic activity.

The excellent performance of the Spanish economy over the last few years and the taking root of the welfare economy have generated strong growth in demand for transport infrastructures, which has resulted in an increase in investment plans on the part of public administrations.

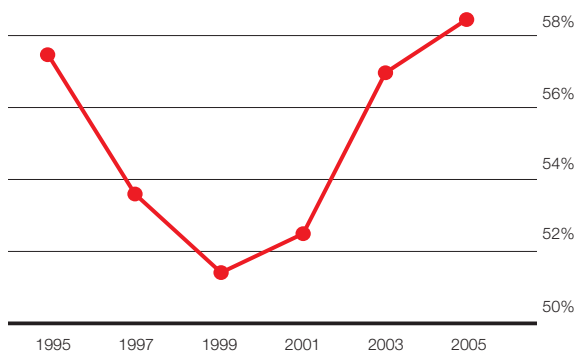
The sector maintains a favourable forecast for 2006 given the positive performance of official bidding processes, solidity in the demand for commercial building and the prolongation of the residential cycle.

Construction investment over GDP



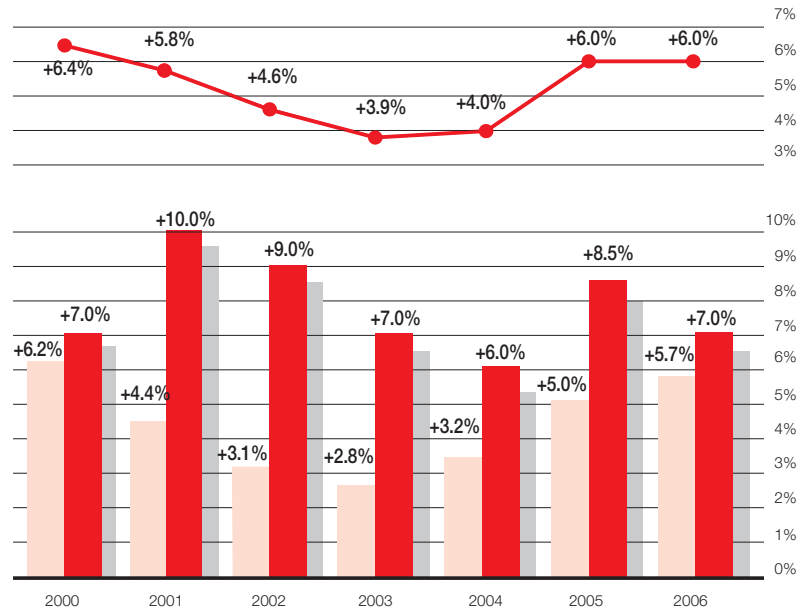
Source: Spanish Statistics Institute

Construction investment over total investment



Source: Spanish Statistics Institute

Construction official bidding in Spain



● Inter-annual production variation in Construction
■ Inter-annual production variation in Building
■ Inter-annual production variation in Civil Works

Source: Association of Spanish Contractors (SEOPAN)



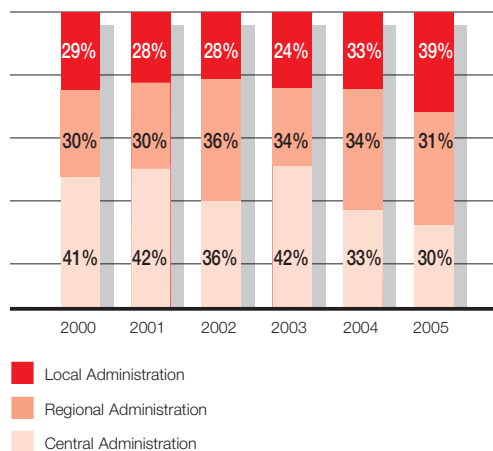
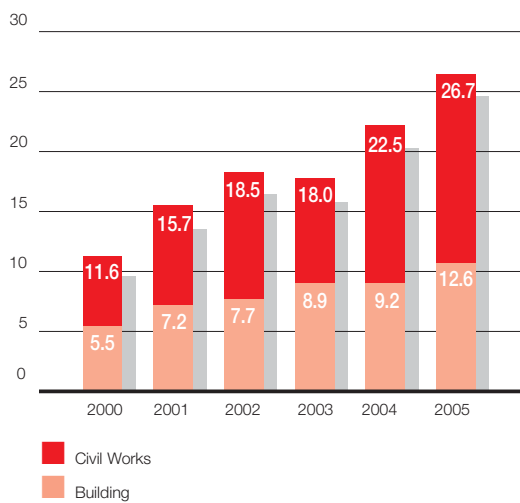
Civil Works

Official bidding processes have increased by 24.1% in 2005, the highest rate since 2001, which has enabled the main companies in the sector to position their order books at all-time maximums and improve their turnover growth from the previous year. Likewise, greater participation of regional and local administrations can be appreciated in

official bidding processes in detriment to that of the Central Administration, which represents 30% of the total, as a consequence of the containment of public deficit through a policy of budgetary rigour, due to the greater active participation of regional and local administrations in the financing of concerted measures and as a result of a growing partnership with the private sector.

2000-2005 Official bidding processes evolution

Billions of Euros





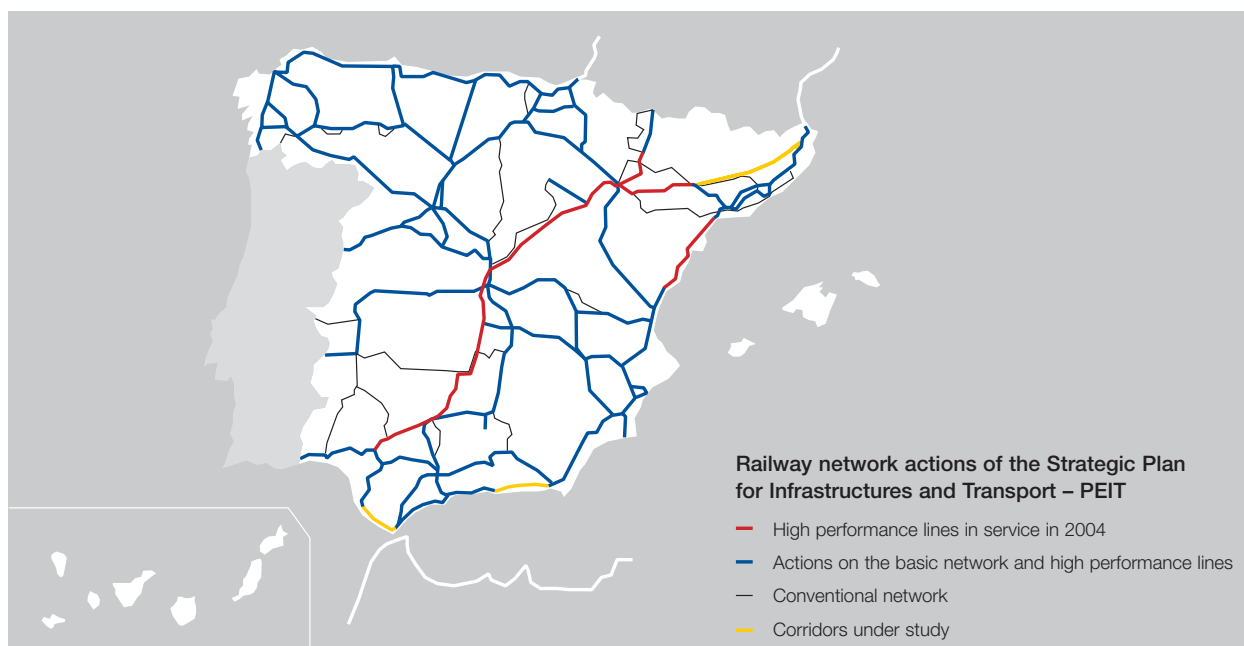
As such, private participation in the financing of transport infrastructures is consolidated as a political alternative given the profitability of the public-private model at a time when the State resources will be insufficient to tackle the investments announced for the next few years with the ambitious Strategic Plan for Infrastructures and Transport, PEIT, ratified by the Government on July 15th, 2005 in the Council of Ministers, the proposals of which had been presented in December 2004, aimed at improving Spanish infrastructures in the period encompassed between 2005 and 2020.

The announced investments of the plan is in the region of €250 billion, which supposes an annual average of €15.5 billion and an investment effort of around 1.5% of GDP on average throughout its period of validity. Of the total investment committed, 60% will be charged to the General State Budgets and the remaining 40% will be charged to Public-Private Partnership schemes.

The commitment of the PEIT is ambitious and constitutes a pledge for Spain's economic development and competitiveness through a more integrated, safer, more efficient and more sustainable transport system that is more respectful to the environment and strengthens social and territorial cohesion.

The measures of the plan are focused on railways, roads, air and marine transport and ports, activities in which the ACS Group holds significant competitive advantages. The main investments of the Plan will be geared towards:

- In railways: multiplying by ten the current high-speed network, up to 10,000 kilometres, and modernising the current stretches, concentrating more than 48.0% of the total investment of the Plan for this purpose.
- In roads: Increasing the state network of highways and motorways by 6,000 kilometres, for which 26.8% of the investment of the Plan will be devoted.
- In airports: duplicating the traffic absorption capacity of the airport network.
- In ports: increasing the capacity of ports by 75%.

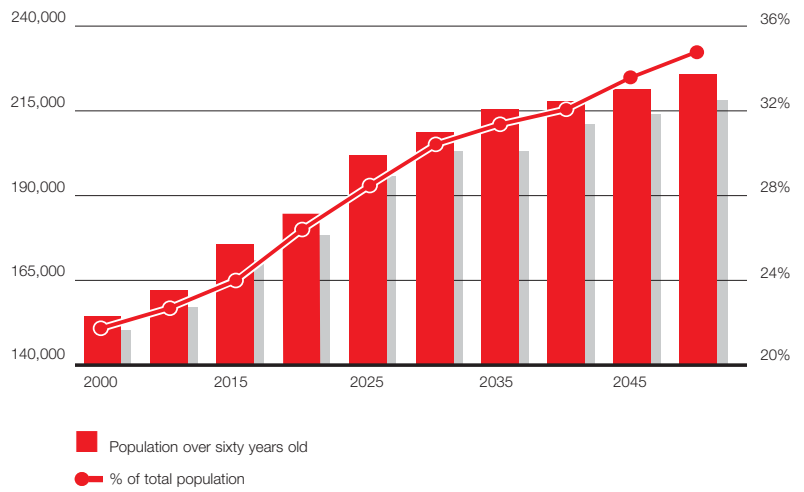




Building

Building is also enjoying favourable prospects for the future mainly thanks to demographical factors, immigration and the ageing of the European population, to the arrival of foreign investment in property, which will be boosted by greater European growth and lower air transport costs, and thanks to low interest rates, which facilitate access to housing through cheap financing.

Forecast of European population aged over 60



Source: Eurostat



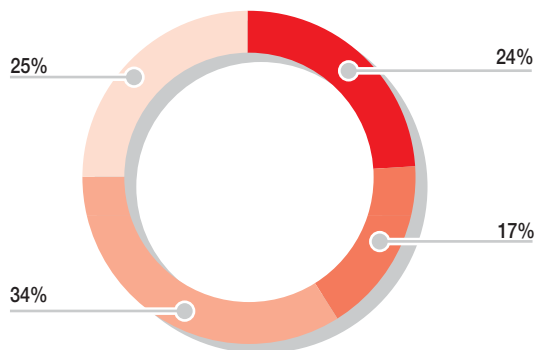


The production of residential building in the Spanish economy as a whole in 2005 has grown by 9%, as a consequence of the increase in approved projects over the last few years. 2005 stands out in that an increase of 5% was recorded, reaching the figure of 720,000 dwellings.

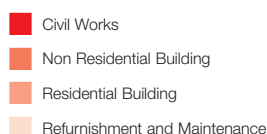
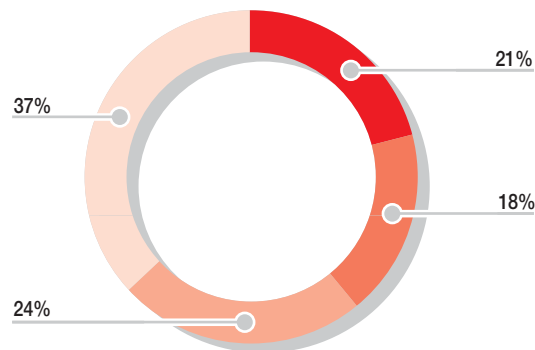
Likewise a clear recovery of private demand for non-residential building can be appreciated across the entire Spanish economy, following the slight decrease registered over the course of 2005.

The boost in the refurbishment and maintenance subsector is notable, currently reinforced by the need to respond to increasing housing demand, notwithstanding that of new construction, which has experienced high revaluations, and by the financing facilities. The trend of this activity will be to approach the most mature level of the European Union, which represented 37% of the sector production total in 2005 versus 25% of production in Spain.

Construction production in Spain

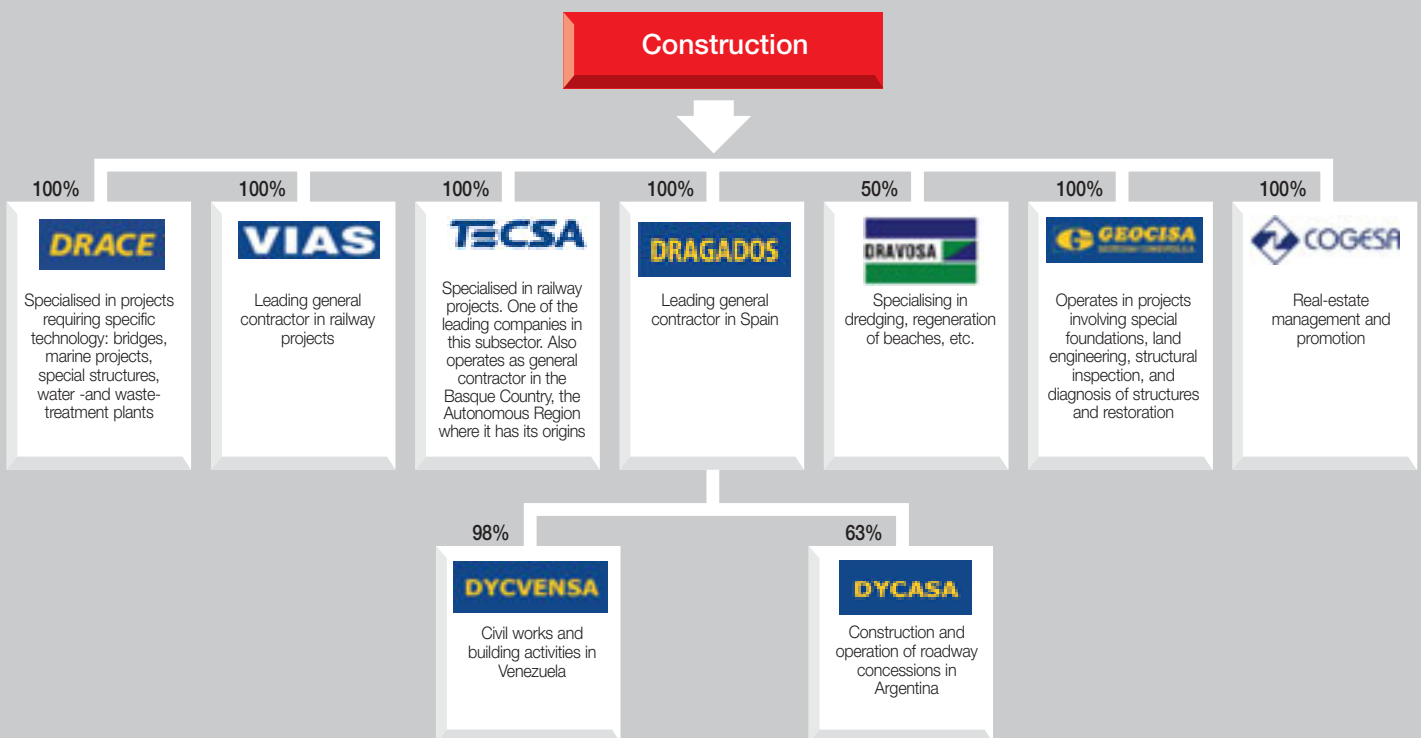


Construction production in the EU-15





Organizational structure





Strategic objectives

Construction is a mature and competitive business in which the satisfaction of clients' needs is crucial, demanding in this sense a management predominantly local. The strategy of the Construction activity of the ACS Group is based on the maximization of the profitability of its projects through an increased focus on large-scale projects which generate greater added value due to the inherent degree of specialisation. The main strategic objectives of this activity are:

- Maintenance of the share of the domestic market and constant improvement of operating profitability, attaining sustainable and profitable growth.
- Selective international expansion through the development of own concessions and/or unique projects requiring a high degree of specialization.

The cash flow generation of this activity enables the financing of other activities that strengthen the Group's long-term growth.

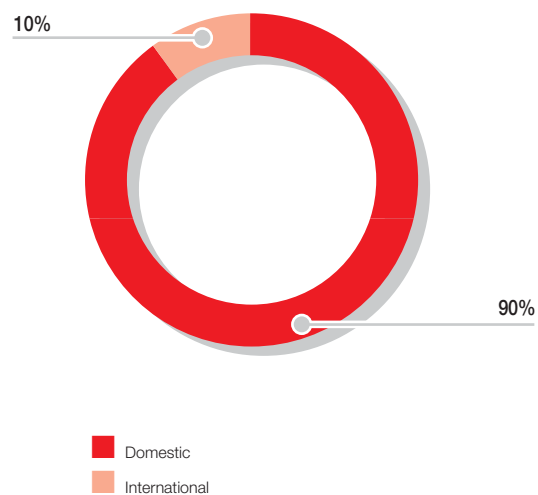
Activity in 2005

The ACS Group participates in all kinds of infrastructure projects through its leading company in the Construction activity, Dragados, S.A. Its significant presence is notable in the construction of important projects of highways, motorways, roads, marine works, hydraulic works, metropolitan infrastructures, airports, ports, etc., being also highly competitive in building activity, both in non-residential building for commercial, healthcare,

educational, administrative, cultural or sporting uses and in the refurbishment of unique buildings, and in residential building throughout Spain, with presence in the country's principal cities, residential areas and tourist destinations.

Its international contribution in 2005 has supposed 10% of the total and principally comes from countries where the Group carries out transport infrastructure concessions, basically Europe and Latin America.

Turnover breakdown by market





Civil Works

In **motorways and roads** the following projects carried out in 2005 are noteworthy:

- Palencia - Fuentes de Valdeparo highway.
- Cuenca highway: Tarancón - Alcazar Rey and Alcázar Rey Horcajada.
- Plasencia bypass.
- Naval Moral highway.
- A-7 Mediterranean highway. Nerja-Almuñécar section.
- A-8 CN-362 Cantabrian highway, from Ribadesella to Luarca. Tamón - Villalegre section.
- Salamanca South-West ring road.
- Upgrading of the N-I in the County of Treviño.
- Right roadway of the Paseo de Santa Maria de la Cabeza-N-III connection, in Madrid.

- Underground routing of the Puente del Rey - Avenida de Portugal junction between Paseo del Marqués de Monistrol and Puente de Segovia (Madrid).
- Connection of Calle Embajadores with the M-40 (Madrid).
- Tercer Milenio bridge over the River Ebro.
- Valires tunnel in Andorra.

In **railways**, in which high-speed, interurban and metropolitan projects are encompassed, the following deserve special mention:

- Madrid-Valencia High-Speed Line, Gabaldón - Villanueva de la Jara and Requena - Siete Aguas sections.
- Orense-Santiago High-Speed Line, Lalín - Silleda - Boqueixón sections.
- Madrid-Barcelona High-Speed Line, Olérdola - Aviñonet section.
- Córdoba-Málaga High-Speed Line, Gobantes - Abdalajis Tunnels section.
- New rail access to the North and Northeast of Spain, Tres Cantos - Canto Blanco section.
- Construction of the infrastructure of the extension of Line 11 of the Madrid subway to Carabanchel Alto.
- Construction of the infrastructure of the extension of Line 7 of the Madrid subway to Coslada and San Fernando de Henares, II M40 - Coslada and III Coslada - San Fernando de Henares sections.
- Remodelling of Sants railway station in Barcelona, 1st and 2nd phase.
- Line 1 of the Sevilla subway.
- Infrastructure and stations of several sections of Line 9 of the Barcelona subway.



Among the works carried out in **hydraulic infrastructures, coasts and ports**, the following deserve special mention:



- Construction project of the works of the southern retaining sea wall for the Barcelona Port Authority.
- Extension works of the Gijón port.
- Extension works of the outer sea wall of the Algeciras port.
- Arenoso dam.
- Breña dam.

The Group's most important projects in **airports** include the following:

- Construction of Terminal 4 of Madrid-Barajas airport.
- New terminal area and control tower in La Palma airport (Islas Canarias).
- New control tower and control centre of the terminal area in Santiago airport (Galicia).

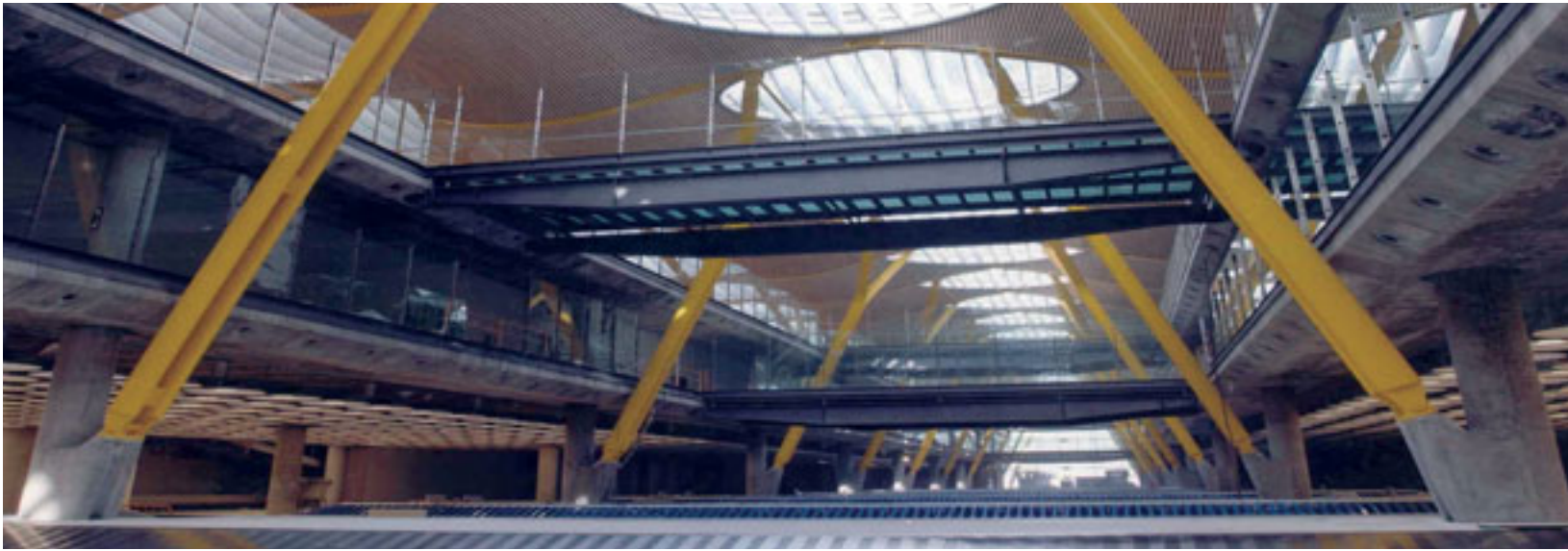
Building

In non-residential building, the ACS Group is involved in many public and private projects, including:

In the construction of **cultural and sports buildings**:

- Execution of the 4th phase works of the Granada Science Park.
- Construction of pavilions 3 and 4 of phase II of the expansion of the Valencia Trade Fair Complex.
- Aquatic centre in Madrid.
- Valdeasfuentes sports complex in Alcobendas (Madrid).
- Construction of Benidorm's municipal sports centre (Alicante).





- Construction of a new building for the Juan Crisóstomo de Arraiga music conservatory, in Bilbao.
- High-performance island athletics centre in Santa Cruz de Tenerife (Islas Canarias).
- Foundations, buried networks and concrete structure of a shopping and leisure centre in Orihuela (Alicante).
- Civil engineering and construction of a shopping centre in Murcia.
- El Teler shopping centre, in Onteniente (Valencia).
- Execution of several buildings in the Ibarreña - Zuloaga (Megapark) partial development plan in Baracaldo (Vizcaya).

In respect of **health centres and hospitals:**

- Extension and remodelling works of the maternal and children's university hospital of the Canaries.
- Phase 3 of Lanzarote Hospital (Islas Canarias).
- Construction of phase I of the Juan Canalejo Marítimo de Oza hospital complex in A Coruña (Galicia).
- Construction of the new Lugo hospital (Galicia).
- Drafting of the special plan of the hospital complex, execution project, installations and activity project, site management and execution of the works of the new La Fe university hospital, in Valencia.
- Construction of a hospital in Ceuta.
- Reform and extension works of San Pedro hospital and complementary urban development operations.
- Construction of a residence for the elderly in Melilla.

In **industrial and office administrative buildings:**

- Gas Natural tower in Barcelona.
- Telecommunications city for Telefónica in Madrid.
- Building of the Caixa de Galicia Foundation in A Coruña (Galicia).
- New refrigerated slaughterhouse in the El Pozo factory.
- Construction of the new fish market building in Aviles Port (Asturias).
- World Trade Center office and conference building, in Zaragoza.
- Excavation, foundations and structure of the Aragonia Project, in Zaragoza.
- New courts building of the judicial district of Arrecife (Lanzarote, Islas Canarias).
- New courts building of Murcia. 1st Phase.
- Construction of the court complex in Castellón.
- Works of the Puerto III penitentiary centre in Puerto de Santa Maria (Cadiz).

In **residential building**, the Group continues carrying out projects for the leading developers of Spain in the construction of residential buildings and complexes throughout the country.



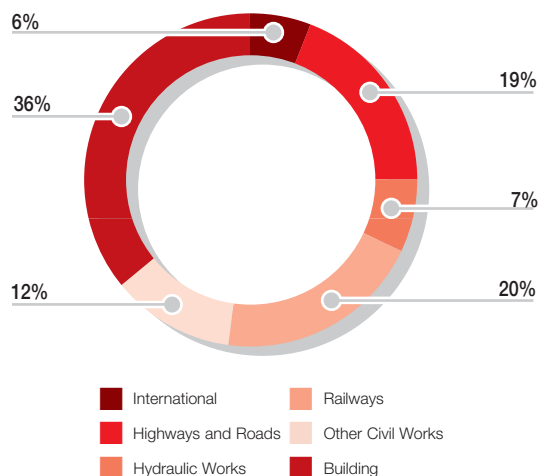
Contracts awarded in 2005

In 2005, the volume of contracts awarded rose to 6.6 billion euros, reaching at the end of the year an order book of 9.4 billion euros, growing by 9.9% from the previous year, with the following contracts being of particular interest:

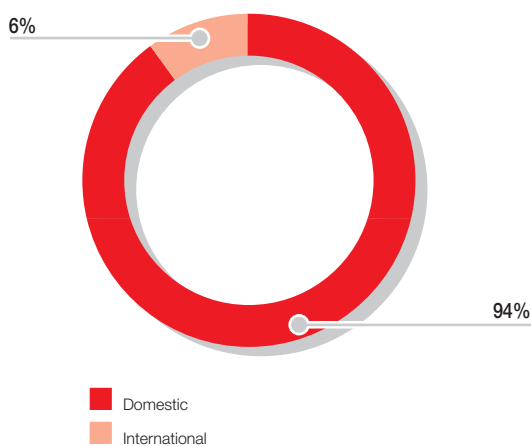
Millions of Euros

Main contracts awarded in 2005	Type of project	Awarded contract budget
Renovation of the section of the M-30 between Puente de Segovia and Paseo Marqués de Monistrol, in Madrid	Roads	371.7
Construction of the M-30 urban highway, in Madrid	Roads	223.1
Rehabilitation and maintenance of the railway infrastructure in the centre zone of Chile	Railways	141.7
New tunnel in the Glorieta Embajadores of Madrid for the renovation of the M-30	Roads	133.1
Valladolid - Cuellar highway	Roads	119.7
Puerta de hierro – Majadahonda hospital, in Madrid	Non-Residential Building	116.4
Plaza de Castilla Interchanger, in Madrid	Non-Residential Building	89.6
638 dwellings in Hellín (Albacete)	Residential Building	83.4
Supplementary section nº1 of line 7 of the Madrid subway	Railways	76.9
Tormentas Arroyofresno reservoir	Hydraulic Works	74.4
Arenes shopping and leisure centre (Barcelona)	Non-Residential Building	69.6
Bypass of the Sueca N-332 national road (Valencia)	Roads	65.1
Santiago-Brión AG-56 highway (Galicia)	Roads	64.2
3 rd phase of the 1st operation in the green sea wall in the Cádiz port	Hydraulic Works	62.2
Supply of Figueres-Perpignion voussoirs	Railways	60.1
Extension of Gijón port	Hydraulic Works	57.9
Central police station in Barcelona	Non-Residential Building	54.8
Port installations in Langosteira (A Coruña)	Hydraulic Works	53.6
Puerto III penitentiary centre in El Puerto de Santa Maria (Cádiz)	Non-Residential Building	53.6

Order book breakdown by type of project



Order book breakdown by market



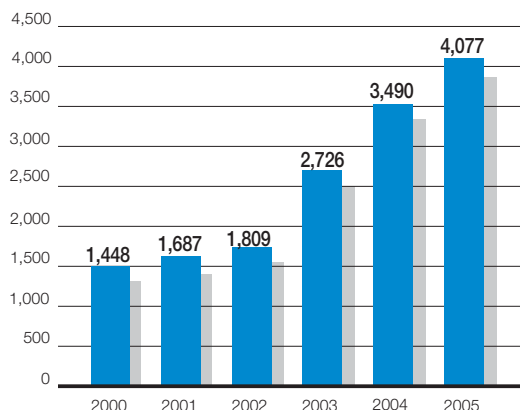
1.2

Industrial Services

With a turnover of 4.077 billion euros in 2005 and an order book of 4.269 billion euros, which in both cases means having multiplied the figures for 2000 by 2.8, the Industrial Services area of the ACS Group is the sector leader in Spain, one of the top companies in Europe and a world reference in the activities that it carries out.

Turnover evolution

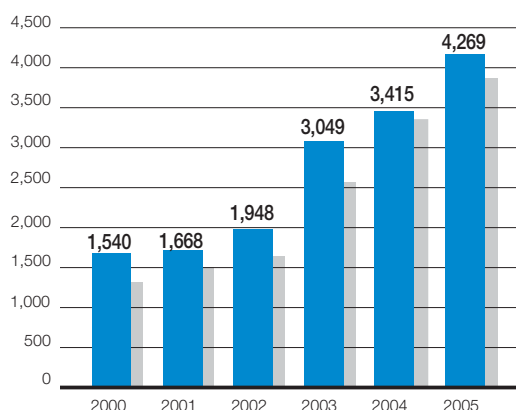
Millions of Euros



Note: 2004 and 2005 data according to IFRSs

Order book evolution

Millions of Euros



Note: 2004 and 2005 data according to IFRSs

In these activities the ACS Group has acquired broad and varied experience over the course of more than 75 years covering the entire value chain of this type of services, from the development, applied engineering and construction of new projects to the maintenance of industrial infrastructures in the energy, communications and control system sectors on the Iberian Peninsula and in more than 25 countries, consolidating itself as a worldwide reference due to its positioning as:

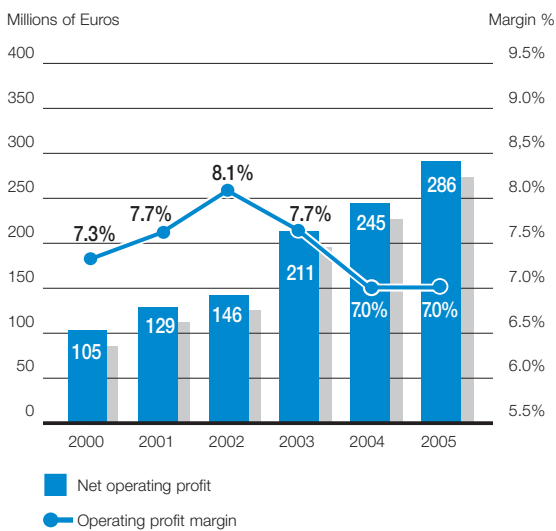
- Leading supplier to water, gas and electricity companies in the development and maintenance of their generation and distribution installations.
- Leading name in the development and maintenance of specialized installations, such as thermodynamic and mechanical installations, electrical installations, railway installations (both conventional and high-speed) and telecommunication installations.
- One of the leading competitors worldwide in the development of large projects for the gas and oil industries, from the construction of offshore platforms and modules to turnkey projects of refineries and petrochemical plants.
- Leading company in energy power projects, such as combined cycle power plants, regasification plants and renewable energy.
- And the leading domestic company in the development and maintenance of technological systems related to telecommunications, roadway and railway traffic, public lighting and industrial control.

This area promotes its commercial development by product and by client through a decentralised structure that fosters productive efficiency and the search for new business opportunities.

The broad range of services leads to a rate of recurrence in income of around 60%, resulting in high visibility of the activity combined with sustained profitability.

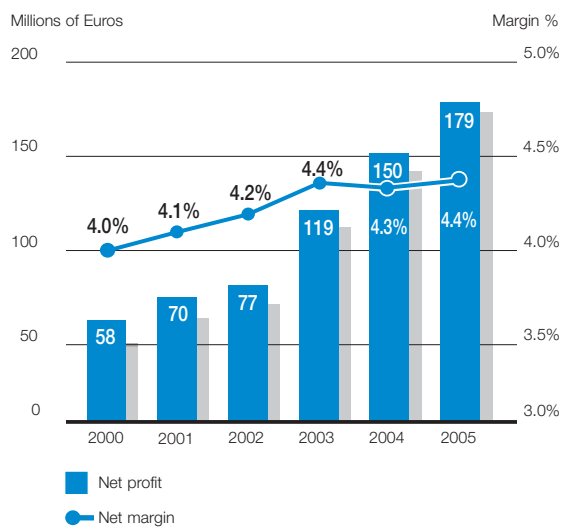


Operating profit evolution



Note: 2004 and 2005 data according to IFRSs

Net profit evolution



Note: 2004 and 2005 data according to IFRSs

The Industrial Services of the ACS Group can be broken down into four lines of business:

- **Networks:** this maintenance activity of electrical, gas and water distribution networks is based on over 60 years of experience. Over this time, the Group has developed in-depth knowledge of the business, high quality in the service provided and a high degree of specialization by product and geographical area. These competitive advantages have made the ACS Group a clear leader in this business, particularly in its constant innovation in assembly techniques and in the incorporation of specialized machinery, which in many cases is designed and manufactured by the company itself.

- **Specialized Installations:** combines the activities of construction, installation and maintenance of high-voltage electrical networks, telecommunications systems, railway installations, electrical installations, mechanical assemblies and climate control systems.
 - In the area of **high-voltage power lines**, the Group maintains a leading position in the sector, carrying out the engineering, supply, assembly, start-up and maintenance works of high-voltage transmission lines and substations. It is also a pioneer and leader in integral electrical maintenance in transmission and distribution lines and substations with voltage, as well as in substations in all voltage steps.
 - The **telecommunications** area includes all projects related to the engineering, development, implementation and maintenance of networks and technical equipment used in landline, wireless and cordless telephony for the local loop and fibre-optics, as well as radio links, microwave systems and custom-made telecommunications systems, amongst others.

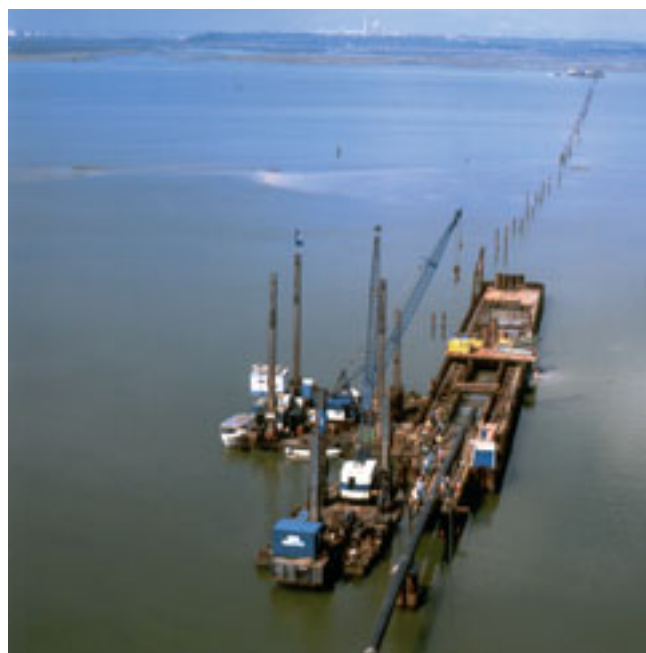


- In the **railways** area, the Group handles the design, engineering, assembly, start-up and maintenance of railway systems, in specialized areas such as electrification, signalling, railway security systems, communications, ancillary services related to access controls, automatic dispatch, escalators, wiring, ventilation and climate control.
- The ACS Group provides the **integrated management of electrical and mechanical installations in industry and building**. This activity comprises one-off projects requiring a certain specialization, such as industrial refrigeration and industrial climate control systems, mechanical and structural systems.
- **Integrated Projects:** The Group offers a variety of turnkey projects for a range of applications, from engineering to commercial operation. In these kinds of projects, experience, know-how, credibility and technical capability are fundamental. The projects may be broken down into the following groups:
 - **Energy projects:** this includes the execution of large-scale projects such as combined-cycle power plants, conventional thermal plants or desalination plants, as well as high-power electrical installations such as substations and transformers for the transmission and distribution of energy and solutions for large-scale consumers.
 - **Renewable energies:** through the promotion, turnkey construction and operation of wind farms. In 2005, the Group had fourteen wind farms in operation with an installed power of 430 MW, a further eight under construction totalling 193 MW, with nine farms currently being processed (seven in promotion and two in financing) and thirty three wind farms under development, amounting to a total installed power of over 2,281 MW. In addition to this, it develops renewable-energy projects for third parties.



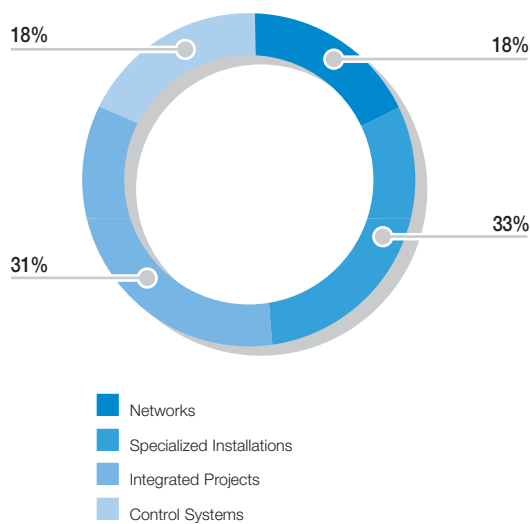


- **Industrial projects:** With over 40 years of solid experience, the Group is highly specialized in the management of turnkey projects. Newly developed management tools are used, which enable it to execute large-scale projects in the international arena. This activity integrates applied-engineering services such as installation, construction and transformation in industrial plants, tankers, refineries, petrochemical plants, cement manufacturers, etc.
- **Oil and gas extraction platforms:** Dragados Offshore began to construct oil and gas platforms in 1972. Since then, it has gone on to become one of the worldwide industry leaders. Its business groups together the construction of platforms, installations and floating systems in its own yards in Cádiz and Tampico (Mexico). It also carries out modular constructions for refineries, processing plants, loading and unloading terminals, and equipment such as port cranes, sluice gates and lock gates, receptacles, tanks, etc.
- **High-speed railway systems:** design, engineering, assembly, start-up and maintenance of installations for high-speed lines. Highly specialized in electrification, signalling, railway security installations, communications and other ancillary services involved in global projects.
- **Control Systems:** The Group has become the leading provider of engineering, installation and operation of control systems for industry and urban services.
 - **Traffic and transport control systems:** characterized by a highly technological profile and constant requirements of new technological developments, this activity includes integrated solutions for the control and regulation of urban and interurban traffic, technology used in public transport through the management of operating-assistance resources, the control of access to toll roads and parking facilities, the design and installation of new dynamic toll systems for motorways, and the installation and maintenance of lighting systems along public roads.
 - The integral **maintenance of public infrastructures** encompasses services that are highly specialized and flexible: signalling and integrated conservation of roads; carrying out of vertical, horizontal and containment-control signalling operations; services associated with hydraulic infrastructures, both in terms of distribution and draining systems, purification and information system networks; electrical and fluid systems for ornamental fountains; intelligent management systems and automation centres in the integral maintenance of public buildings, and treatments used in forestry.

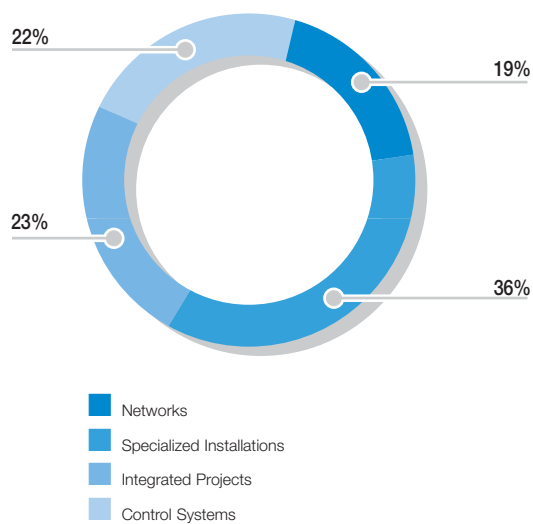




Turnover breakdown by activity



Order book breakdown by activity



Sector prospects

The wide-ranging supply of services of this activity along with the business dynamism of the ACS Group constitute a solid base for seizing the sector's future growth opportunities, both domestically and internationally, where the Group has extensive geographical implementation and substantial experience.

This growth will be firmly backed by the investment needs in the energy sector, faced with the constant growth in the resident and floating population, whose demand increases and forces supply and additional installed capacity to be able to meet it. Furthermore, this new demand requires a suitable combination of energy sources that maintains a competitive price level while assuming the guidelines of the Kyoto Protocol.

- In the electrical energy sector, construction of new generation plants is expected to continue, mainly combined-cycle plants and renewable energies, as well as the installation and maintenance of high- and low-voltage power lines.

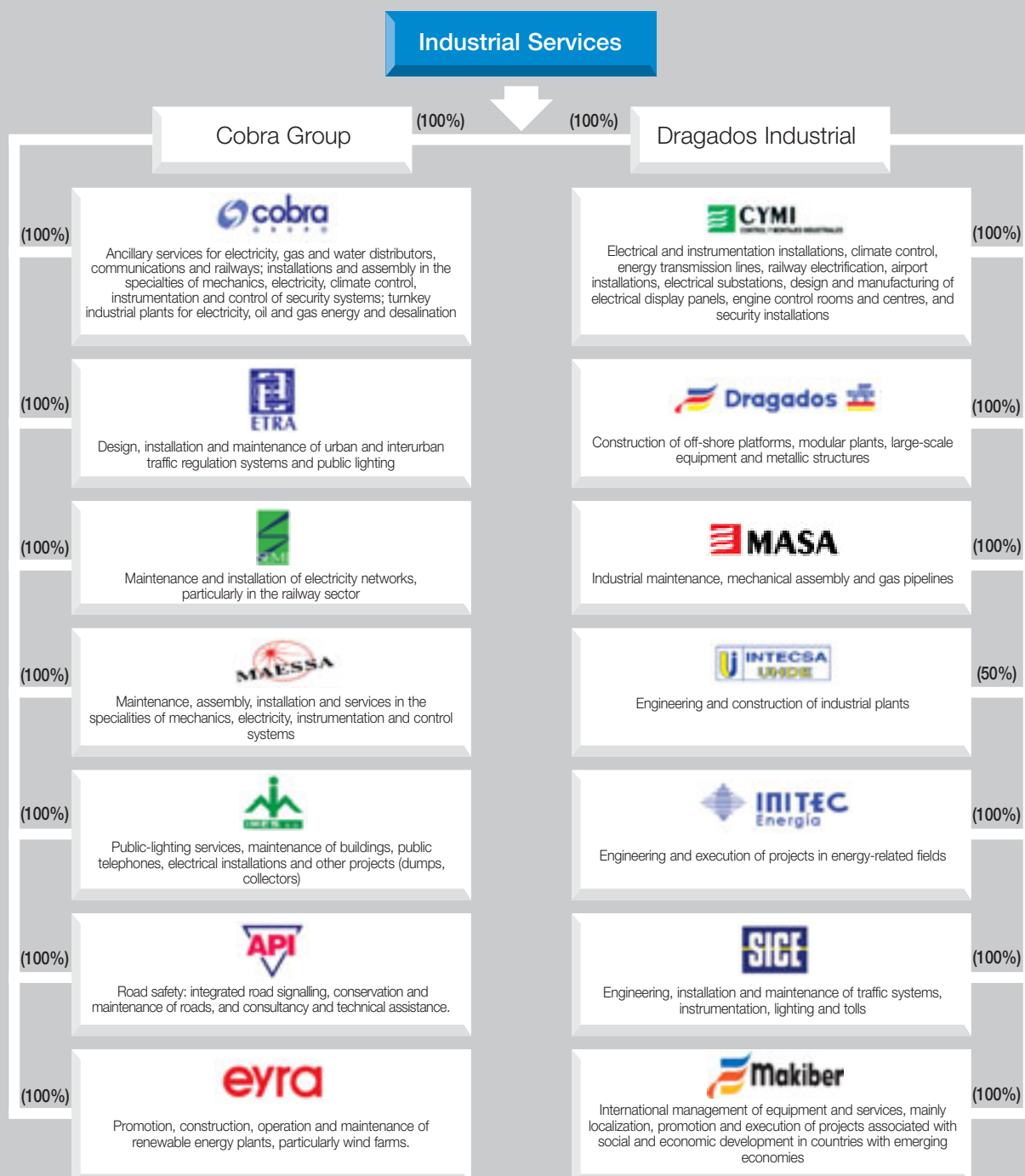
- In the oil and gas sectors, the main operations focus on the construction of installations for the extraction, storage and refining of crude oil, which at its current and increasing prices makes them attractive and profitable projects, as well as on the development and expansion of gas transmission and distribution networks, and on alternative energy sources.

Furthermore, and as a consequence of this development, demand is also growing for installation operation and maintenance services, largely from public service companies and industrial corporations, as well as from public administrations:

- Many industrial companies are attempting to increase their productivity in order to be able to compete in increasingly liberalized sectors while offering greater flexibility in order to increase efficiency and promote expansion in new activities on domestic and international markets.
- Public administrations are attempting to optimize expenditure in order to meet growing social demands by improving existing public services and developing new products and technologies that improve their quality.



Organizational structure





Strategic objectives

The solid bases of growth enable profitability to be optimized by applying strict selection criteria to new projects according to their potential creation of value. To this end, clearly defined objectives have been established in order to attain selective, sustained and profitable growth, which consist of:

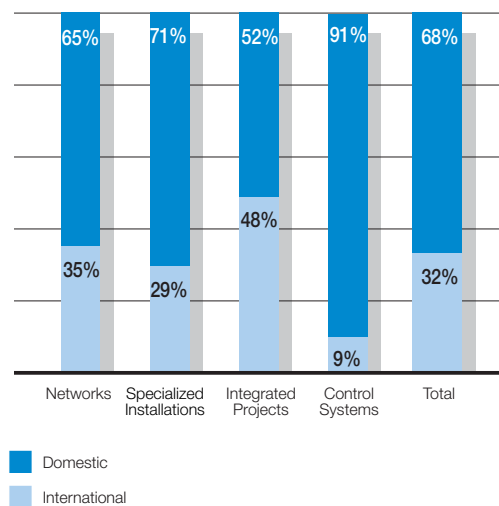
- Continuing to lead future growth in the sector.
- Continuing to promote recurrent services, such as the integral maintenance of installations.
- Increasing the average profitability of the activity by strengthening the businesses with the greatest added value, such as turnkey projects, while maintaining a strict cost control policy.
- Promoting new lines of business through investment in projects associated with renewable energies (both wind power and solar energy), and in traffic and transport control systems.
- Applying a policy of geographical expansion, meeting rigorous profitability and stability criteria.

Activity in 2005

Worthy of mention is the performance of Integrated Projects, which represents 31% of the activity carried out in the financial year, and which as a consequence of its high added value provides other activities with future income through the maintenance of installations.

The wide range of services supplied by the activity guarantees continuous sustained growth and geographical diversification provides growth opportunities in markets with growing development needs. In 2005, sales abroad accounted for 32% of the total.

Turnover breakdown by market



Standout projects undertaken in 2005 in the maintenance of distribution **network** installations include the following:

- Framework contract for the construction of low and medium-pressure natural gas networks and connections, repairs and sealing for Gas Natural in several locations.
- 132/6 kV transformer substation for the supply of energy to the pumping stations in Tierra de Tábara (Zamora).
- Live maintenance of distribution and transmission networks up to 132 kV in oil fields for Saudi Arabian Texaco Inc. & Kuwait Oil Co. in Kuwait.
- Integral maintenance of the Rota Naval Base in Cádiz for the United States Navy.
- Maintenance of the sewage network of Zone IV, Butarque, in Madrid.
- Electrical substations Virgen de Rocio (Sevilla), and Bessons and Valldurgent (Palma de Mallorca), for Endesa.
- Enlargement of the Itahue - Alto substations in Punta Cortés (Chile) for Transelec.



- Commercialization, installation and start-up of 7,800 gas receiver installations, 13,500 community receivers and 2,300 heating systems in various locations for Gas Natural.
- Rerouting of the Atazar Canal and Alto Canal piping (diameter 2,200 mm and diameter 1,800 mm - Helical welded steel) in Colmenar Viejo (Madrid), for Comsa.
- Construction of several sections of high-pressure gas pipeline in steel, with a total of 37 kilometres, in Cataluña, Andalucía, Castilla-León and Galicia, for Gas Natural.
- Improvement in adduction, 1st and 2nd Phase (diameters 400 - 450 mm) for the Isabel II Canal in El Boalo (Madrid).

Amongst **specialized installations**, in the area of high-voltage electrical networks the following projects are highlighted:

- 525 kV transmission line between Londrina and Ivaiporá, in Brazil, for the Uirapurú concessionaire.
- 400 kV transmission line in Rivera Maya (160 km) between the Valladolid - Nizuc y Valladolid - Playa del Carmen substations in Mexico, for CFE.
- Construction of a high-voltage power line and transformer substations for REE on a domestic level
- Underground and overhead lines of the 2nd, 3rd and 4th Phase of the Alborada Sevillana-Endesa Plan in Sevilla for Endesa.
- Construction of the 225 kV high-voltage evacuation line of the Essaouira wind farm (Morocco) for One.

In **telecommunications**, amongst the projects undertaken in 2005 the following deserve special mention:

- Mobile telephony infrastructure for PT Comunicações in Portugal and for Telefónica Móviles in Mexico and Chile.
- Mobile telephony infrastructure on a domestic level for Vodafone, Telefónica Móviles and Amena.

In **railways** the following High Speed line projects were carried out for the Spanish administrator of railway infrastructures, ADIF:

- Project and works for the electrification of bypasses at the north head of La Sagra station in La Sagra - Toledo section. New High-Speed rail access to Toledo.

- Project, works and maintenance of the overhead contact line and associated systems for the Madrid - Zaragoza - Barcelona - French Border line, in the Lleida - Barcelona section, in the provinces of Lleida, Tarragona and Barcelona.
- Maintenance of the signalling systems, train protection systems, basic operation and safety supervision systems, supplementary surveillance and supervision systems, energy systems and technical buildings of the Madrid - Zaragoza - Barcelona - French Border line, in the Madrid - Puigverd de Lleida section.
- Project, works and maintenance of installations of the overhead contact line and associated systems for the Córdoba - Málaga line, in phase I: Almodóvar del Río - Bobadilla; in phase II: Bobadilla - Los Prados; and in phase III: Los Prados - Málaga station.

In **energy projects**, work has been done in the construction of the combined-cycle thermal power plants of Castelnou (Teruel), Amorebieta (Vizcaya), Cartagena (Murcia), Cristóbal Colón (Huelva), Santurce (Vizcaya), Nubaria I and II (Egypt), Cairo North I and II (Egypt) and New Talkha (Egypt). The following projects were also undertaken:

- Integration of an existing 80 MW turbogas unit into the El Encino combined cycle plant in Chihuahua (Mexico).
- Inverse osmosis desalination plant of 3,000 m³/d brackish water in Alicante.
- Several seawater inverse osmosis desalination plants in the United Arab Emirates for Pal Technology.
- Turnkey project for the construction of a chlorine / caustic soda plant and another plant for the concentration, flaking and conditioning of caustic soda for ENIP in Skikda (Algeria).
- Retarded coking project for BP Oil Castellón, which consists of new processing units: Naptha pre-treater unit; sulphur recovery unit; amine treating unit IV; sour water stripper unit; restoration and modification of LVN HF and other items.
- Benzene plant of 190,000 mt/year in Tarragona, for Repsol YPF, with hydrosulfurization and morfilane processing units, off sites, interconnections and ancillary services.



In **renewable energies**, there is the operation of fourteen wind farms with a total installed power of 429.8 MW, and work has been done on the construction of eight wind farms. Additionally, a further nine farms are currently being processed for financing or are in promotion. In addition, prior works have begun for the construction of the first solar plant in Spain, in Granada.

Wind farms in operation	Location	Power Mw
Perul	Burgos	49.6
Lastra (same company as El Perul)	Burgos	11.2
Chumillas	Cuenca	49.3
Barrigoso (Miniparque)	La Coruña	3.0
Monte da barda (Miniparque)	La Coruña	3.0
Novo	La Coruña	18.8
Outes	La Coruña	35.0
Requeixo	La Coruña	11.7
Somozas	La Coruña	48.0
Vimianzo	La Coruña	49.9
Raposeiras	La Rioja	39.0
Sierra de Utrera	Málaga	33.4
L'Enderrocada - SEESA	Tarragona	29.9
Tortosa	Tarragona	48.1
TOTAL		429.8

Note: The average stake in these wind farms is 63.5%

Wind farms under construction	Location	Power Mw
Lodoso	Burgos	49.9
Marmellar	Burgos	49.4
Touriñan IV	La Coruña	24.7
Arruda I	Portugal	6.0
Sobral II	Portugal	14.0
Pó	Portugal	9.1
Penamacor 1	Portugal	20.0
Penamacor 3A	Portugal	20.0
TOTAL		193.1

Wind farms in promotion / financing	Location	Power Mw
La Lora 1	Burgos	49.9
La Lora 2	Burgos	49.9
Penamacor 2	Portugal	20.0
Penamacor 3B	Portugal	20.0
Sabugal	Portugal	40.0
Cabeço das Pedras	Portugal	8.0
S° João 1	Portugal	10.0
S° João 2	Portugal	20.0
Alrota	Portugal	3.6
TOTAL		221.4



In **industrial projects**, related to the petrochemical industry, upstream, refining, petrochemical and fertilizer projects are carried out, including the following operations in 2005:

- Turnkey project for the construction of a new naphtha splitting plant, renovation of the existing one and a new 850 m torch line, for Repsol-YPF in La Plata refinery in Argentina.
- Minatitlán Project III, consisting of the extension of the Lázaro Cárdenas refinery of Pemex in Minatitlán, in the State of Veracruz (Mexico). It includes the engineering, supply of equipment and materials, construction, start-up and performance tests of the combined plant, the diesel hydrosulfurization plant of 34,000 bpd and of the FCC Catalytic plant number 2 of 42,000 bpd.
- Construction of the new Phenol III, Cumene II and Hydrogenation II plants, renovation of alphas-methylstyrene and ancillary services associated to the factory in Huelva for Ertisa.

In **extraction platforms**, the following projects in execution in 2005 are of particular interest:

- Snøhvit project, consisting of the construction of a gas liquefaction plant in Cádiz for its subsequent transfer to the Isle of Melkøya (North of Norway), for Statoil.
- KU-A2 Project turnkey contract for the construction of a production platform in the Tampico yard (Mexico) and subsequent transfer to the KU-MALOOB-ZAP field in Campeche (Gulf of Mexico), for Pemex.
- Buzzard Project, which consists of the construction in Cádiz of a stabilised platform for crude production, with a production capacity of more than 200,000 barrels of crude and 100 MMSCF of associated gas per day, and its subsequent transfer to the British sector of the North Sea, for Nexen.
- EPC-60 Project turnkey contract for the rehabilitation of two perforation platforms and the construction of a production platform, for Pemex. The rehabilitation is carried out in the Ciudad del Carmen yard and the new platform is constructed in the Tampico yard, both in Mexico. The final location will be in Campo Cantarell (Gulf of Mexico).

In **control systems**, the contracts carried out in 2005 include:

- A 35-year contract for the integrated conservation of the Madrid M-30.
- Management of the regulated parking facility service and conservation of Madrid's blue and green parking municipal zones.
- Management tasks and integrated operation of the control system and traffic regulation in the city of Madrid, Zones 1 and 3.
- Maintenance of infrastructures and civil engineering, as well as the cleaning and renovation of green zones in Retiro Park, in Madrid.
- Integrated operation service of traffic-light signalling and maintenance of the traffic management system installations of several Spanish cities.
- Maintenance, replacement and improvement of lighting installations on public roads, fountains and monuments for several Spanish city councils.
- Integral maintenance of several sections of the main roads in Spain.
- Preventative and corrective maintenance of handling equipment for several clients.



Contracts awarded in 2005

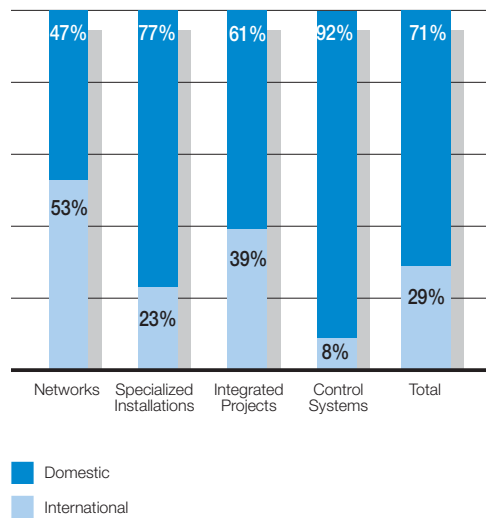
The Industrial Services area of the ACS Group has been awarded contracts in 2005 worth 4.934 billion euros, leaving the order book at the close of the financial year at an all-time high of 4.269 billion euros. The main contracts awarded were the following:

Millions of Euros

Main contracts awarded in 2005	Type of activity	Awarded Contract Budget
Minatitlán III combined plant. Preliminary phase of the Lázaro Cardenas refinery in Minatitlán, in the State of Veracruz (Mexico), for Pemex	Integrated Projects	430.4
6 smoke desulphurization installations in coal thermal plants	Integrated Projects	163.1
Construction and operation of a desalination plant in Tlemencer (Algeria)	Integrated Projects	140.0
Signalling, electrification and connection systems of railway lines in Chile	Control Systems	140.0
Blue zone regulated parking service in Madrid	Integral maintenance of public infrastructures	138.5
Extension of the initial contract of the Snhovit project, for the construction of a gas liquefaction plant in Cádiz and its subsequent transfer by sea to Hammersfest (Norway)	Integrated Projects	137.4
Recurrent integral maintenance contracts for Repsol YPF, Cepsa and other clients	Networks	121.5
Gas storage and transport terminals in Tuxpan and Atotonilco (Pacific coast of Mexico)	Integrated Projects	78.0
Sabón combined cycle turnkey contract	Integrated Projects	75.0
Cumene production plant for Ertisa in Spain	Integrated Projects	72.9
Itumbiara-Cuiaba 500 kV HV line and 5 substations (Brazil)	Integrated Projects	68.6
Tucuruí-Vila do Conde 500 kV HV line (Brazil)	Integrated Projects	67.0
Production and maintenance of the sinter minerals park, high kilns and rolling in the Veriña Factory	Specialized Installations	64.8
Cristóbal Colón combined-cycle project for Endesa	Integrated Projects	61.0



Order book breakdown by market



1.3

Services and Concessions

In the Services and Concessions area activities are carried out related to the conservation and improvement of the environment, the outsourcing of the facility maintenance of buildings, the management of port terminals and services, logistics and passenger transport, along with the promotion, development and management of transport infrastructure concessions, both domestically and abroad. In this set of activities, the ACS Group achieved net sales of 2.420 billion euros in 2005, which consolidates both its leading position and its multinational supply.

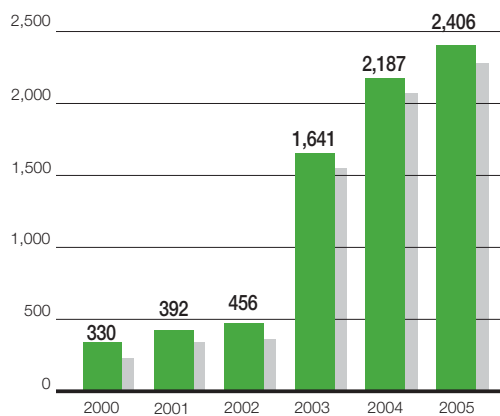
1.3.1. Services

The sales of the ACS Group in the Services area in 2005 amounted to 2.406 billion euros, 7.3 times higher than in 2000. Likewise the order book has reached an all-time high of 13.230 billion euros, which means it has been multiplied 8.6 times over the last five years.



Turnover evolution

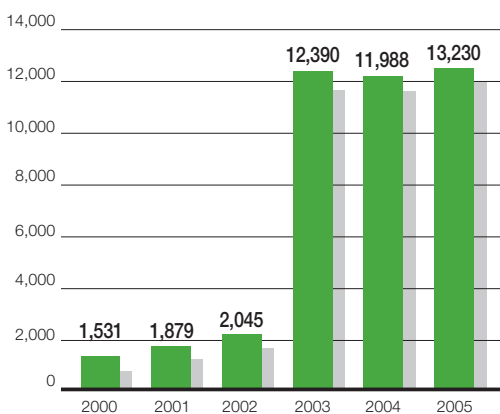
Millions of Euros



Note: 2004 and 2005 data according to IFRSs

Order book evolution

Millions of Euros

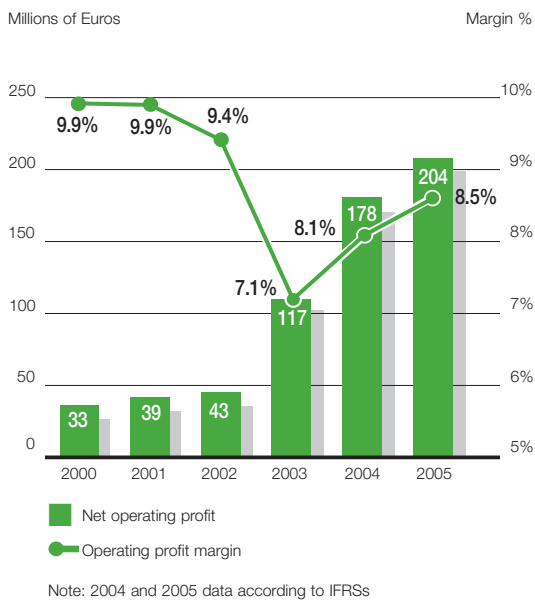


Note: 2004 and 2005 data according to IFRSs

The business of the Services area is greatly capital intensive, highly recurrent and very long term, which provides the Group with stability in revenues. The critical mass and geographical scope of the business favour the obtaining of economies of scale, with the resulting consistent improvements in profitability.



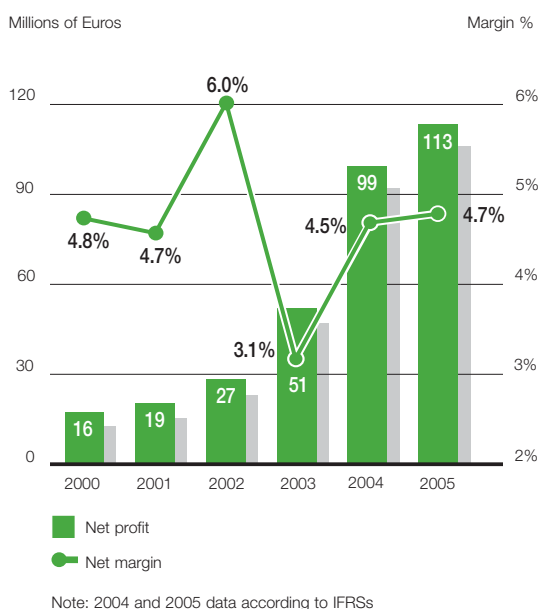
Operating profit evolution



The supply of services is grouped around four business lines:

- Environmental services:** area specializing in waste management and treatment. It carries out street cleaning, the collection and transport of urban waste (“clean point” installations and transfer stations) and the treatment of urban waste by means of various kinds of processes: packaging plants, sorting and composting plants, biomethanization of the organic fraction, energy recovery with electrical energy generation (both from biogas coming from dumps and from biomethanization, and from the rejection fraction from the sorting plants), elimination of waste in controlled urban and industrial waste dumps, management of special waste (oils, hospital and industrial waste), integrated management of the water cycle and urban gardening.
- Integrated services:** these encompass the services necessary for the optimum running of public or private use properties (facility management, cleaning or ancillary services), green market-related activities (gardening, reforestation and environmental recovery), care services for social collectives in situations of dependence, airport services, and the management of advertising spaces in large installations and transport systems.
- Port and logistics services:** comprising port management and handling, maritime agency and transit activity, dry-dock management, combined transport and logistics.
- Passenger transport services** in the form of regular long-distance, commuter and urban passenger transport, as well as the operating of stations and transport interchangers. The four principal geographical zones of the peninsula are currently covered: the Madrid area, Northern Spain, Catalonia and Andalusia.

Net profit evolution



The Services area reaffirms its position of leadership in the sectors in which it carries out its activity; the growth of the Port and logistics services area is noteworthy, thanks to the start-up of new terminals and due to the increase of maritime agency and transit activity, as well as the important contracts awarded in the solid urban waste treatment plant segment and the significant increase of integrated services activities.



Turnover breakdown by activity



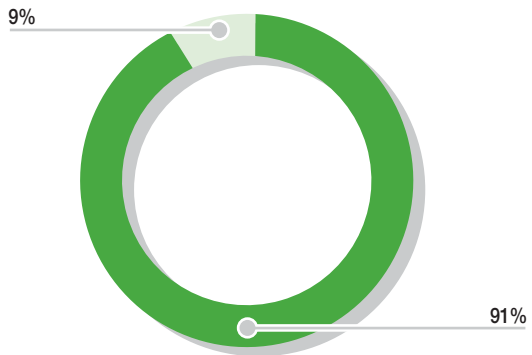
- Environment
- Port and Logistics Services
- Passenger Transport
- Integrated Services

Order book breakdown by activity



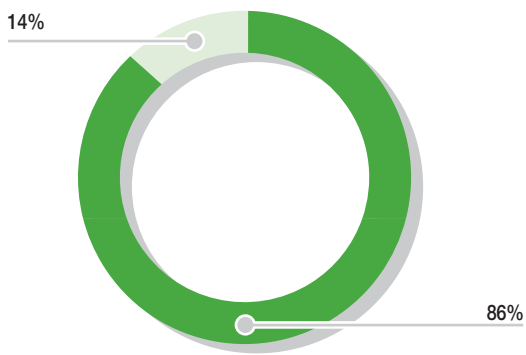
- Environment
- Port and Logistics Services
- Passenger Transport
- Integrated Services

Turnover breakdown by market



- Domestic
- International

Order book breakdown by market



- Domestic
- International



Sector prospects

The rising population in Spain, particularly due to the significant increase in immigration, and tourism favour the Services sector, as a consequence of having to care for a greater number of people, improving the quality of benefits and their efficiency.

Spanish tourism is one of the international leaders in the sector. According to the World Tourism Organisation (WTO), Spain occupies second position in the world ranking both in terms of visitors and in terms of tourism revenue, with a 7% share in both variables.

Tourism constitutes one of the main sectors of the Spanish economy, directly contributing 11% to GDP according to the Tourism Satellite Account (TSA) and generating a similar percentage of direct employment.

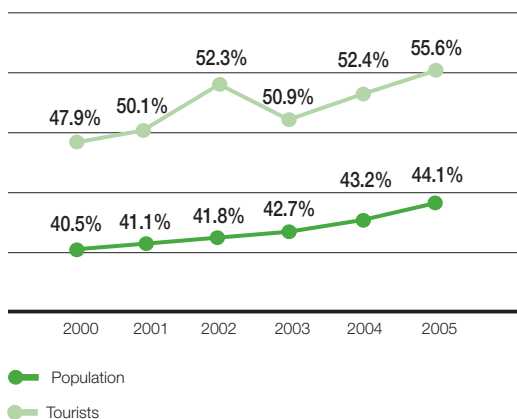
Environmental Services

Concern for the environment and the need to optimise public expenditure mean that Public Administrations increasingly tend to outsource tasks involving the management of urban waste. Over the last ten years, with the help of the European Union, a large number of waste treatment and sorting plants have been constructed in Spain (almost one per population centre of more than 100,000 inhabitants), most of which are equipped with composting and/or biomethanization processes, where the organic fraction of urban waste is treated. Nonetheless, there is still significant growth potential in this activity in Spain and in the rest of Europe as a consequence of the demands of European directives concerning waste and environmental management.

The Kyoto Protocol has fostered this type of activities in order to reduce the emission of gases generated naturally in solid urban waste dumps (carbon anhydride and methane), which produce the greenhouse effect; the said treaty has also paved the way for other future businesses related to the emission of CO₂.

Evolution of Spanish population and tourist influx

Millions of people



Source: Spanish Statistics Institute and Institute for Tourism Studies

Evolution of immigrant population

Millions of people



Source: Spanish Statistics Institute



Integrated Services

The market in which Clece operates also offers clear opportunities for development. On the one hand, the facility management of properties has registered sustained growth over the last few years that will be maintained in the future due to the increasing trend towards outsourcing, which enables own resources to be reduced and specialization to be increased in order to be able to respond to the increasing complexity of equipment and methodologies. This growth, together with clients' demand for the market to present a more concentrated and structured supply, suggests very positive perspectives for this activity.

On the other hand, the ageing population and increased life expectancy suppose an increase in the coverage needs of care services for social collectives in a situation of dependence. The practical application of the law regarding the aforementioned collectives promises a clear development of this activity.

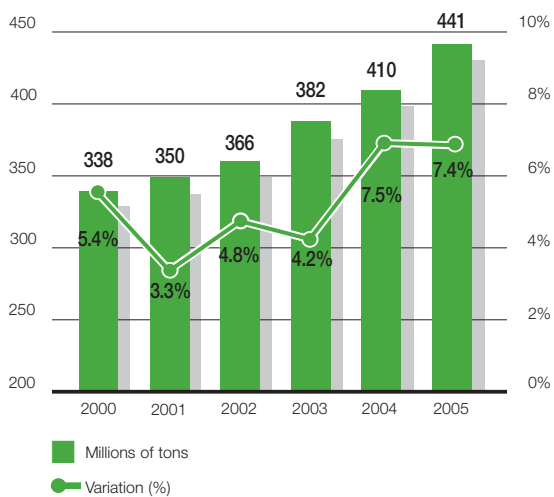
Furthermore, and as a consequence of the positive performance of tourism in Spain, air traffic is undergoing significant growth, of 9.1% in 2005, which increasingly leads airport installations and airlines to outsource higher quality services.

Port and Logistics Services

The considerable increase in container traffic on the domestic and international market generates opportunities in the management of port terminals, as well as the liberalisation of market of rail transport of goods in Spain, which will foster the increase of our activity in the inter-modal transport sector.

In respect of the provision of added value and logistics services to industry, basically the automotive industry, business opportunities continue to arise thanks to the factories installed in Spain, which are complemented by imports, which continue to grow, and also as a result of the expected industrial development in emerging countries both in terms of manufacturing and consumption.

Port transport evolution in Spain



Source: Statistics Department of the Office for the Planning and Management Control of Public Ports

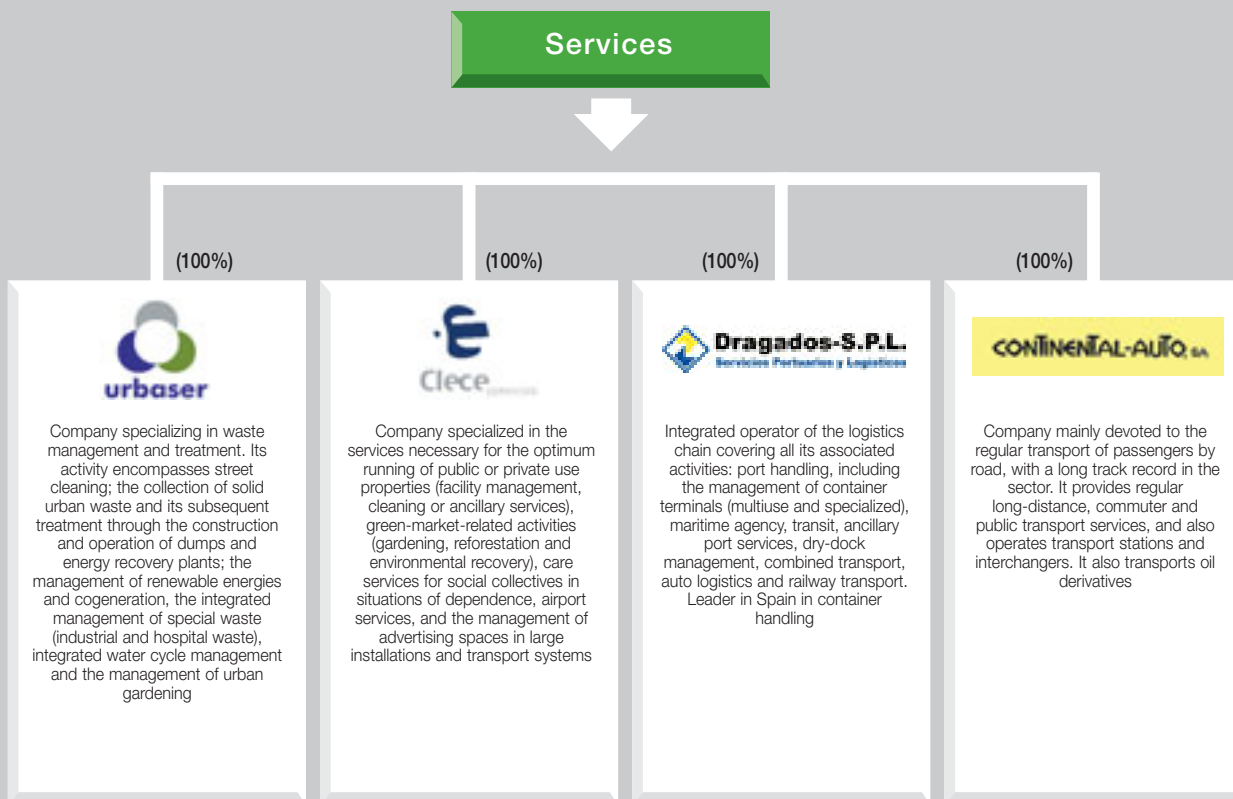
Passenger Transport by Road

Passenger transport by road is also being favoured by the increasing population, by the immigration phenomenon and by the increase in tourism. The excessive atomization and regionalisation of the road transport sector in Spain positions it as one of the most fragmented in Europe, which will lead to processes of concentration and business alliances for its consolidation on a European level.

The growth perspectives offered by the liberalization process of railway concessions, in which Continental Rail obtained the classification of railway operator in 2005 from the Spanish Administrator of Railway Infrastructures, ADIF, together with Continental Auto's management and operation of interchangers, trams and light trains, make it a global operator, which in turn is strongly supported by the Strategic Plan for Infrastructures and Transport, PEIT, in its wish to optimise the complementarity of all modes of transport.



Organizational structure





Strategic objectives

In these activities, the ACS group maintains its focus on sustainable and profitable growth. This can be summarized as follows:

- To grow in the international field, particularly in urban and port services, organically and through acquisitions.
- To remain at the technological cutting edge of solid urban waste treatment plants and to continue to lead this sector.
- To develop new services aimed at collectives with care needs and retired Spanish and foreign nationals.
- To develop the management of interchangers.
- To improve the operational efficiency of all the companies.

Activity in 2005

Environmental Services

The ACS Group, through its company Urbaser, S.A., is the leader in the management of solid urban waste treatment plants in Spain. It currently manages 63 plants, with an installed capacity of 9.52 million tons (42% of the solid urban waste generated in Spain), which have treated 7.3 million tons and have generated a saving in CO₂ emissions of more than 3.6 million tons. The following stand out amongst the plants managed:

- Three plants in the environmental complex of Valdemingómez in Madrid.
- Three ecoparks in Barcelona
- Treatment and biomethanization plant of León.
- Integrated plant with energy recovery of Meruelo (Cantabria).
- Treatment and biomethanization plant of Zaragoza.
- Environmental complex of Mallorca (Tirme).

Energy recovery plants are managed with total installed power of 177 MW, which produced 591 GWh in 2005.

Included amongst the most important contracts for street cleaning and the collection of solid urban waste are the Madrid neighbourhoods of Argüelles, Latina-Carabanchel, Salamanca, Arganzuela, Puente de Vallecas, Chamberí, Moncloa and

Distrito Centro; those of the Northern Zone of Barcelona; and those of the cities of Alcalá de Henares, Almería, Cádiz, Denia, Elche, Jerez de la Frontera, León, Logroño, Málaga, Orense, Palencia, Santa Cruz de Tenerife, San Cristóbal de la Laguna, Santiago de Compostela and Toledo.

Port and Logistics Services

In 2005, the ACS Group maintained its position as leading operator of container terminals in Spain, handling nearly 3.5 million TEUs. Worth special mention is its activity in the ports of Valencia, Las Palmas de Gran Canaria, Bilbao, Málaga and Caucedo (Dominican Republic) and the development of Terminales del Sudeste (Málaga), doubling the number of TEUs handled the previous year.

- In bulk materials, over 11 million tons were handled. Its activity in the ports of Santander, A Coruña, Valencia and Castellón deserve special mention.
- In other types of cargo, over four million tons were handled, mainly in the ports of Sagunto, A Coruña, Castellón, Valencia and Iquique (Chile).
- 1,100,000 vehicles have been transported, almost 500,000 of them handled through the ports of Barcelona and Santander, and activity has begun in Málaga port.

Likewise, in 2005, construction began of the terminal for solid bulk mineral materials in Santander port, for which the group had been awarded a 25-year contract, and operations in the container terminal of Jing-Tang port in China were consolidated.

Integrated Services

In *indoor cleaning*, the following contracts in execution in 2005 are of particular interest:

- Cleaning of the premises of the Civil Guard and National Police.
- Cleaning of the installations and mobile material of the Madrid subway.
- Cleaning of La Paz Hospital, in Madrid.
- Cleaning of Carlos Haya Hospital, in Málaga.
- Cleaning of several Madrid universities.



In *social healthcare services*, the following contracts are of particular interest:

- At-home assistance in San Sebastian.
- Catering of Bellvitge Hospital.
- At-home assistance in Seville.

Integral maintenance services are provided for the following installations:

- Maintenance of the BSCH Financial City, in Boadilla del Monte (Madrid).
- Maintenance of several properties of the Directorate General of the National Police.
- Maintenance of the Dr. Negrín hospital, in Las Palmas de Gran Canaria.

In *gardening and environmental services*, the following deserve special mention:

- Maintenance of the motorways of the Mediterranean.
- Gardening maintenance of the city of Malaga.
- Tree pruning of Valencia.
- Protection of slopes in the Pyrenees axis.
- Correction of the environmental impact of the extension of Barajas airport (Madrid).
- Dune regeneration and environmental restoration of the Caño in marshland of Sancti Petri (Cádiz).

In *management of advertising spaces*, the activity carried out in several Spanish airports is worthy of mention, along with that of the Madrid and Barcelona subways, in RENFE (National Rail Company of Spain) and in the Ifema trade fair complex, in Madrid.

Passenger Transport by Road

The most representative figures of the Continental Auto Group for 2005 are the following:

	2004	2005	Change
Turnover (Millions of Euros)	178	190	6.7%
Passengers transported (Millions)	58	62	6.9%
Tons transported (Millions)	2	2	-
Vehicles (Fleet)	978	1,029	5.2%
Kilometres driven (Millions)	110	115	4.5%
Employees	2,177	2,217	1.8%

In respect of goods transport, Continental Auto operates as a distributor of oil derivatives for Repsol in the areas of Burgos, Tarragona, Málaga, Granada, Motril, Córdoba, Sevilla, Cádiz and Almería.





Contracts awarded in 2005

The Services order book of the ACS Group reached an all-time high in 2005, amounting to 13.230 billion euros, 10.4% more than for the previous financial year, with contracts awarded over the year amounting to 3.649 billion euros. The main contracts awarded were the following:

Millions of Euros

Main contracts awarded in 2005	Amount
Construction and operation of the SUW treatment plant in Marseille (France)	1,000.0
Cleaning and collection of SUW of Almería	160.0
Cleaning and collection of SUW of Santa Cruz de Tenerife	130.0
Operation of Verennes Jarcy treatment plant (Paris, France)	65.0
Cleaning service of the properties of the National Police and Civil Guard	63.2
Cleaning and collection of SUW of Santiago de Compostela	63.0
Conservation of municipal green zones of Madrid, in zone 3	40.0
Cleaning and collection of SUW of Denia	39.0
Construction of 3 composting plants in Valence (France)	38.7
Operation of the SUW of Merida	30.0
Cleaning and collection of SUW of the Vallecas PAU	29.0
Management of the luggage trolley distribution system of Madrid – Barajas airport	27.7
Collection of SUW of Miranda	26.0
Cargo transport from new terminals in Madrid – Barajas airport	25.0
Street cleaning and gardening in Chiclana de la Frontera	24.0
Collection of SUW of Vicente López (Argentina)	23.0
Extension of La Paloma treatment plant (Madrid)	21.9
Cleaning service of the centres dependent upon the ministry of health of the Regional Government of Valencia	19.0
Management of water of Navalmoral de la Mata	19.0
Collection of SUW of Móstoles	19.0
Cleaning and collection of SUW of Navalmoral de la Mata	18.2
Cleaning and conservation of green zones of Móstoles	16.5

In the Port and logistics services area, it is worth highlighting that since September 2005, Dragados SPL has been operating the new MSC terminal in Valencia, located in Muelle de Fangos, moving approximately 650,000 TEUs per year. Furthermore, an agreement has been signed with the Fangcheng Port Authority, in Guangxi Province (China), in order to operate the container terminal of that port.



1.3.2. Concessions

The Concessions area carries out activities encompassing project identification, bid preparation, the contracting of awarded projects, their financing, the setting up of the corresponding concessionaire, and the management and operation of transport infrastructure concessions, both domestically and worldwide.

With a proven track record both due to its pioneering role in the development of these kinds of contracts and thanks to the number of them that have been rolled out successfully in

a variety of countries, Dragados Concesiones de Infraestructuras, S.A. has been the world leader in the promotion, financing, construction, management and start-up of new transport infrastructures since 1994, according to the prestigious specialized magazine “Public Works Financing” (PWF).

In 2005 it was involved in various countries through 4 airport concessionaires who manage 15 airports, providing service to 30 million passengers; 3 railway concessionaires, currently at the investment phase, with more than 1,500 Km of track layout in total and 18 toll road concessionaires active in Spain, Chile, Ireland, Portugal, United Kingdom and South Africa.

Millions of Euros

Concession - Description	Stake		Country	Status	Km ⁽⁴⁾	Expiry date	Managed investment	ACS ⁽⁵⁾ contribution
A8 - Bidelan Guipuzkoako Autobideak	50.0%	E.A. ⁽¹⁾	Spain	Operation	78	2013	54	3
AP1 - Bidelan	50.0%	E.A. ⁽¹⁾	Spain	Operation	46	2015	3	1
La Mancha highway	66.7%	Global ⁽³⁾	Spain	Operation	52	2033	130	18
Alicante ring road	50.0%	E.A. ⁽¹⁾	Spain	Construction	147	2043	440	38
Trunk road 2 (R2 y M50) - Infraestructuras y radiales	35.0%	E.A. ⁽¹⁾	Spain	Operation	80	2028	499	44
Trunk roads R3/R5 y M50 - Accesos Madrid	23.6%	E.A. ⁽¹⁾	Spain	Operation	92	2049	1,075	156
Reus-Alcover	85.0%	Global ⁽³⁾	Spain	Awarded	10	2038	54	9
Ruta de los Pantanos	25.0%	E.A. ⁽¹⁾	Spain	Operation	22	2024	96	4
Santiago Brión	70.0%	Global ⁽³⁾	Spain	Construction	16	2035	109	14
Valladolid-Cuéllar	53.3%	Global ⁽³⁾	Spain	Awarded	44	2041	97	7
Américo Vespucio Norte	45.9%	E.A. ⁽¹⁾	Chile	Operation	29	2032	630	92
Autopista Central (North-South Urban System)	48.0%	E.A. ⁽¹⁾	Chile	Operation	62	2031	828	151
Santiago Valparaíso (Ruta del Pacífico)	50.0%	E.A. ⁽¹⁾	Chile	Operation	129	2025	409	54
San Cristóbal Express (El Salto Kennedy)	50.0%	E.A. ⁽¹⁾	Chile	Construction	4	2035	82	15
Dundalk - Celtic - Northlink M1	33.3%	E.A. ⁽¹⁾	Ireland	Operation	54	2034	126	13
N25 Waterford ByPass	33.3%	E.A. ⁽¹⁾	Ireland	Awarded	24	2042	300	20
Scut da Beira Interior - Ramalho	25.0%	E.A. ⁽¹⁾	Portugal	Operation	187	2029	839	18
A1 Darrington-Dishforth	25.0%	E.A. ⁽¹⁾	United Kingdom	Constr. / Operat.	53	2036	349	7
A13 Thames Gateway	25.0%	E.A. ⁽¹⁾	United Kingdom	Operation	22	2030	364	9
Platinum Project – Bakwena – PT Operational Services	25.0%	E.A. ⁽¹⁾	South Africa	Operation	381	2031	356	16
Motorways					1,532		6,840	689
SCL	14.8%	N.C. ⁽²⁾	Chile	Operation	1	2018	187	5
Aerocali	33.3%	E.A. ⁽¹⁾	Colombia	Operation	1	2019	16	3
Montego Bay	35.0%	E.A. ⁽¹⁾	Jamaica	Constr. / Operat.	1	2033	150	9
AMP (Aeropuertos Mexicanos del Pacífico)	28.2%	E.A. ⁽¹⁾	Mexico	Operation	12	2014 (prorr. 2049)	179	91
Airports					15		532	109
Figueras Perpignan - TP Ferro	50.0%	E.A. ⁽¹⁾	Spain - Fr	Construction	45	2054	1,087	51
Metro de Sevilla (Guadalmetro)	31.1%	E.A. ⁽¹⁾	Spain	Construction	19	2038	478	29
Fenoco ⁽⁶⁾	70.6%	Global ⁽³⁾	Colombia	Constr. / Operat.	1,484	2030	300	29
Railways					1,548		1,865	110
TOTAL							9,236	907

⁽¹⁾ Equity accounting method

⁽⁴⁾ Units for airports

⁽²⁾ No consolidation

⁽⁵⁾ Contributions made and pledged up to December 31st 2005

⁽³⁾ Global consolidation

⁽⁶⁾ Sold in March 2006



In 2005 the company was awarded 5 new concession contracts that are currently in their initial phase. The experience, human resources, technical capability and financial solidity of the company enable it to deal with any project regardless of its complexity or size.

The capabilities of the ACS Group have enabled it over the course of 2005 to start up, successfully, interoperable free flow toll concessions, with Dragados Concesiones thus placing itself at the forefront of the application of the latest techniques in communication, traffic and toll management.

The ACS Group furthermore has a stake in Albertis as principal industrial partner with a 24.8% stake at the close of the 2005 financial year.

Strategic objectives

The creation of value through the promotion and development of concessions is carried out by means of the competitive use of the capabilities of the ACS Group's various areas, carrying out the said development selectively in accordance with the following objectives:

- To create value and improve profitability.
- To diversify projects in different markets.
- To foster synergies with the capabilities and activity of other companies of the Group.
- To play a leading role in the development of projects and the application of technologies.

Activity in 2005

2005 was the year of reactivation of concessions in Spain, particularly due to the bidding processes of regional and local administrations, following a year of transition in which new bidding processes were practically non-existent. The ACS Group has been awarded the following contracts:

- 30-year concession of the Santiago - Brión shadow toll highway, in Galicia, stretching 16 Km. It is the first section of the future Santiago - Noia highway. The investment amounts to 110 million euros.
- Management of the operation and maintenance of the AP1 Eibar-Vitoria motorway, which starts from the A-8 (Bilbao-Behovia) and ends at Vitoria, for a 10-year period, with a possible extension to 15 years.
- Concession of the Waterford ring road, the N 25 motorway, in Ireland, for a period of 30 years. It is 24 Km long and includes a 400 m cable-stayed bridge that crosses the estuary. The investment amounts to 300 million euros.
- Concession for the construction and operation of the Reus - Alcover highway, in Cataluña, for a 33-year period. The operation of the highway will be carried out by means of the shadow toll method. The total anticipated investment amounts to 54 million euros. It is 10.2 Km long.
- Concession for the construction and operation of the Valladolid - Cuéllar highway for a period of 35 years. The operation of the highway will be carried out by means of the shadow toll method. The total anticipated investment amounts to 103 million euros. It is 43.5 Km long.



The following operations were completed over the course of 2005 in respect of the financing of the concessionary projects:

- Financing contract with Caja Madrid, La Caixa and Banco del Espíritu Santo for the amount of 268 million euros and an approximate period of 28 years for the Alicante ring road (Ciralsa).
- Cross Currency Swap (CCS) operation of Autopista Central in Santiago de Chile in order to eliminate the exchange rate risk entailed by servicing the debt in dollars. With this operation, the debt of 250 million USD has been exchanged for a certain flow in UF (Chilean monetary unit). The operation is guaranteed by MBIA by means of issuing a policy to the Official Credit Institute (ICO), which is the counterpart of the operation.
- CCS operation of Santiago de Chile Airport in order to eliminate the exchange rate risk entailed by the servicing of the debt in dollars. With this operation, the debt of 108 million USD has been exchanged for a certain flow in UF (Chilean monetary unit).

- Closing of the financing of the second phase of Montego Bay Airport, in Jamaica, for the amount of 35 million euros with the World Bank.
- Closing of the financing of the Santiago - Brión shadow toll highway for the amount of 54 million euros in the EIB section and 36 million euros in the commercial banking section, plus a VAT credit of 8 million euros.

Over the course of the 2005 year the following concessions have opened for traffic or start-up:

- The whole North-South axis of Autopista Central of Santiago de Chile, which crosses the entire city. The first section opened in 2004. It is the first urban motorway in Latin America and the third worldwide to use the TAG system, which avoids vehicle build-up, since there is no toll barrier, and invoices vehicle owners automatically.
- Shadow toll motorway from Toledo to Consuegra, 52 Km long.
- First phase of Montego Bay Airport, in Jamaica.



1.4

Strategic Investments

The ACS Group actively participates in key sectors of the economy both directly and indirectly through its stakes as the reference industrial partner in Abertis, Unión Fenosa and Urbis. In 2005 it invested more than 3.326 billion euros in increasing its shareholding stake in these three companies.

1.4.1. Abertis

Abertis is the most important infrastructures company in Europe in terms of market capitalization and number of projects. Its main mission is the management of assets such as motorways, airports, car parkings, telecommunications infrastructures and logistics services.

Its results for the 2005 financial year show an increase in sales of 23% climbing to 1.906 billion euros and total net profit of 511 million euros, close to 5% above the previous year.

During this financial year the achievement of one of the most important operations in Abertis's history is worthy of mention: leading the consortium that has acquired Sanef, the French concessionaire. For Abertis this operation means:

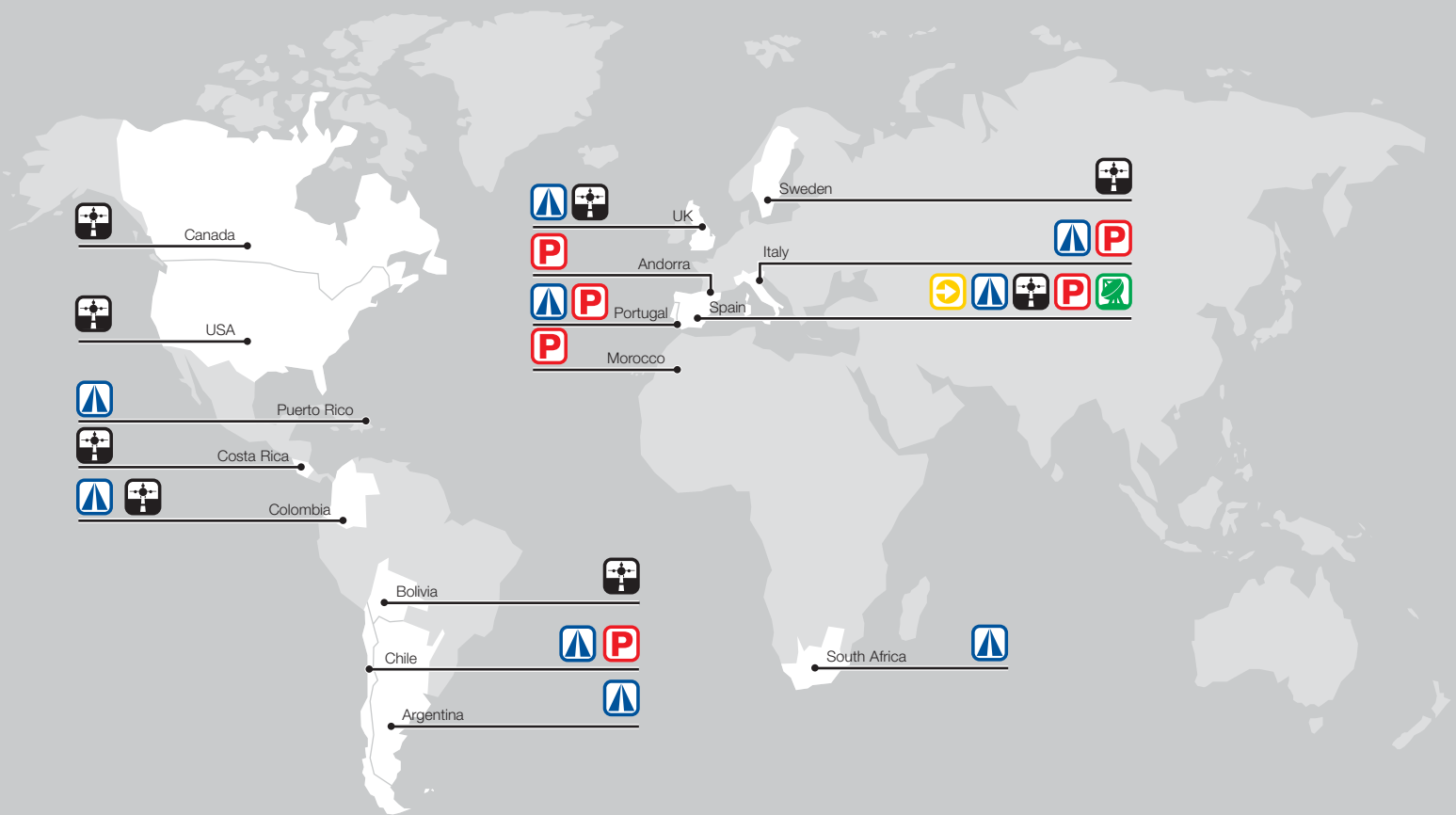
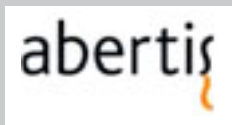
- Doubling the kilometres managed.
- Increasing the final horizon of the concessions.
- Increasing financial leverage.






The ACS Group invested 834 million euros in Abertis in 2005, which at the close of the financial year meant a stake amounting to 24.8% of the company.

As such, the ACS Group, through its presence in Abertis, participates in the operation and management of infrastructures within the value chain of the concessions business.

- It is an investment which has contributed 93 million euros to the results of the ACS Group in 2005 and which in turn has generated latent capital gains of around 1.3 billion euros.
- The Group promotes and supports the strategy of Abertis, which operates mature concessions and with a long concession horizon, with a stable and predictable cash flow.
- Abertis presents growth perspectives based on its financial solidity, a high number of opportunities on the market and its selective investment strategy.





-  Motorways
-  Airports
-  Car parking
-  Telecommunications infrastructure
-  Logistics services



1.4.2. Unión Fenosa

Unión Fenosa is the third Spanish electrical company, highlighting its position in 2005 as:

- The only energy company in Spain integrated within the gas and electricity sectors.
- It maintains a 13% share of the Spanish production market and 17% of the distribution market, mainly in Galicia and the central zone.
- It operates on the domestic market and in 11 countries in Europe and South America.

Energy	Power Installed	Production	Distribution*	Invoiced Gas	Clients (Thousands)
Spain	7,198 MW	28,774 GWh	33,000 GWh	19,227 GWh	3,460
International	2,723 MW	12,616 GWh	16,960 GWh	0 GWh	5,035
Total	9,921 MW	41,390 GWh	49,960 GWh	19,227 GWh	8,495

* The international distribution figure refers to invoiced energy

Its results in 2005 have been very positive, registering growth of 36%, exceeding 6.075 billion euros, with net profit of 815 million euros, 114% more than in 2004.

The ACS Group became the company's main shareholder in September 2005 on acquiring 22.1% of the shares of the Santander Group, a stake that it has increased, reaching 34.5% of the shares. The total investment⁽¹⁾ amounts to 3.428 billion euros, 75% of which was financed through a non-recourse credit facility that is backed up by the acquired packet of shares itself.

Its contribution to the results of the ACS Group in the last quarter of 2005 has amounted to 11 million euros.

The ACS Group's strategy in Unión Fenosa is basically focused on:

- Using and sharing the knowledge of the electricity market which the Industrial Services area has developed over the course of more than 70 years of activity.
- Supporting the company in its domestic and international expansion, in both the gas and electricity sectors.
- Reinforcing the industrial nature of Unión Fenosa in its activities in the medium and long term.

1.4.3. Urbis

Urbis is one of the principal real estate companies in Spain, leader in managed assets and with a very significant presence in the businesses of real estate development, sale and leasing. It is currently in possession of:

- A land reserve of 4 million m² suitable for building that accumulates 1.280 billion euros of latent capital gains.
- Assets for leasing amounting to 650,000 m².

After reaching a revenue of 889 million euros in 2005 and 148 million euros of net profit, in the period stretching from 1997 to 2005, Urbis has multiplied its revenue by 7 and its profits by 38, all accompanied by double-digit returns and a solid financial position.

The ACS Group has invested more than 69 million euros in 2005, with its stake climbing to 24.4%. This investment has contributed 30.5 million euros to the Group's profit in this financial year.

For the ACS Group, Urbis provides the possibility of investing in the real estate sector, which has undergone exceptional growth in Spain over the last few years and which presents stable and profitable future perspectives. This circumstance, together with the confidence that the Group has in the company's management team, strengthens the strategic nature of the ACS Group's stake.

⁽¹⁾Includes 1.005 billion euros of investment in order to acquire an additional 10% of Unión Fenosa, through the Takeover Bid that it completed in March 2006.



2

Economic and Financial Report



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profitability



2.1

Directors' Report of the Consolidated Group

1. Business performance of the ACS Group in 2005

1.1. Main events

The performance of the ACS Group in 2005, characterised by the sound growth and high profitability of its activities, was highly positive. Additionally, the Group's results surpassed all the proposed objectives with respect to operating and financing aggregates.

Millions of Euros

Main financial aggregates	2004	2005	Changes 05/04
Revenue	10,817.9	12,113.9	+12.0%
<i>International</i>	16.7%	17.4%	
Gross operating income	981.1	1,095.5	+11.7%
<i>Margin</i>	9.1%	9.0%	
Net operating income	723.9	817.4	+12.9%
<i>Margin</i>	6.7%	6.7%	
Profit attributable to associates	94.4	144.9	+53.5%
Net profit attributable to Group	452.5	608.7	+34.5%
<i>Margin</i>	4.2%	5.0%	
EPS	1.30 €	1.74 €	+34.3%
Net cash from operating activities	652.4	808.0	+23.9%
Total net borrowings	1,423.9	4,264.6	+199.5%
Recourse borrowings	961.6	1,909.4	+98.6%
Non-recourse financing	462.3	2,355.2	+409.4%
Equity	2,019.2	2,635.5	+30.5%
<i>Leverage *</i>	47.6%	72.4%	
Net investments	1,196.4	4,216.5	+252.4%

* Net recourse borrowings

NOTE: The consolidated financial statements presented in this report were prepared in accordance with the measurement bases and accounting policies of IFRS. The consolidated financial statements for 2004 were re-prepared and presented for purposes of their comparison with the 2005 figures.

The positive performance of the Group's businesses was reinforced by its vigorous marketing activity, as reflected in the contracts entered into in 2005, which amounted to EUR 15,105 million, up 22% on the previous year. Accordingly, the ACS Group's total backlog amounted to EUR 26,868 million, the highest in its history. The most significant contracts entered into, by activity, were as follows:

- In Construction, several stretches of the remodelling of the Madrid M-30 ring road, for an aggregate amount of EUR 728 million.
- In Industrial Services, the project for the expansion of the combined cycle plants of the Minatitlán III refinery in Veracruz, Mexico, for EUR 430 million.
- In Services, the construction and operation for 20 years of an urban solid waste recycling and treatment plant in Marseilles, France, for EUR 1,000 million
- In Concessions, the construction and operation for 30 years of the N-25 bypass in Waterford, Ireland, with a total projected investment of EUR 300 million.

Undoubtedly, the most significant landmark in 2005 was the acquisition of 22.073% of Unión Fenosa from the Santander Group and the subsequent launch of a takeover bid on an additional 10% of its shares. On 23 September an agreement was reached for the purchase of 22.07% of the electric utility for a total EUR 2,219.5 million, equal to a price of EUR 33 per share. The Group subsequently acquired an additional 2.432% on the stock market for EUR 203.5 million, equal to an average price of EUR 27.45 per share. This subsequent block of shares increased the Group's holding to 24.505% of the share capital of Unión Fenosa.

Additionally, on 23 November 2005, the Group launched a takeover bid on an additional 10% holding, representing an investment of EUR 1,005.5 million. In December 2005 the Spanish Fair Trade Office authorised the transaction and subsequently, in January 2006, the bid was approved by the Spanish Stock Market Commission. The transaction was successfully completed on 1 March 2006, and consequently, the ACS Group's total ownership interest in the share capital of Unión Fenosa at 30 March 2006 was 34.505%.

This strategic investment of a permanent nature enabled the Group to become a reference shareholder in the number three electric company in Spain, which has grown significantly on an international level and is highly integrated in the gas sector. The ACS Group's experience in this sector will enable it to back Unión Fenosa's industrial development plans, to take advantage of the new regulatory framework in Spain and to reinforce the industrial perspectives of Unión Fenosa in the long-term.

From a financial standpoint, the impact of this transaction is positive, since it increases the Group's net profit and cash flows as from the first year onward. The financing arrangement used enables the Group to maintain its investment potential, given that 75% of the required funds are from a credit facility without recourse to the shareholder, and the other 25% have been contributed by the Group by means of an increase in its recourse debt.

Simultaneously, in 2005 the Group strengthened its holding in Abertis, a company with which it has a strong long-term business commitment, by increasing its holding in the share capital of this concession company by EUR 834 million. Consequently, the Group now has an ownership interest of 24.8% in the company's share capital.

At 31 December 2005, the carrying amount of the ACS Group's ownership interest in Abertis was EUR 1,758 million, giving rise to unrealised gains of EUR 1,300 million at the end of 2005.

1.2. Consolidated income statements of the ACS Group

Millions of Euros	2004	%	2005	%	Changes 05/04
Revenue	10,817.9	100.0%	12,113.9	100.0%	+12.0%
Other income	443.6	4.1%	447.6	3.7%	+0.9%
Total production value	11,261.5	104.1%	12,561.5	103.7%	+11.5%
Operating expenses	(7,638.5)	(70.6%)	(8,583.1)	(70.9%)	+12.4%
Personnel expenses	(2,641.9)	(24.4%)	(2,882.9)	(23.8%)	+9.1%
Gross operating income	981.1	9.1%	1,095.5	9.0%	+11.7%
Depreciation and amortisation charge	(230.5)	(2.1%)	(230.1)	(1.9%)	-0.2%
Provisions for working capital	(26.7)	(0.2%)	(48.0)	(0.4%)	+79.7%
Operating income	723.9	6.7%	817.4	6.7%	+12.9%
Finance income	67.5	0.6%	83.2	0.7%	+23.3%
Finance costs	(153.6)	(1.4%)	(198.9)	(1.6%)	+29.4%
Exchange differences	(10.1)	(0.1%)	16.7	0.1%	n.a.
Profit/Loss on changes in value of assets	(28.2)	(0.3%)	(6.6)	(0.1%)	-76.7%
Result of entities accounted for using equity meth	94.4	0.9%	144.9	1.2%	+53.5%
Profit/Loss on the disposal of non-current assets	15.4	0.1%	13.8	0.1%	-10.7%
Other profit or loss	(86.0)	(0.8%)	(66.2)	(0.5%)	-23.0%
Profit before tax from continuing operations	623.3	5.8%	804.3	6.6%	+29.0%
Income tax	(152.9)	(1.4%)	(171.3)	(1.4%)	+12.1%
Profit after taxes from continuing operations	470.4	4.3%	633.0	5.2%	+34.6%
Profit after taxes from discontinued operations	0.0	0.0%	0.0	0.0%	n.a.
Profit for the Year	470.4	4.3%	633.0	5.2%	+34.6%
Minority interests	(17.9)	(0.2%)	(24.3)	(0.2%)	+35.8%
Profit attributable to the shareholders of ther parent	452.5	4.2%	608.7	5.0%	+34.5%

1.2.1. Revenue

In 2005 the Group's revenue amounted to EUR 12,113.9 million, over 12% up on 2004, with a 17% increase in sales in the industrial services area. Sales in the other areas were up by approximately 10%. The detail of sales, by activity, is as follows:

Millions of Euros

Detail of sales by activity	2004	%	2005	%	Changes 05/04
Construction	5,230.3	48%	5,724.8	47%	+9.5%
Industrial Services	3,490.5	32%	4,077.4	33%	+16.8%
Services and Concessions	2,201.9	20%	2,420.3	20%	+9.9%
Corporation / Adjustments	(104.8)		(108.6)		
TOTAL	10,817.9		12,113.9		+12.0%

Percentages calculated on the data of the business lines

Sales abroad rose by 16% to EUR 2,106 million and accounted for 17.4% of total annual revenue. The detail of sales in Spain and of sales abroad is as follows:

Millions of Euros

Sales in Spain	2004	%	2005	%	Changes 05/04
Construction	4,746.0	91%	5,169.8	90%	+8.9%
Industrial Services	2,405.8	69%	2,760.7	68%	+14.7%
Services and Concessions	1,969.6	89%	2,186.5	90%	+11.0%
Corporation / Adjustments	(104.8)		(108.6)		-3.6%
TOTAL	9,016.6	83%	10,008.4	83%	+11.0%

Millions of Euros

Sales abroad	2004	%	2005	%	Changes 05/04
Construction	484.4	9%	555.0	10%	+14.6%
Industrial Services	1,084.7	31%	1,316.7	32%	+21.4%
Services and Concessions	232.2	11%	233.8	10%	+0.7%
TOTAL	1,801.3	17%	2,105.5	17%	+16.9%

1.2.2. Gross profit from operations

Gross profit from operations amounted to EUR 1,095.5 million, up by 11.7% on the same period in the previous year. The gross operating margin was 9%.

Millions of Euros

Gross operating income	2004	%	2005	%	Changes 05/04
Construction	398.1	40%	427.6	38%	+7.4%
Industrial Services	291.8	29%	344.4	31%	+18.0%
Services and Concessions	313.7	31%	353.7	31%	+12.7%
Corporation / Adjustments	(22.5)		(30.2)		
TOTAL	981.1		1,095.5		+11.7%

Percentages calculated on the data of the business lines

As evidenced in the above table, this growth was underpinned by excellent performance in all activities. In Construction growth was lower than sales, due to the change in equipment procurement policy following the merger, fostering flexibility through increased outsourcing and lower investments in machinery.

1.2.3. Operating income

Net operating income amounted to EUR 817.4 million, 12.9% higher than in the previous year, placing the net operating margin at 6.7%.

Millions of Euros

Net operating income	2004	%	2005	%	Changes 05/04
Construction	327.7	44%	358.6	42%	+9.4%
Industrial Services	244.9	33%	285.9	34%	+16.8%
Services and Concessions	176.8	23%	205.7	24%	+16.4%
Corporation / Adjustments	(25.5)		(32.8)		
TOTAL	723.9		817.4		+12.9%

Percentages calculated on the data of the business lines

The construction area performed soundly with an increase of 9.4%, whereas the profits of the Industrial Services and Services and Concessions areas rose significantly (up 16.8% and 16.4% respectively).

Depreciation and amortisation charges remained steady (0.2%), far below the growth in activity, which offset the sharper increase in subcontracting in the Construction area.

1.2.4. Profit/Loss Before Tax from Continuing Operations

Profit before tax from continuing operations rose by 29% to EUR 804.3 million, which represented 6.6% of sales and an improvement of 80 basis points as compared to the previous year. To a large extent, this increase was due to the higher profit contributed by investees accounted for using the equity method. This contribution amounted to EUR 144.9 million, up 53.5% on the previous year, resulting from the increase in the contribution by Abertis and the inclusion in the scope of consolidation of Unión Fenosa in the last quarter of 2005.

Finance costs rose by 29.4% to EUR 198.9 million due to the Group's investment policy in 2005, mainly as a result of the acquisition of significant holdings in Unión Fenosa and Abertis. Finance income amounted to EUR 83.2 million and net exchange gains had a positive impact at EUR 16.7 million, as compared to the end of 2004 in which exchange losses of over EUR 10 million were recognised.

Lastly, Other Profit and Loss, amounting to EUR -66.2 million, relates mainly to restructuring processes at various Group companies

1.2.5. Net profit/loss attributable to the Group

The net profit attributable to the Group rose by 34.5% to EUR 608.7 million, as detailed below:

Millions of Euros

Net profit attributable to Group	2004	%	2005	%	Changes 05/04
Construction	221.4	42%	239.1	38%	+8.0%
Industrial Services	150.1	28%	179.2	28%	+19.4%
Services and Concessions	156.5	30%	212.0	34%	+35.5%
Corporation / Adjustments	(75.5)		(21.6)		
TOTAL	452.5		608.7		+34.5%

Percentages calculated on the data of the business lines

The income tax charged amounted to EUR 171.3 million, up 12.1% on 2004. The effective rate decreased from 28.9% in 2004 to 26%.

Profit attributable to minority interests amounted to EUR 24.3 million and related mainly to international subsidiaries of the Construction and Services area.

1.3. Consolidated Balance Sheet

Figures at December 31

Millions of Euros	2004	%	2005	%	Changes 05/04
Property, plant and equipment	1,981.0	16.0%	2,356.0	13.3%	+18.9%
Goodwill	1,010.8	8.2%	1,047.6	5.9%	+3.6%
Intangible assets	305.7	2.5%	451.9	2.6%	+47.8%
Non-current financial assets	1,833.2	14.8%	5,317.9	30.0%	+190.1%
Other non-current assets	277.6	2.2%	362.3	2.0%	+30.5%
Non-current assets	5,408.3	43.6%	9,535.7	53.8%	+76.3%
Inventories	381.0	3.1%	553.6	3.1%	+45.3%
Trade and other receivables	4,673.8	37.7%	5,146.1	29.1%	+10.1%
Current financial assets	1,018.1	8.2%	1,277.4	7.2%	+25.5%
Cash and cash equivalents	578.1	4.7%	767.8	4.3%	+32.8%
Other current assets	340.2	2.7%	431.8	2.4%	+26.9%
Current assets	6,991.3	56.4%	8,176.8	46.2%	+17.0%
TOTAL ASSETS	12,399.6	100.0%	17,712.5	100.0%	+42.8%
Goodwill	1,905.4	15.4%	2,480.9	14.0%	+30.2%
Minority interests	113.8	0.9%	154.6	0.9%	+35.9%
Equity	2,019.2	16.3%	2,635.5	14.9%	+30.5%
Grants relating to assets	151.0	1.2%	250.6	1.4%	+65.9%
Bank borrowings and other financial liabilities	1,455.1	11.7%	2,678.6	15.1%	+84.1%
Non-recourse financing	425.3	3.4%	2,304.8	13.0%	+441.9%
Other financial liabilities	27.0	0.2%	34.0	0.2%	+25.9%
Other non-current liabilities	509.4	4.1%	512.9	2.9%	+0.7%
Non-current liabilities	2,416.9	19.5%	5,530.3	31.2%	+128.8%
Bank borrowings and other financial liabilities	1,053.4	8.5%	1,236.9	7.0%	+17.4%
Non-recourse financing	37.0	0.3%	50.4	0.3%	+36.0%
Trade payables	5,498.1	44.3%	6,568.7	37.1%	+19.5%
Other financial liabilities	22.3	0.2%	5.2	0.0%	-76.9%
Other current liabilities	1,201.7	9.7%	1,434.9	8.1%	+19.4%
Current liabilities	7,812.6	63.0%	9,296.1	52.5%	+19.0%
TOTAL EQUITY AND LIABILITIES	12,399.6	100.0%	17,712.5	100.0%	+42.8%

1.3.1. Non-current assets

Plant, property and equipment rose by 18.9% to EUR 2.356 million at December 31, 2005. Financial assets, which related mainly to the Group's ownership interest in associates accounted for using the equity method, increased by EUR 3,485 million in the past twelve months, most notable in this connection being the acquisitions of holdings in Abertis and Unión Fenosa.

1.3.2. Working capital

At 2005 year-end net working capital payable amounted to EUR 1,872 million, a year-on-year improvement of 40%. In days of sales the year-on-year change improved by 12 days.

1.3.3. Net borrowings

The total balance of the Group's net borrowings at 31 December 2005 amounted to EUR 4,265 million, of which EUR 2,355 million related to non-recourse financing. The remaining EUR 1,909 million related to net recourse debt, the balance of which represents 72% of equity and less than 1.75 times EBITDA for 2005. The detail of these borrowings is as follows:

Millions of Euros

Detail of borrowings	2004	2005	Changes 05/04
Non-recourse financing	462	2,355	+409%
Financing of projects	462	700	+51%
Financing for acquisition of Unión Fenosa	-	1,655	n.a.
Net non-recourse liabilities	962	1,909	+99%
Non-current financial liabilities	1,482	2,713	+83%
Current financial liabilities	1,076	1,281	+19%
Cash and other cash equivalents	(1,596)	(2,045)	+28%
TOTAL NET BORROWINGS	1,424	4,265	+199%

1.3.4. Other non-current liabilities

Other non-current liabilities amounted to EUR 512.9 million and included provisions for risks, expenses and deferred tax liabilities. This balance also included the market value of the Group companies' hedging instruments at December 31, 2005 of EUR 32 million.

1.3.5. Equity

Equity amounted to EUR 2,635.5 million, of which EUR 155 million related to minority interests, mainly in concession projects and international subsidiaries. The main changes in the year arose in relation to profit/loss for the year, dividends, treasury share movements, the effect of hedging instruments and exchange differences.

1.4. Cash Flows

Millions of Euros	2004	2005	Changes 05/04
Cash flow from operating activities	981.1	1,095.5	+11.7%
plus: Dividends from investees	36.2	100.7	
plus: Interest earned	67.4	83.2	
less: Interest paid	(153.6)	(198.9)	
less: interest tax	(152.9)	(171.3)	
less: Other adjustments to operations	(125.8)	(101.2)	
Cash flow from operations	652.4	808.0	+23.9%
Change in Trade receivables, CCWPC and other receivables	(54.9)	(322.2)	
Change in Inventories	16.7	(172.6)	
Change in Trade payables	431.9	1,028.7	
Change in Other current assets and liabilities	16.2	12.3	
Change in net working capital	409.9	546.2	+33.3%
Net cash flow from operating activities	1,062.3	1,354.2	+27.5%
less: Investments in property, plant, equipment & intangibles	(274.4)	(261.4)	
less: Investments in concession projects	(412.0)	(463.7)	
less: Investments in financial assets	(510.0)	(1,068.6)	
less: Investment of 24.5% in Unión Fenosa	n.a.	(2,422.8)	
Net cash flows from investing activities	(1,196.4)	(4,216.5)	+252.4%
Change in Non-current bank borrowings	917.8	1,230.4	
Change in Net current bank borrowings	(651.0)	(92.9)	
Change in Non-recourse financing	146.1	1,892.8	
Change in bank borrowings	412.9	3,030.3	+633.9%
Dividends paid	(96.5)	(137.6)	
Transactions with treasury shares	(29.1)	58.3	
Change in own financing	(125.6)	(79.3)	-36.9%
Other financing sources	41.8	100.9	+141.3%
Net cash flows from financing activities	329.1	3,051.9	+827.2%
Change in Cash and cash equivalents	195.0	189.7	
Cash and cash equivalents at the beginning of the period	383.1	578.1	+50.9%
Cash and cash equivalents at the end of the period	578.1	767.8	+32.8%

1.4.1. Net cash flows from operating activities

The excellent performance of operating activities and working capital management has enabled the Group to obtain cash flows from operating activities of EUR 1,354.2 million, up 27.5% on 2004.

Specifically, net cash from operating activities amounted to EUR 808 million, up 23.9% on 2004, and as of January 2005 there was an increase of EUR 546.2 million in working capital, EUR 136 million higher than in the previous year.

1.4.2. Consolidated net investments

The Group's total investments in 2005 amounted to EUR 4,216.5 million. Investments by activity area and item were as follows:

Millions of Euros

Detail of Investments	Net Investment in Fixed Assets	Investment in Projects	Total net investment
Construction	121	38	159
Industrial Services	95	185	280
Services	140	-	140
Concessions	69	241	310
Corporation	3,328	-	3,328
TOTAL	3,753	464	4,217

The main investments in financial assets relate to the acquisition of Unión Fenosa, which amounted to EUR 2,423 million and the increase in the holdings in Abertis and Urbis to 24.8% and 24.4% respectively, involving an investment of EUR 903 million.

Net investments in the Construction area mainly related to the purchase of specialized equipment such as tunnel boring machines, and to concession projects (Madrid Calle-30, Hospitals of Majadahonda and of Can Brians).

In Industrial Services, investments were made in concession projects for high-voltage lines and wind-power facilities, whereas in the Services area, investments were mainly earmarked for environmental assets and port and logistics services.

With respect to transport infrastructure concession projects, notable were the investments in the Central North-South highway in Santiago de Chile and the La Mancha highway.

1.5. Profit/loss by business areas

1.5.1. Construction

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	5,230.3	5,724.8	+9.5%
Gross operating income	398.1	427.6	+7.4%
<i>Margin</i>	7.6%	7.5%	
Net operating income	327.7	358.6	+9.4%
<i>Margin</i>	6.3%	6.3%	
Profit before tax	336.0	369.9	+10.1%
<i>Margin</i>	6.4%	6.5%	
Net profit	221.4	239.1	+8.0%
<i>Margin</i>	4.2%	4.2%	

2005 saw a nearly a two-digit increase in construction sales, underpinned by non-residential building activity and the solid growth recorded both in civil works and residential building, as reflected in the following table:

Millions of Euros

Detail by activity	2004	2005	Changes 05/04
Civil Works	3,148.9	3,363.9	+6.8%
Non-Residential building	1,171.3	1,360.8	+16.2%
Residential Building	910.1	1,000.1	+9.9%
TOTAL	5,230.3	5,724.8	+9.5%
Abroad	484.4	555.0	+14.6%
<i>of total</i>	9%	10%	

Domestic activity achieved growth of 8.9% while activity abroad increased by 14.6%, accounting for 9.7% of total construction sales, mainly due to the production carried out in the concessions area abroad

Both gross and net operating income increased in 2005, although at a different pace due to the change in the equipment procurement policy following the merger. This change fostered flexibility through a higher level of subcontracting, thereby reducing the amount of machinery and consequently investments in the renewal of equipment, which gave rise to an increase in leases (affecting gross operating income) and a decrease in depreciation (affecting net operating income).

Profit attributable to minority interests related to international subsidiaries and amounted to EUR 12.5 million in 2005.

The construction back-log rose to the record-breaking amount of EUR 9.370 million, equivalent to approximately 20 months of production, and 9.9% higher than in 2004.

The order book in Spain grew by 10.6%, and particularly noteworthy was the increase in road and non-residential projects, which rose by 28.7% and 12.5%, respectively. The order book abroad remained unchanged with respect to 2004 despite the sale of the Portuguese company Sopal to a local shareholder.

1.5.2. Industrial Services

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	3,490.5	4,077.4	+16.8%
Gross operating income	291.8	344.4	+18.0%
Margin	8.4%	8.4%	
Net operating income	244.9	285.9	+16.8%
Margin	7.0%	7.0%	
Profit before tax	215.5	263.3	+22.2%
Margin	6.2%	6.5%	
Net profit	150.1	179.2	+19.4%
Margin	4.3%	4.4%	

Industrial Services showed solid growth in 2005, driven by integrated project and control system activities. A detail of its performance is as follows:

Millions of Euros

Detail by activity	2004	2005	Changes 05/04
Networks	722.2	743.9	+3.0%
Specialised Instalations	1,170.2	1,314.4	+12.3%
Integrated Projects	954.8	1,270.1	+33.0%
Control Systems	643.3	749.0	+16.4%
TOTAL	3,490.5	4,077.4	+16.8%
Abroad	1,084.7	1,316.7	+21.4%
Over/ total	31%	32%	

The slight growth in the Networks Activity is the result of the restructuring of the activity in some international markets in the last quarter of 2005, despite the fact that domestic activity rose by 10%. This lack of growth was offset by a 40% increase in the international order book.

Specialised Products, with a 12.3% upswing in sales, showed steady growth in all quarters of the year both in the domestic and the international markets.

Integrated Project activity performed very well (*33%), focusing on the installation of power plants and taking advantage of the high crude prices which pushed up demand for infrastructures among oil producers.

Control Systems grew by 16.4% mainly through activities relating to the maintenance of road safety systems and street lighting in the Spanish market.

Both profit from operations and net profit performed positively, showing solid growth. The backlog of EUR 4.270 million was up 25% on 2004, equivalent to over 13 months of production. This data guarantees the success of the area in upcoming months. Noteworthy was the performance of the order books for Networks and Specialised Installations, which both rose by 35% and the performance of the Control Systems order book, which rose by 32%.

1.5.3. Services

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	2,186.5	2,406.5	+10.1%
Gross operating income	314.6	346.2	+10.1%
<i>Margin</i>	<i>14.4%</i>	<i>14.4%</i>	
Net operating income	177.8	203.7	+14.6%
<i>Margin</i>	<i>8.1%</i>	<i>8.5%</i>	
Profit before tax	138.8	164.9	+18.8%
<i>Margin</i>	<i>6.3%</i>	<i>6.9%</i>	
Net profit	98.9	112.7	+14.0%
<i>Margin</i>	<i>4.5%</i>	<i>4.7%</i>	

The performance of all Urban Service area activities was excellent, particularly the growth in sales in the Port and Logistics area. Following is a detail of this area's results

Millions of Euros

Detail by activity	2004	2005	Changes 05/04
Environment	1,000.4	1,081.8	+8.1%
Port and Logistics Services	463.6	532.2	+14.8%
Passenger Transport	178.1	189.9	+6.6%
Integral Maintenance	544.4	602.6	+10.7%
TOTAL	2,186.5	2,406.5	+10.1%
Abroad	227.4	225.7	-0.7%
<i>Over/ total</i>	<i>10%</i>	<i>9%</i>	

The growth in Gross operating income was satisfactory, as was the 15% increase in net operating income, due to the increased productivity and maturity of the concession projects.

The backlog of Urban Services reached EUR 13.200 million, equivalent to over 5 years of production. The ongoing increase in these figures confirms the growth expectations for this activity in upcoming years.

1.5.4. Transport Infrastructure Concessions

The maturity of the ACS Group projects gave rise to an improvement in the profit from concession activity. Notable was Abertis' contribution of EUR 92.8 million to the Group's profit, up 29% on the contribution in 2004. Following is a detail of the profit from the concessions area:

Millions of Euros

Main aggregates	2004	2005	Changes 05/04
Sales	15.3	13.8	n.a.
Gross operating income	(0.9)	7.4	n.a.
Net operating income	(1.0)	2.0	n.a.
Profit attributable to companies accounted for using the equity method	61.1	89.4	+46.2%
Net profit	57.6	99.3	+72.3%

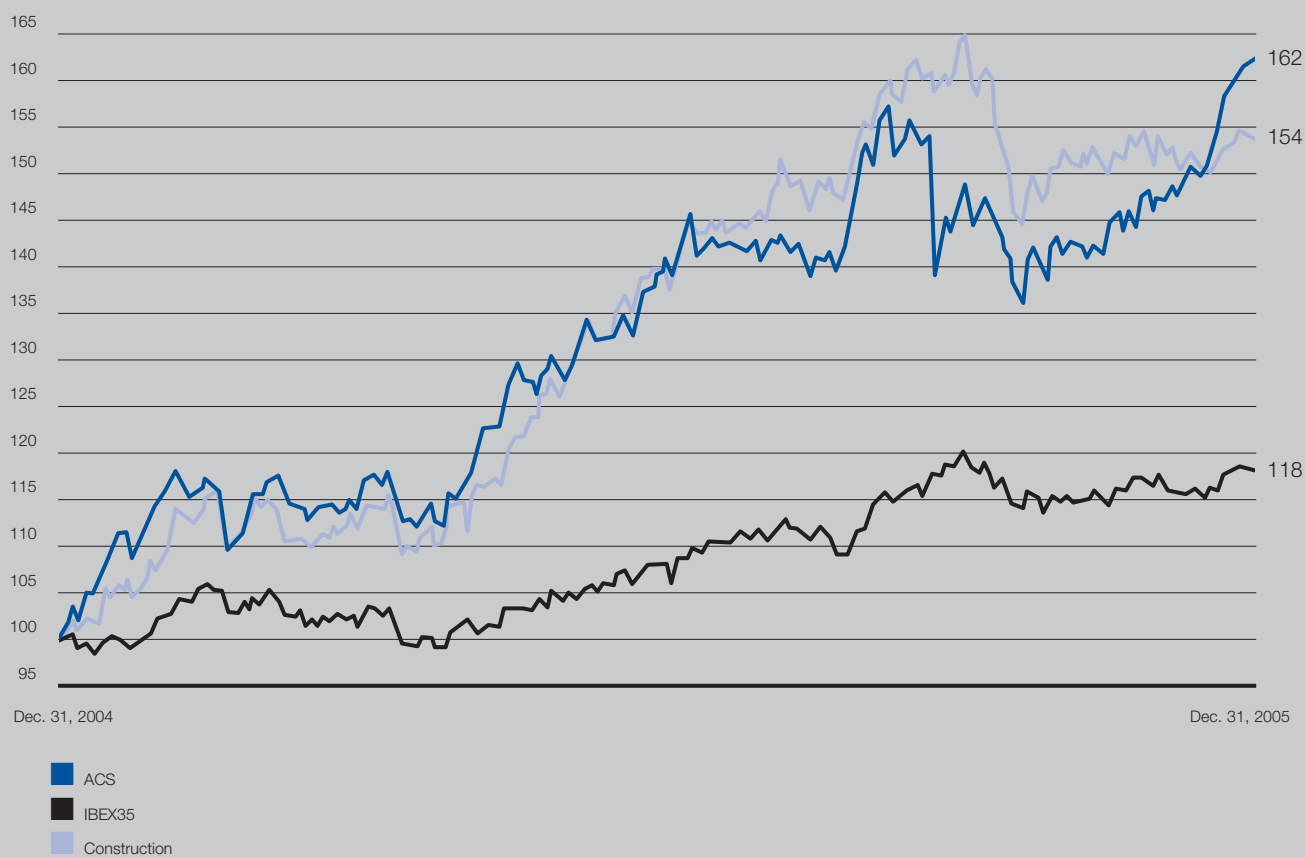
1.5.5. Other

The contribution of Unión Fenosa to the Group's profit amounted to EUR 11.4 million, relating to its net profit generated in the last quarter, net of the gains on the sale of Auna and the exceptional provisions recognised at year-end. It is also important to mention the contribution of Inmobiliaria Urbis to the ACS Group's profit, which amounted to EUR 30.5 million, 43.7% more than in 2004.

2. Stock market performance and treasury shares

2.1. Stock market information for 2005

In terms of the stock market, 2005 was characterised by a notable revaluation of the Asian markets, the largest index of which is the NIKKEI, which rose by 40.6%, and to a lesser extent of the European markets as reflected by the performance of the EUROSTOXX 50 which increased by 21.2% in 2005. These results contrast with the stagnation of the US market, the annual profitability of its most significant index being (Dow Jones) -0.6%.

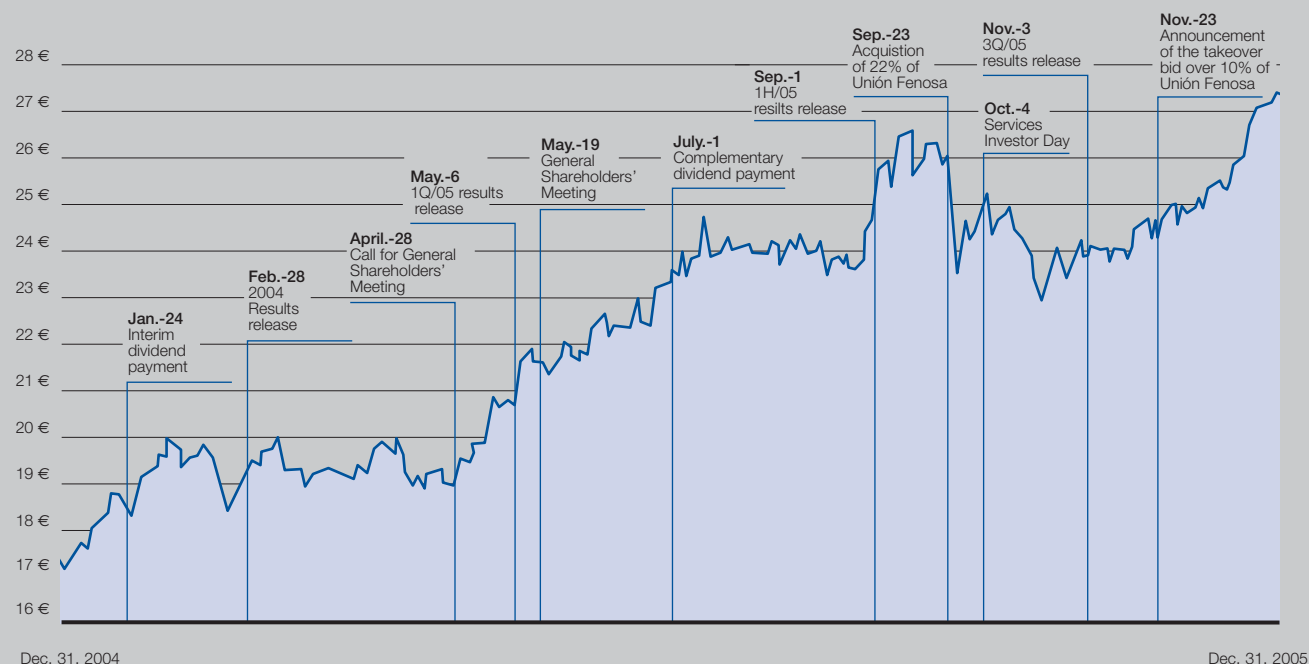


In this context, the Spanish market performed well, as reflected by the IBEX35, which increased by 18. % to 10.734 points. Construction was among the most dynamic sectors with the highest revaluation, improving the aforementioned figures with an annual accumulated gain of 54%. In this connection, notable was the revaluation of the ACS Group's share by 61.9%, one of the shares that performed best, both in the Spanish and European markets in general.

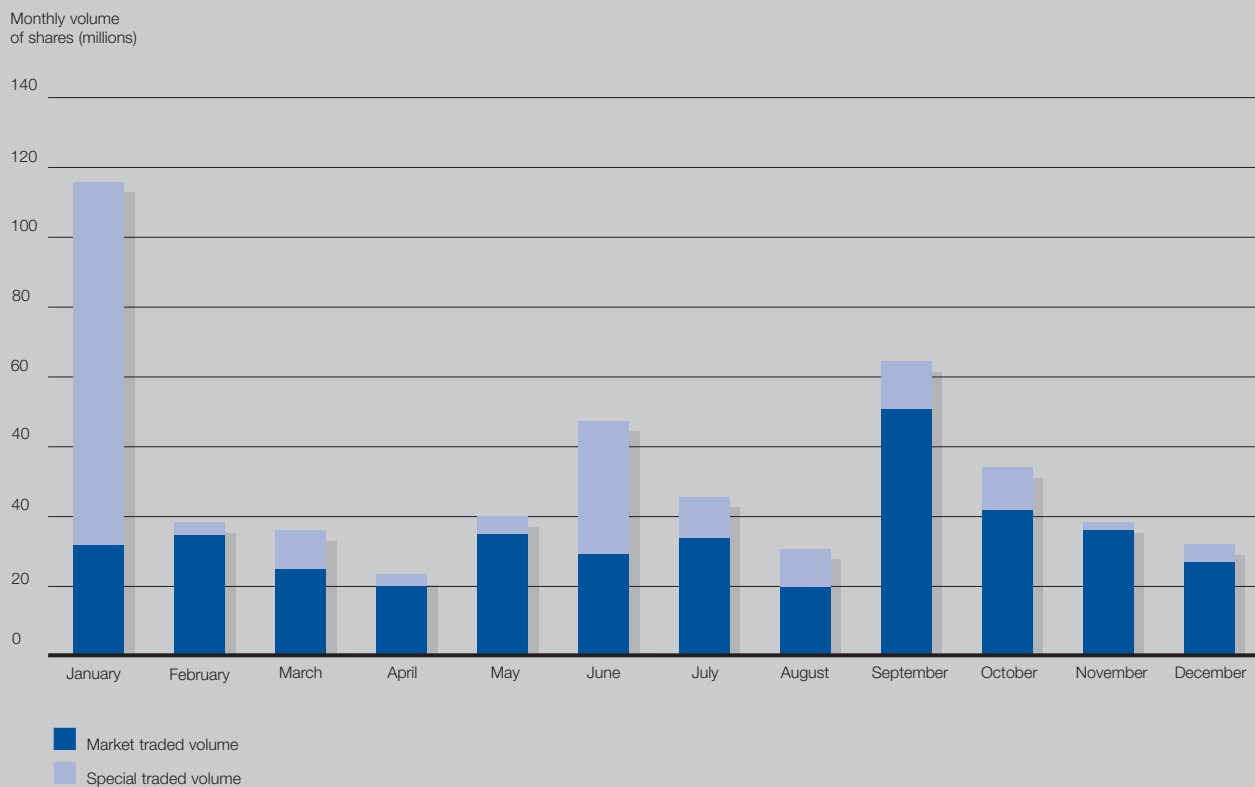
The detail of the ACS Group's main stock market data in 2005 is as follows:

The ACS Share	2004	2005
Closing price	16.80€	27.21€
ACS share revaluation	30.23%	61.96%
IBEX 35 revaluation	17.37%	18.20%
Maximum price of the period	17.13€	27.30€
Maximum date	23-Dec.	29-Dec.
Minimum price of the period	12.55€	16.80€
Minimum date	24-Mar.	3-Jan.
Average price of the period	14.60€	22.39€
Total shares traded (thousands)	312,483	401,440
Daily average shares traded (thousands)	1,245	1,568
Total effective volume traded (€ millions)	4,563	8,989
Daily average effective volume (€ millions)	18.18	35.11
Number of shares (millions)	352.87	352.87
Market capitalization end of period (€ millions)	5,928	9,602

The ACS listed share price performance in 2005 and the highlight thereof are as follows:



The trading volume grew significantly, reaching a monthly average of 52 million shares, up 24% on 2004.



If the proposal to be made at the Annual General Meeting is approved, the direct shareholder return in the form of 2005 dividends will amount to EUR 0.60 per share, in two payments: an initial interim dividend of a gross EUR 0.20 per share, paid on January 16, 2006, and a complementary dividend of EUR 0.40 per share. The dividend yield for shareholders at the 2005 year-end closing price stood at 2.2%.

2.2. Treasury shares

At 31 December 2005, the ACS Group had no treasury shares. The detail of the transactions performed in the year is as follows:

Treasury shares	Number of shares	Thousands of Euros
Beginning balance at December 31, 2004	1,726,969	29.1
Purchases	23,534,111	532.8
Sales	25,261,080	561.9
Final balance at December 31, 2005	-	-

The gain on the sale of treasury shares amounted to EUR 44.8 million and was recognised as an increase in the ACS Group's equity

3. Risk Management Policy

3.1. Risks intrinsic to the ACS Group's Activity

The ACS Group operates in sectors, countries and social, economic and legal environments which require the assumption of different risk levels caused by these determining factors.

The ACS Group monitors and controls the aforementioned risks in order to prevent profitability for its shareholders decreasing, the danger to which its employees or corporate reputation are exposed, a problem for its customers or an adverse impact on society as a whole. For this purpose, the ACS Group has instruments enabling it to identify such risks in advance or to prevent them, and to minimise the risk, prioritizing their significance as necessary.

The ACS Group's 2005 Corporate Governance Report details these risk control instruments, providing in-depth information in this connection.

3.2. Financial risk management

As in the previous case, the ACS Group is exposed to various financial risks, including the risks of changes in interest rates and foreign exchange rates, as well as liquidity and credit risk.

Risks arising from changes in effective interest rates are mitigated by guaranteeing the rates through the use of financial instruments which amortise the effect of fluctuation.

The risk of changes in foreign exchange rates is managed by borrowing in the same functional currency as that of the asset being financed by the Group abroad. In order to hedge net positions in currencies other than the euro, the Group arranges different financial instruments which reduce exposure to the risk of changes in foreign exchange rates.

To manage the risk of liquidity resulting from time-lags between the funds that are required and those generated, a balance is maintained between the term and the flexibility of the borrowings through the use of staggered financing in line with the Group's fund requirements.

Finally, credit risk caused by the non-payment of commercial loans is catered for 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 rating of the outstanding amounts and the review of the estimated recoverable amounts in the case of balances considered to be uncollectible.

A full detail of the mechanisms used to manage finance risks is included in the notes to the Group's financial statements for 2005.

4. Human Resources

At 31 December 2005, the ACS Group employed a total of 113,273 individuals, accounting for 0.6% of the active Spanish population. In 2005, the Group created over 5,000 net job positions. The Services and Concessions area employs the largest number of individuals, i.e. 56% of the total staff in 2005, followed by the Industrial area (28%) and the Construction area (16%).

The ACS Group's human resource policy consists mainly in maintaining and hiring committed teams of individuals, with a high level of knowledge and specialisation, capable of offering the best service to the customer and generating business opportunities with rigour and efficiency..

These objectives are achieved by means of active personnel selection policies, the fostering of teamwork, excellence in decision-making and cutting down on bureaucracy. Additionally, specialised training is promoted in each activity, aimed at fostering innovation and professional expertise in order to improve ACS Group processes, products, services and safety levels.

All details relating to the ACS Group's efforts in the area of Human Resources are included in the Corporate Social Responsibility Report for 2005.

5. Technological Innovation and Environmental Protection

5.1. Research and development activities

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

To apply and foster this commitment, the Company has established a number of committees at the various Group companies, which handle numerous initiatives undertaken in 2005.

In the Construction area, effort is made mainly to increase quality, the safety of employees, and the improvement of processes and techniques whose final objective is to respect the environment.

The work performed in the Industrial Services area related to technological improvements in the area of renewable energies, urban control systems and systems relating to high speed trains.

With respect to the ACS Group's Services and Concessions area, efforts concentrated on two main activities: the improvement of solid urban waste management and the reduction of CO2 emissions.

The details of all these activities as well as specific cases of technological innovation can be consulted in the ACS Group's 2005 Corporate Social Responsibility Report.

5.2. Environmental Protection

The ACS Group's main activity, namely the development and maintenance of infrastructures, gives rise to environmental impacts including the use of materials deriving from natural resources, the use of energy (both during construction and during the life of the various infrastructures), waste management, visual impact and that of landscape.

In line with its vocation to protect the environment, which has prevailed since the Group's creation, in 2005 the ACS Group promoted two main action areas: environmental policy with strict criteria and an Environmental Management System relating to the specific actions taken by each Group, both of which aim to minimise the environmental impact of its activity. The result of this effort is an increase in environmentally certified production and in the number of companies certified in accordance with the ISO 14.001 standard.

The detail of the activities carried on in 2005 and of the data on production and certifications can be consulted in the Group's 2005 Corporate Social Responsibility Report.

6. Significant events subsequent to year-end

6.1. Payment of dividends of the ACS Group

In accordance with the resolution adopted by the Company's Board of Directors at its ordinary meeting held on December 15, 2005, the Group distributed a gross interim dividend relating to profits for 2005. This dividend amounted to EUR 0.20 per share, equivalent to 51% of the full dividend paid in the previous year.

6.2. Takeover bid on Unión Fenosa

On 1 March 2006, the Spanish Stock Market Commission notified that the takeover bid launched by ACS, Actividades de Construcción y Servicios, S.A. on 10% of the share capital of Unión Fenosa had been successful. Accordingly, the ACS Group acquired a total of 30,467,871 shares of Unión Fenosa for EUR 1,005.4 million at a price of EUR 33 per share.

7. Outlook for 2006

The prospects for 2006 for the ACS Group are favourable, given the positive macroeconomic backdrop expected for infrastructure development and services activities and underpinned by the ongoing growth of the Spanish economy. This growth is significantly above the European average, and infrastructures are required:

- On the one hand, to meet the needs of the growing population, which has increased by more than 9% in only ten years, when similar increases in growth in other European countries are projected for periods of over 30 years. The arrival in Spain of over four million immigrants has given rise to increased labour, consumption and demand for infrastructures and services which are beneficial to the growth of the Spanish economy.
- And on the other hand, to foster tourism in Spain and to adapt to its new needs. In the past ten years the number of tourists has risen by 60% to 55 million visitors to Spain in 2005. This growth has been accompanied by a structural change in the type of tourism in Spain, in which the number of visitors who own a home and spend extended periods of time in this country has increased, giving rise to a higher demand for infrastructures, facilities, goods and services. .

As a consequence of this macroeconomic backdrop, the upward trend evidenced by the Construction area in previous years is expected to continue, backed by the positive evolution of Government calls for tender, robust demand for commercial buildings and the extension of the residential cycle.

Specifically, civil works are strongly backed by the ambitious National Infrastructures and Transport Plan (PEIT), aimed at improving Spanish infrastructures in the period from 2005 to 2020. The projected total investment under the Plan amounts to EUR 250,000 million or an annual average of EUR 15,500 million , with investments of around 1.5% of GDP, on average, throughout the period in which the plan is to be implemented.

The Industrial Services area has a high growth potential given the increase in demand for energy which affects investments in production and distribution assets as well as maintenance tasks. The price of oil, at nearly \$US 60 per barrel, makes investments in prospecting, extraction, refining and distribution profitable, unlike the past, and consequently the demand for related services will continue to increase at two digit rates.

In the case of Urban Services, due to the increasing outsourcing of comprehensive maintenance services by companies and public entities enabling these services to reduce in-house resources and increase specialisation in order to respond to the increased complexity of equipment and methodologies, as well as the growing concern for the environment by the general public and the public authorities in particular, the performance of this sector is projected to be positive in upcoming years.

In 2006, the ACS Group will continue with its investment policy, focusing on those activities with the highest projections for profitable growth and will remain faithful to its corporate culture of responding to the confidence placed in the Group by its shareholders by ensuring profitable returns.

In accordance with the scenario detailed above, the summarized objectives for 2006 will be to increase sales by between 7% and 12% and to increase net profit by over 20%.



2.2

Consolidated Financial Statements

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated balance sheets at December 31, 2005 and 2004

Thousands of Euros	12/31/05	12/31/04
NON-CURRENT ASSETS	9,535,737	5,408,300
Property, plant and equipment (Note 4)	1,352,441	1,299,387
Non-current assets in projects (Note 5)	1,328,331	879,232
Investment property (Note 6)	9,186	9,632
Goodwill (Note 7)	1,047,586	1,010,849
Other intangible assets (Note 8)	117,940	98,432
Investments in associates (Note 10)	4,958,411	1,498,843
Non-current financial assets (Note 11)	359,495	334,358
Deferred tax assets (Note 27)	336,077	277,404
Financial instrument receivables (Note 23)	17,229	163
Other non-current assets	9,041	-
CURRENT ASSETS	8,176,753	6,991,340
Inventories (Note 12)	553,563	380,994
Trade and other receivables (Note 13)	5,146,137	4,673,838
Other current financial assets (Note 11)	1,277,441	1,018,142
Current tax assets (Note 27)	317,870	240,177
Other current assets (Note 14)	113,904	100,043
Cash and cash equivalents (Note 15)	767,838	578,146
TOTAL ASSETS	17,712,490	12,399,640

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated balance sheet at December 31, 2005

Thousands of Euros	12/31/05	12/31/04
EQUITY (Note 16)	2,635,524	2,019,190
Share capital	176,437	176,437
Share premium	897,294	897,294
Other reserves	920,617	507,757
Treasury shares	-	(29,131)
Valuation adjustments	(51,517)	(50,016)
Profit for the year of the Parent	608,657	452,491
Interim dividend	(70,575)	(49,402)
EQUITY ATTRIBUTED TO THE PARENT	2,480,913	1,905,430
MINORITY INTERESTS	154,611	113,760
GRANTS RELATED TO ASSETS (Note 17)	250,606	151,041
NON-CURRENT LIABILITIES	5,530,305	2,416,850
Bank borrowings (Note 19)	2,678,580	1,455,133
Non-recourse financing (Note 18)	2,304,767	425,296
Other financial liabilities (Note 20)	34,035	27,033
Deferred tax liabilities (Note 27)	94,366	55,895
Non-current provisions (Note 21)	283,078	249,963
Financial instrument payables (Note 23)	31,929	28,976
Other non-current liabilities	103,550	174,554
CURRENT LIABILITIES	9,296,055	7,812,559
Bank borrowings (Note 19)	1,236,921	1,053,372
Non-recourse financing (Note 18)	50,385	37,045
Trade and other payables (Note 24)	6,568,659	5,498,136
Other financial liabilities (Note 20)	5,157	22,336
Current provisions (Note 21)	236,133	204,259
Current tax liabilities (Note 27)	715,023	529,058
Other current liabilities (Note 25)	483,777	468,353
TOTAL EQUITY AND LIABILITIES	17,712,490	12,399,640

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated balance sheet at December 31, 2005

Consolidated income statements for the years ended December 31, 2005 and 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of Euros	12/31/05	12/31/04
REVENUE (Note 28)	12,113,886	10,817,883
Other income	447,645	443,664
Changes in inventories of finished goods and work in progress	110,422	(18,998)
Materials consumed and other external expenses (Note 29.1)	(7,329,036)	(6,446,958)
Personnel expenses (Note 29.2)	(2,882,868)	(2,641,873)
Other operating expenses	(1,364,502)	(1,172,573)
Depreciation and amortisation charge	(230,137)	(230,517)
Changes in working capital provisions	(47,984)	(26,699)
OPERATING INCOME	817,426	723,929
Net impairment losses (Note 29.5)	(6,577)	(28,221)
Finance income (Note 29.6)	83,229	67,487
Finance costs (Note 29.6)	(198,853)	(153,644)
Exchange differences (Note 29.6)	16,658	(10,096)
Profit of associates (Note 10)	144,850	94,357
Gains on disposal of non-current assets (Note 30)	13,757	15,455
Other gains or losses (Note 29)	(66,183)	(85,971)
PROFIT BEFORE TAX	804,307	623,296
Corporation tax (Note 27)	(171,327)	(152,897)
PROFIT FOR THE YEAR	632,980	470,399
Profit attributed to minority interests (Note 16)	(24,323)	(17,908)
PROFIT ATTRIBUTED TO THE PARENT	608,657	452,491
Euros per Share		
EARNINGS PER SHARE (Note 32)	12/31/05	12/31/04
Basic earnings per share	1.74	1.30
Diluted earnings per share	1.74	1.30

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated income statement at December 31, 2005

Consolidated statements of changes in equity for the years ended December 31, 2005 and 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of Euros			Other Reserves			Treasury Shares	Valuation Adjustments	Profit attributed to the Parent	Interim Dividend (Note 31)	Minority Interests	TOTAL
	Share Capital	Share Premium	Revaluation Reserves and Retained Earnings	Reserves at Consolidated Companies	Exchange Differences						
Balance at January 1, 2004	177,791	897,294	530,538	99,779	0	(26,875)	(26,540)	0	(42,670)	87,664	1,696,981
Treasury shares	(1,354)		(12,524)			(2,256)					(16,134)
Transfers between items			(1,629)	22,529	(20,900)						0
Valuation gaing (losses)							(23,476)			(2,246)	(25,722)
Share options			1,007								1,007
Issue / capital increase expenses				348							348
Change in the scope of consolidation and other effects of a lesser amount			1,380	(23,437)	24,051					17,894	19,888
Distribution of profit from the prior year:											
- To reserves			147,030	(147,030)							0
- Dividends			(95,954)					42,670		(7,121)	(60,405)
Exchange differences			1,847	1,130	(20,408)					(339)	(17,770)
Profit for the years								452,491		17,908	470,399
2004 interim dividend									(49,402)		(49,402)
Balance at December 31, 2004	176,437	897,294	571,695	(46,681)	(17,257)	(29,131)	(50,016)	452,491	(49,402)	113,760	2,019,190
Treasury shares			24,579			29,131					53,710
Transfers between items			3,235	(3,235)							0
Valuation gaing (losses)							(1,501)			(451)	(1,952)
Share options			2,935								2,935
Change in the scope of consolidation and other effects of a lesser amount			154	(24,564)						20,919	(3,491)
Distribution of profit from the prior year:											
- To reserves			(61,053)	375,924				(314,871)			0
- Dividends			1,458					(137,620)	49,402	(12,350)	(99,110)
Exchange differences					93,427					8,410	101,837
Profit for the years								608,657		24,323	632,980
2005 interim dividend									(70,575)		(70,575)
Balance at December 31, 2005	176,437	897,294	543,003	301,444	76,170	0	(51,517)	608,657	(70,575)	154,611	2,635,524

The accompanying Notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated statement of changes in equity for 2005

Consolidated cash flow statements for the years ended December 31, 2005 and 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of Euros	12/31/05	12/31/04
Gross profit from operations (Nota 26.2) ⁽¹⁾	1,095,547	981,145
Dividends received from investees	100,726	36,200
Interest collected	83,229	67,487
Interest paid	(198,853)	(153,644)
Corporation tax paid in the year	(171,327)	(152,897)
Other adjustments to profit from operations	(101,196)	(125,822)
Cash flows from operations	808,126	652,469
Changes in net working capital	546,191	409,900
Net cash flows from operating activities	1,354,317	1,062,369
Investments in property, plant and equipment and intangible assets	(353,981)	(444,501)
Investments in projects	(527,659)	(414,809)
Investments in non-current financial assets	(3,498,985)	(536,080)
Disposals	164,129	198,990
Net cash flows used in investing activities	(4,216,496)	(1,196,400)
Increase in non-current borrowings	1,230,448	917,800
Decrease in net current borrowings	(92,929)	(650,980)
Increase in financing applied to projects	1,892,811	146,134
Dividends paid	(137,621)	(96,500)
(Purchase)/Sale of treasury shares	58,260	(29,131)
Other financing activities	100,902	41,714
Net cash flows from financing activities	3,051,871	329,037
Increase in cash and cash equivalents-	189,692	195,006
Cash and cash equivalents at beginning of year	578,146	383,140
Cash and cash equivalents at end of year	767,838	578,146

The accompanying notes 1 to 41 and Appendixes I to IV are an integral part of the consolidated cash flow statement at December 31, 2005

⁽¹⁾ Gross profit from operations has been calculated by adding the depreciation and amortisation charge and the change in the provision for working capital to profit from operations

Notes to the Consolidated Financial Statements for the year ended December 31, 2005

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 41). In the event of a discrepancy, the Spanish-language version prevails.

1. Group activities

The Parent ACS, Actividades de Construcción y Servicios, S.A. is a company incorporated in Spain in accordance with the Spanish Corporation Law. Its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the operations carried on directly by it, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of subsidiaries that engage in various business activities and which compose, together with it, the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual financial statements, the Group's consolidated financial statements, which also include the interests in joint ventures and investments in associates.

The ACS Group's main business activities are as follows:

1. Performance of all manner of private- or public-sector construction projects, performance of studies and provision of counselling and technical assistance and, in general, of all manner of construction-related services.
2. Transport infrastructure concessions.
3. Management of services, mainly relating to urban cleaning, waste treatment, cleaning of interiors and integral building maintenance.
4. Management of port and logistics services.
5. Industrial plant engineering and construction, performance of studies, projects and execution of all manner of construction, installation and erection work in relation to energy production and distribution.
6. Vertical and horizontal signposting of public roads, industrial paint and coatings, maintenance of installations and buildings and integral road maintenance.
7. Undertaking and marketing of real estate developments.
8. Activities relating to change of image and the re-launch of companies or trade names, and all aspects relating to the manufacture and installation of advertising items.
9. Development, installation and maintenance of projects and construction work relating to traffic and lighting and research and development of related software and hardware.
10. Environmental activities which range from consulting and engineering and the operation of water treatment facilities to the management of industrial, urban, agricultural and hospital waste.
11. Construction, maintenance, operation and sale of electricity obtained through the use of wind power and other forms of renewable energy.
12. Regular road passenger transportation, distribution of oil products by road, operation and management of bus stations and the transportation of urgent packages.
13. Provision of lighting, urban maintenance, electrical installation, industrial cleaning and integral building maintenance services.
14. Performance of all manner of telecommunications activities.
15. The provision of all manner of services, integral computer support, lease of goods and equipment and provision of supplies to surgical, sanitary and hospital establishments.
16. The production, sale and use of electric power and of other energy sources and the performance of studies relating thereto and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas.
17. Other supplementary activities encompassing the business activities not included in the foregoing categories.

2. Basis of presentation of the consolidated financial statements and basis of consolidation

2.1. Basis of presentation

The consolidated financial statements for 2005 of the ACS Group were prepared:

- By the directors, at the Board of Directors' Meeting held on 30 March 2006.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2005 are summarised in Notes 2 and 3.

- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 3 (accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2005, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2005 (IFRSs as adopted by the European Union) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted in Europe.

The ACS Group's consolidated financial statements for 2004, prepared in accordance with local standards, were approved by the shareholders at the Annual General Meeting of ACS, S.A. on 19 May 2005. The 2005 consolidated financial statements of the Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent's Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Responsibility for the information and for the estimates made

The information in these financial statements is the responsibility of the Group's directors.

The accompanying consolidated financial statements were prepared from the 2005 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its subsidiaries whose respective individual financial statements were approved by the directors of each company and business segment, once they were adapted on consolidation in conformity with International Financial Reporting Standards, as adopted by the European Union.

In the Group's consolidated financial statements estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The useful life of the property, plant and equipment and intangible assets (Notes 3.1 and 3.5)
- The impairment losses on certain assets (Notes 3.4 and 3.6)
- The measurement of goodwill and the assignment of assets on acquisitions (Note 3.4)
- The amount of certain provisions (Note 3.14)
- The assumptions used in the calculation of liabilities and commitments to employees (Note 3.13)

Although these estimates were made on the basis of the best information available at 31 December 2005, on the events analysed, 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, recognising the effects of the change in estimates in the related future consolidated financial statements.

First-time application of IFRSs

The ACS Group prepared its consolidated financial statements in accordance with International Financial Reporting Standards for the first time in 2005. Given that comparative data for 2004 are presented in these consolidated financial statements, the date of transition at which the opening IFRS balance sheet was prepared is 1 January 2004. In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" in the preparation of the aforementioned opening IFRS balance sheet, the ACS Group retroactively applied the same policies used in the preparation of the consolidated financial statements for the year ended 31 December 2005. This process implied the recognition of all assets and liabilities required to be recognised under IFRSs, the derecognition of all assets and liabilities whose recognition is not permitted under IFRSs, and the reclassification of all asset, liability and equity items whose classification under IFRSs differs from their classification under Spanish GAAP, which were contained mainly in the Spanish National Chart of Accounts and Royal Decree 1815/1991, and in the various sector adaptations applicable to the Group.

In the adaptation process, the Group adopted the following alternative criteria permitted under IFRSs:

1. Exchange differences at 1 January 2004, net of the related tax effect, were recognised as opening reserves.
2. The Group opted to maintain the acquisition cost measurement base, both in the case of assets for own use and investment property.
3. Business combinations that occurred prior to the date of transition were not recalculated, and accordingly, the goodwill existing at 1 January 2004 was maintained, once its recoverability was evidenced by means of the related impairment tests.
4. IASs 32 and 39 on financial instruments were applied from 1 January 2004.

IFRSs entail, with respect to the standards in force when the Group's consolidated financial statements for 2004 were prepared:

- Significant changes in accounting policies, measurement bases and presentation of the financial statements making up the annual financial statements;
- The inclusion in the consolidated financial statements of two new financial statements, namely the consolidated statement of changes in equity and the consolidated cash flow statement; and
- A significant increase in the volume of disclosures in the notes to the consolidated financial statements.

Note 40 contains the reconciliation required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", of the balances at the beginning and end of the year ended 31 December 2004 – and which, therefore, are reflected in the Group's consolidated financial statements for that year – to the corresponding opening balances for 2004 and 2005 determined in accordance with the new standards, and an explanation of the main adjustments.

Additionally, following are the most significant effects on the Group's equity and net profit arising from the reconciliation between Spanish GAAP and the European Union IFRSs.

- Reconciliation of equity under Spanish GAAP to equity under IFRSs at the date of transition (1 January 2004).

Thousands of Euros

Equity attributable to the Parent at 1 January 2004 under Spanish GAAP	1,796,439
Minority interests	99,269
Equity at 1 January 2004 under Spanish GAAP (including minority interests)	1,895,708
Treasury shares	(26,875)
Non-capitalisation of deferred finance costs	(67,952)
Straight-line depreciation of non-current assets in projects	(24,787)
Non-capitalisable expenses	(42,260)
Effect on property investments	(4,564)
Measurement of financial instruments	(27,507)
Other adjustments of lesser amounts	(4,782)
Equity at 1 January 2004 under IFRSs	1,696,981

- Reconciliation of equity under Spanish GAAP to equity under IFRSs at 31 December 2004, the end of the year in which the last consolidated financial statements were prepared in accordance with Spanish GAAP.

Thousands of Euros

Equity attributable to the Parent at 31 December 2004 under Spanish GAAP	2,103,921
Minority interests	119,097
Equity at 31 December 2004 under Spanish GAAP (including minority interests)	2,223,018
Treasury shares	(29,131)
Non-amortisation of goodwill	56,461
Non-capitalisation of deferred finance costs	(81,250)
Straight-line depreciation of non-current assets in projects	(32,323)
Non-capitalisable expenses	(32,684)
Effect on property investments	(7,872)
Measurement of financial instruments	(53,229)
Other adjustments of lesser amounts	(23,800)
Equity at 31 December 2004 under IFRSs	2,019,190

- Reconciliation of net profit for 2004 under Spanish GAAP to net profit for 2004 under IFRSs.

Thousands of Euros

Consolidated profit for 2004 under Spanish GAAP	460,385
Gains on the sale of treasury shares of the Parent	(19,247)
Non-amortisation of goodwill	56,461
Non-capitalisation of deferred finance costs	(13,298)
Straight-line depreciation of non-current assets in projects	(7,536)
Non-capitalisable expenses	9,141
Effect on property investments	(3,308)
Non-capitalisation of telecommunications start-up expenses	(11,980)
Other adjustments of a lesser amount	(18,127)
Consolidated profit for 2004 under IFRSs	452,491

Comparative information

As required by IAS 1, the information relating to 2004 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with similar information relating to 2005 and, accordingly, it does not constitute the Group's statutory consolidated financial statements for 2004.

Functional currency

These consolidated financial statements are presented in euros, since this is the functional currency in the area in which the Group operates. Transactions in currencies other than the euro are recognised in accordance with the policies established in Note 3.

2.2. Basis of consolidation

a) Balances and transactions with Group companies

All significant intra-Group balances and transactions are eliminated on consolidation.

However, balances and transactions relating to construction projects undertaken by the Construction division companies for infrastructure concession companies are not eliminated on consolidation since these transactions are considered to have been performed for third parties as the projects are being completed. This is the intention currently supported by the IFRIC (International Financial Reporting Interpretation Committee), the interpretative body of the IASB, in the draft interpretations on concession arrangements currently under discussion. This interpretation is based on the consideration that in this type of business, the group completes a construction project for the concession provider, and receives in exchange the right to operate the infrastructure in accordance with the terms of the contract. In these cases, the concession provider has control over the asset, and accordingly, it can be concluded that on a consolidated level, the project has been completed for a third party.

b) Standardisation of items

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria have been applied to the individual financial statements of the companies included in the scope of consolidation.

In 2005 and 2004 the reporting date of the financial statements of all the companies included in the scope of consolidation is the same or has been temporarily standardised to that of the Parent.

c) Subsidiaries

“Subsidiaries” are defined as companies over which the ACS Group has the capacity to exercise effective control; control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee or, even if this percentage is lower or zero, when, for example, there are agreements with other shareholders of the investee that give the Parent control. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The ACS Group has an effective ownership interest of less than 50% in EASA Somozas, S.A., Societat Eólica de l' Enderrocada S.A., Integral Port Services, S.L., Autoterminal, S.A., Servicios de Aguas de Misiones, S.A., Steam, S.A. and Sintax Navigomes, Ltda. However, these companies are considered to be subsidiaries since the Group holds the majority of the voting power of these companies as a result of the shareholder structure and composition thereof.

The companies more than 50% owned by the ACS Group which are not fully consolidated include Sistemas Energéticos Serón, S.A., Sistemas Energéticos Carrascal, S.A., Sistemas Energéticos La Cerradilla, S.A., Sistemas Energéticos Tinadas, S.A., Sistemas Energéticos La Mata, S.A., Sistemas Energéticos El Chaparral, S.A., Sistemas Energéticos Tijola, S.A., Dinsa Eléctricas y Cymi, S.A. de C.V., Dinec, 1 S.A. de C.V., Zenit Servicios Integrales, S.A., Multiservicios Aeroportuarios, S.A. and Sociedad Concesionaria Vespucio Norte Express, S.A. This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is credited to profit and loss on the acquisition date. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interests in excess of the minority interests are allocated to the Parent, unless they have the obligation to cover such a loss.

Also, the share of third parties of:

- The equity of their investees, is presented within the Group's equity under “Minority Interests” in the consolidated balance sheet.
- The profit or loss for the year is presented under “Profit Attributed to Minority Interests” in the consolidated income statement and, where appropriate, in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated financial statements details the subsidiaries and information thereon.

Section f) of this note contains information on acquisitions, disposals, as well as increases and decreases in ownership interest.

d) Joint ventures

A joint venture is a contractual arrangement whereby two or more companies (“venturers”) have interests in entities (jointly controlled entities) or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers.

Within the area of business in which the ACS Group operates, mention should be made of the Spanish UTEs (Unincorporated joint venture), which are unincorporated joint ventures with no separate legal personality, through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time. In these cases, as in the case of economic interest groupings and of companies so formed, it is understood that the venturers exercise joint control over the joint venture, and accordingly, UTEs are proportionally consolidated.

The assets and liabilities assigned to joint operations or which are jointly controlled are recognised in the consolidated balance sheet classified according to their specific nature and the Group's percentage of ownership interest therein. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of their nature.

Appendix II and Note 9 contain relevant information on these companies.

Section f) of this note contains information on acquisitions, disposals, as well as increases and decreases in ownership interest.

e) Associates

Associates are companies over which the Group is in a position to exercise significant influence, but not control or joint control, usually because it holds -directly or indirectly- 20% or more of the voting power of the investee.

Exceptionally, the following entities, in which the Group owns 20% or more of the voting rights, are not considered to be Group associates since they are in the process of being dissolved or are fully inoperative and are irrelevant for the Group as a whole. These companies are Corfica 1, S.L., Grupo Comercializador del Sur, S.A., Chip Set and Concesionaria DHM, S.A.

Investments in associates are accounted for using the equity method, i.e. they are measured initially at acquisition cost, and subsequently on each reporting date, are measured at cost, plus the variations in the net assets of the associate according to the Group's percentage of ownership interest. The excess of the cost of acquisition over the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the income statement.

The profit or loss of associates is included in the Group's income statement under "Profit of Associates" according to the Group's percentage of ownership interest, after the required adjustments have been made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Relevant information on these entities is disclosed in Appendix III and Note 10.

f) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2005 were as follows:

- Unión Fenosa, S.A.: acquisition of a 22.073% holding from Santander Central Hispano Group on 23 September 2005. Subsequently, additional shares were purchased increasing the ownership interest to 24.505% at 31 December 2005. This transaction is explained in Note 10.
- Abertis Infraestructuras, S.A.: additional shares of this company were purchased in 2005, increasing the Group's ownership interest therein from 17.59% at 31 December 2004 to 24.832% at 31 December 2005 (Note 10).
- Inmobiliaria Urbis, S.A.: shares in this company were successively acquired, increasing the Group's ownership interest from 20.369% at 31 December 2004 to 24.837% at 31 December 2005 (Note 10).

Appendix IV contains information on the remaining acquisitions and disposals, as well as increases and decreases in ownership interest affecting the scope of consolidation.

3. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, were as follows:

3.1. Property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the balance sheet at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

Capitalised costs include borrowing costs incurred only during the period of construction of the assets, provided that it is probable that they will give rise to future economic benefits for the Group. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their projected use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated income statement and is basically based on the application of depreciation rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of Estimated Useful Life
Structures	33-50
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of property, plant and equipment	4-12

Assets held under finance leases are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are depreciated on a basis similar to that of owned assets. If there is no reasonable certainty that the lessee will ultimately obtain ownership of the asset upon the termination of the lease, the asset is depreciated over the shorter of its useful life or the term of the lease.

Interest relating to the financing of assets held under finance leases is charged to consolidated income for the year in accordance with the effective interest method, on the basis of the repayment of the debt.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The carrying amounts of property, plant and equipment was considered to be the carrying amounts of the assets in the transition to IFRSs.

All other borrowing costs are recognised in the income statement in the year in which they are incurred.

3.2. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by ACS Group subsidiaries and which are financed by the Project Finance method (non-recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantee to the participating financial institutions with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project's assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a determined amount, and on the other, generally of a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these credit facilities or loans is mainly supported by the cash flows generated by the project in the future.

These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, expropriations, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

Also included in this heading are the borrowing costs incurred prior to the entry into operation of the assets arising from external financing thereof.

The main features to be considered in relation to non-current assets in projects are as follows:

- The assets under concession are owned by the concession provider in most cases.
- The concession provider controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the concession provider, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenues for the services provided either directly from the users or through the concession provider.

Repair and maintenance expenses which do not lead to a lengthening of the useful life of the assets or an extension of their production capacity are expensed currently.

Concession operators cover all the investment made on completion of the concession term by way of amortisation.

It is essential to point out that there was uncertainty regarding the application of the IFRSs to concession operators at the date on which these financial statements were authorised for issue, since although the general IFRSs were applicable to them, a final interpretation regarding the specific system applicable to concessions had not yet been published.

The draft IFRIC interpretation (D12, D13 and D14) was published in early 2005, and envisaged the possibility of non-application of the interpretation until a final wording was issued, provided that the accounting policies established in IFRSs were adopted.

In relation to concession assets, the ACS Group has adopted the following criteria:

- Not to apply the IFRIC interpretations with respect to the development of the two models proposed (intangible assets and long-term receivables) since the criteria for the application of these models are being modified.

Intangible asset: Applicable when receivables are collected directly from users. The treatment would be similar to the current treatment, except that the assets would be recognised as intangible assets rather than property, plant and equipment, the deferred borrowing cost would not be capitalised and there would be no reversion reserve (it is considered to be an increase in amortisation).

Long-term receivable: Applicable when the concession provider pays the operator directly. Only maintenance and operation of the concession assets are recognised as sales. The receivable is recovered with the amount collected from the concession provider. Although gross profit from operations is reduced, net profit is linearised.

- Not to capitalise borrowing costs subsequent to the date on which the assets come into operation.
- Depreciate the long-term assets in projects on a straight-line basis.

3.3. Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation, and where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revalue its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for plant, property and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

3.4. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc. If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

Goodwill acquired on or after 1 January 2004, is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003. In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to "Net Impairment Losses" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised. In accordance with the aforementioned IFRS, the ACS Group decided to write off negative goodwill on the transition date, since it did not relate to any liability or impairment of any asset. The amount written off in 2004 was EUR 817 thousand. No amount was written off in 2005.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

Any deficiency of the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

1. If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.
2. The remaining amount is presented under Other Gains in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

3.5. Other intangible assets

The other intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to "Net Impairment Losses" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 3.6).

3.5.1. Development expenditure

Development expenditure is only recognised as intangible assets if the all of the following conditions are met:

- a) an identifiable asset is created (such as computer software or new processes);
- b) it is probable that the asset created will generate future economic benefits; and
- c) the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

3.5.2. Administrative concessions

Concessions may only be recognised as assets when they have been acquired by the Group for consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the state or from the related public agency.

In general, amortisation is taken on the basis of the pattern in which the asset's future economic benefits are expected to be consumed over the term of the concession. If that pattern cannot be determined reliably, the straight-line method is used over that term. This is the method generally applied at the ACS Group.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

3.5.3. Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised with a charge to "Other Intangible Assets" in the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

3.6. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, 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 recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3.7. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. 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 Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

3.8. Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus directly attributable transaction costs. The Group classifies its financial investments in four categories regardless of whether they are long- or short-term, excluding investments in associates and assets held for sale.

In the balance sheet, financial assets maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

3.8.1. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments not traded in an active market. After their initial recognition, they are measured at amortised cost using the effective interest method.

The amortised cost is understood to be the initial cost of a financial asset or liability minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. In the case of financial assets, amortised cost also includes any reduction for impairment.

The effective interest rate is the discount rate that exactly matches the net carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

Deposits and guarantees given are recognised at the amount delivered to meet contractual commitments.

Period changes for impairment and reversals of impairment losses on financial assets are recognised in the consolidated income statement for the difference between their carrying amount and the present value of the recoverable cash flows.

3.8.2. Held-to-maturity investments

These include non-derivative financial assets with fixed or determinable payments and with a fixed maturity date that the Group has the positive intention and ability to hold to the date of maturity. After their initial recognition, they are also measured at amortised cost.

3.8.3. Financial assets at fair value through profit or loss

These include the financial assets held for trading and financial assets managed and measured using the fair value model. These assets are measured at fair value in the consolidated balance sheet and changes are recognised in the consolidated income statement.

3.8.4. Available-for-sale investments

These are non-derivative financial assets designated as available for sale or not specifically classified within any of the previous categories. These relate mainly to investments in the share capital of companies not included in the scope of consolidation.

After their initial recognition, they are measured at fair value, except for investments not traded in an active market whose fair value can not be estimated reliably, which are measured at cost or a lesser amount if there is evidence of impairment.

3.9. Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

Discontinued operations represent Group components that have been sold or disposed of by any other means, or that have been classified as held for sale. These components comprise groups of operations and cash flows that can be distinguished, operationally and for financial reporting purposes, from the rest of the Group. They represent separate lines of business or geographical areas, and also include subsidiaries acquired solely with a view to resale.

At 31 December 2005 and 2004, there were no assets in this situation.

3.10. Equity

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

Capital and other equity instruments issued by the Group are recognised in equity at the proceeds received, net of direct issue costs.

3.10.1. Share capital

Ordinary shares are classified as capital. There are no other types of shares.

Expenses directly attributable to the issue or acquisition of new shares are recognised in equity as a deduction from the amount thereof.

If the Group were to acquire or sell treasury shares, the amount paid or received for the treasury shares would be directly recognised in equity. No loss or gain from the purchase, sale, issue or amortisation of the Group's own equity instruments is recognised in the consolidated income statement for the year.

3.10.2. Treasury shares

At 31 December 2005, the Group held no treasury shares. Note 16.4 summarises the transactions performed with treasury shares in 2005. Such shares are recognised as a reduction of equity in the accompanying consolidated balance sheets at 31 December 2005 and 2004. No gain or loss from the purchase, sale, issue or retirement of treasury shares is recognised.

3.10.3. Share options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are deemed to be equity-settled share-based payment transactions and are therefore measured at fair value at the grant date and are expensed over the vesting period with a credit to equity.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 29.3).

3.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment relating to environmental activity. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies.

Government grants given to the Group to acquire assets are taken to income over the same period and on the same basis as those applied to depreciate the asset relating to the aforementioned grant.

Government grants to compensate costs are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

Government grants receivable as compensation for expenses or losses already incurred, or for the purpose of giving financial support with no future related costs, are recognised as income in the period in which they become receivable.

3.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities which are measured at amortised cost.

3.12.1. Bank borrowings and debt securities

Interest-bearing bank loans and overdrafts are recognised at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the balance sheet date.

3.12.2. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

3.12.3. Current/Non-current classification

In the accompanying consolidated balance sheet debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

Non-recourse financing is classified based on the same criteria, and the detail thereof is shown in Note 18.

3.13. Retirement benefit obligations

ACS, Actividades de Construcción y Servicios, S.A. (as a result of the merger by absorption of Grupo Dragados, S.A. in 2003) and, to an insignificant extent, other subsidiaries are required, under certain 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.

These defined benefit pension obligations are funded by group life insurance policies, in which investments have been assigned whose flows coincide in time and amount with the payment schedule of the insured benefits. Based on the valuation made, the amounts required to cover the obligations to current and retired employees amounted to EUR 93,411 thousand and EUR 164,857 thousand, respectively, at 31 December 2005. Except for the discount rate applied, which fell as a result of the interest rate cut and ranged from 5.93% to 3.05%, the actuarial assumptions used were those indicated below:

Annual rate of increase of maximum social security pension benefit	2.00%
Annual wage increase	2.35%
Annual CPI (Consumer Price Index) growth rate	2.00%
Mortality table (*)	PERMF-2000 P

(*) Guaranteed assumptions which will not vary.

The aforementioned pension obligations, which are recognised under "Personnel Expenses" in the income statement, amounted to EUR 3,102 thousand in 2005 and EUR 4,039 thousand in 2004.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other ACS Group companies have alternative pension system 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 contribution required in this connection amounted to EUR 3,931 thousand in 2005 and was recognised under "Personnel Expenses" in the 2005 income statement. The obligation assumed in this respect amounted to EUR 3,684 thousand in 2004.

The portion relating to the Parent's directors who performed executive duties in 2005 amounted to EUR 2,035 thousand (EUR 1,803 thousand in 2004).

Termination benefits

Under current legislation, the Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no redundancy plans making it necessary to record a provision in this connection.

3.14. Provisions

The Group's consolidated financial statements include all the material 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 consolidated financial statements, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2005 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

Additionally, and in accordance with the opinion of the external lawyers responsible for the legal aspects of this matter, the Group considers that there is no material economic risk relating to the lawsuit filed by Boliden-Apirsa in 2004.

Provisions for termination benefits to employees

Also, pursuant to current legislation, a provision is recognised to meet the cost of termination of temporary employees with a contract for project work.

Provisions for completion of construction projects

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under this heading on the liability side of the consolidated balance sheets.

Other provisions

Other provisions include mainly provisions for warranty costs.

3.15. Risk management policy

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Strict compliance with good corporate governance standards.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (Note 22).

The ACS Group's risk management is of a preventative nature and is aimed at the medium- and long-term taking into account the most probable scenarios with respect to the performance of the variables affecting each risk.

3.16. Derivative financial instruments

The Group's activities are exposed mainly to financial risks of changes in foreign exchange rates and interest rates. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at acquisition cost in the consolidated balance sheet and the required value adjustments are subsequently made to reflect their fair value at all times. These adjustments are recorded under "Financial Instrument Receivables" in the consolidated balance sheet if they are positive and under "Financial Instrument Payables" if they are negative. Gains and losses from fair value changes are recognised in the consolidated income statement, unless the derivative has been designated and is highly effective as a hedge, in which case it is recognised as follows:

– Fair value hedges

The hedged item and hedging instrument are both measured at fair value, and changes in fair value are recognised in the consolidated income statement for their net amount under "Net Financial Profit/Loss".

– Cash flow hedges

Changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges, in equity under "Valuation Adjustments" in the accompanying consolidated balance sheet. The cumulative gain or loss recognised in this account is transferred to the consolidated income statement to the extent that the underlying has an impact on this account in relation to the hedged risk, and the related effect is deducted from the same heading in the consolidated income statement.

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 derivatives quoted in an organised market, at their market price at year-end.
- The Group measures derivatives not traded in an organised market by discounting the expected cash flows based on spot and forward market conditions at the reporting date.

3.17. Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with the transaction flow to the Group. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when substantially all the risks and rewards arising from their ownership have been transferred.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be estimated reliably.

In an agency relationship, when the reporting company acts as a commission agent, the gross inflows of economic benefits for amounts collected on behalf of the principal do not result in increases in equity for the company. Therefore, these inflows are not revenue and, instead, revenue is the amount of commissions.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Following is a disclosure of specific revenue recognition criteria for certain activities carried on by the Group:

3.17.1. Construction business

In the construction business, the outcome of a construction contract is recognised by the percentage of completion method, by reference to the stage of completion of the contract work.

In the construction industry estimated revenues and costs of construction projects are susceptible to changes during the performance period which cannot be readily foreseen or objectively quantified. In this connection, production each year is valued at certification price of the units completed in the period that, since they are covered in the contract entered into with the owners, or in approved addenda or amendments thereto, do not give rise to any doubts regarding their certification. In addition, production is valued at certification price of other project units that have already been completed for which management of the consolidated companies consider there is reasonable assurance of recovery.

Should the amount of production from inception, valued at certification price, of each project be greater than the amount certified through the balance sheet date, the difference between the two amounts is recorded under "Trade and Other Receivables" on the asset side of the consolidated balance sheet. Should the amount of production from inception be lower than the amount of the certificates issued, the difference is recorded under "Trade and Other Payables" on the liability side of the consolidated balance sheet.

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognised under "Non-Current Provisions" on the liability side of the consolidated balance sheets.

3.17.2. Industrial, urban and other services business

Group companies recognise as the outcome from the rendering of services for each year the difference between production (valued at the sale price of the services provided during the period, which are covered by the initial contract entered into with the customer or in approved modifications or addenda thereto, and of services which have not yet been approved but there is reasonable assurance of recovery) and the costs incurred in the year.

Price increases recognised in the initial contract entered into with the customer are recognised as revenue on an accrual basis, regardless of whether they have been approved annually by it.

Late-payment interest is recognised as financial income when finally approved or collected.

3.18. Expense recognition

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits as a result of a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

In the specific case of expenses associated with commission income when the commission agent does not have any inventory risk, as in the case of certain Group logistics service companies, the cost to sell or to render the related service does not constitute an expense for the company (commission agent) since the latter does not assume the inherent risks. In these cases, as indicated in the section on revenue recognition, the sale or service rendered is recognised for the net amount of the commission.

3.19. Offsetting

Asset and liability balances must be offset and, therefore, the net amount thereof is presented in the consolidated balance sheet only when they arise from transactions in which, contractually or by law, offsetting is permitted and the Group intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

3.20. Corporation tax

The corporation tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities 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, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit. The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Spanish companies in which the Parent owns more than 75% of their share capital file consolidated tax returns in accordance with the current regulations as part of Tax Group 30/99.

3.21. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies (Note 32).

Diluted earnings per share are calculated by dividing net profit attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

At 31 December 2005, basic earnings per share were the same as diluted earnings per shares since none of the aforementioned circumstances arose.

3.22. Foreign currency transactions

The Group'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.

Foreign currency transactions are initially recognised in the functional currency of the Group by applying the exchange rates prevailing at the date of the transaction.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing on the balance sheet date. Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidated income statement for the year, except for items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 23 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any exchange differences arising are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and translated at the closing rate.

3.23. Entities and branches located in hyperinflationary economies

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2005 and 2004 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

3.24. Consolidated cash flow statements

The following terms are used in the consolidated cash flow statements with the meanings specified:

Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group that are not operating activities.

In view of the diversity of the Group's businesses and activities, the Group opted to report cash flows using the indirect method.

3.25. Standards and Interpretations not yet in force

At 31 December 2005, the following Standards and Interpretations had been issued but had not yet come into force.

3.25.1. Standards

IAS.- 21. The effects of changes in foreign exchange rates.

Amendment to clarify that the accounting treatment foreseen on consolidation of monetary items forming part of an investment in a foreign operation do not depend on the currency in which the investment is made, or the Group company holding these items.

IAS. 39. Financial instruments: Recognition and measurement.

- a) Change in cash flow hedges of forecast intragroup transactions to permit the foreign currency risk of highly probable intragroup transactions to qualify as the hedged item in a cash flow hedge in consolidated financial statements, as long as the stipulated conditions are met.
- b) Restriction of the use of the fair value option with changes in profit or loss in the recognition of financial assets and liabilities. With this amendment, the use of the option is limited to financial instruments that meet certain conditions.

IAS. 39 IFRS 4. Treatment of financial guarantee contracts from the standpoint of the issuer.

3.25.2 Interpretations of Standards

IFRIC.- 4. Gives guidance for determining whether arrangements that do not take the legal form of a lease can be accounted for as such, based on the substance of the arrangement.

IFRIC.- 5. Interests in funds set up to meet decommissioning, restoration and environmental rehabilitation obligations.

It establishes the accounting in the financial statements of a contributor for interests arising from such a fund.

IFRIC.- 6. Liabilities arising from participating in a specific market – waste electrical and electronic equipment.

It clarifies when certain producers of electrical goods are required to recognise a liability under IAS 37 for the cost of managing waste electrical and electronic equipment, based on their share in the market.

CINIIF.- 7. Application of the restatement approach to the financial statements of companies in hyperinflationary economies.

It provides guidance on how companies should apply the restatement approach in the first reporting period in which they identify the existence of hyperinflation in the economy of their functional currency.

The aforementioned Accounting Standards and Interpretations will enter into force for the years beginning on or after 1 January 2006. The ACS Group is currently assessing the possible impact thereof on its financial statements.

4. Property, plant and equipment

The changes in this heading in the consolidated balance sheets in 2005 and 2004 were as follows:

Thousands of Euros

	Land and Buildings	Plant and Machinery	Other Property, Plant and Equipment	Advances and Property, Plant and Equipment in the Course of Construction	Total Property, Plant and Equipment	Accumulated Depreciation	Impairment Losses	Total Net Property, Plant and Equipment
Balance at 1 January 2004	339,488	954,216	651,589	141,380	2,086,673	(899,555)	(5,225)	1,181,893
Changes in the scope of consolidation	5,192	(8,886)	5,841	832	2,979	(3,074)	(530)	(625)
Additions or charges for the year	85,025	143,860	116,446	92,449	437,780	(190,772)	(2,785)	244,223
Disposals or reductions	(14,673)	(87,331)	(82,570)	(30,935)	(215,509)	90,929	1,115	(123,465)
Exchange differences	(759)	(1,968)	(1,693)	(16)	(4,436)	2,750	-	(1,686)
Transfers from/to other assets	7,500	24,575	(18,096)	(1,842)	12,137	(13,090)	-	(953)
Balance at 31 December 2004	421,773	1,024,466	671,517	201,868	2,319,624	(1,012,812)	(7,425)	1,299,387
Changes in the scope of consolidation	737	281	1,779	1,343	4,140	(796)	(17)	3,327
Additions or charges for the year	15,243	165,918	101,240	55,020	337,421	(186,522)	(2,158)	148,741
Disposals or reductions	(23,810)	(119,240)	(69,221)	(4,759)	(217,030)	135,965	612	(80,453)
Exchange differences	6,513	3,562	10,262	183	20,520	(7,829)	(121)	12,570
Transfers from/to other assets	(16,016)	23,496	(1,893)	(53,607)	(48,020)	16,003	886	(31,131)
Balance at 31 December 2005	404,440	1,098,483	713,684	200,048	2,416,655	(1,055,991)	(8,223)	1,352,441

Of which the following are assets under finance leases:

Thousands of Euros

	Land and Buildings	Plant and Machinery	Other Property, Plant and Equipment	Total Property, Plant and Equipment	Accumulated Depreciation	Total Net Property, Plant and Equipment
Balance at 31 December 2004	2,334	86,163	112,676	201,173	(41,832)	159,341
Balance at 31 December 2005	6,822	78,202	128,928	213,952	(58,374)	155,578

In 2005 and 2004 the companies capitalised to property, plant and equipment finance costs amounting to EUR 3,067 thousand and EUR 3,332 thousand, respectively.

Operating costs relating directly to property, plant and equipment in the course of construction capitalised in 2005 amounted to EUR 7,320 thousand (EUR 6,319 thousand in 2004).

Fully depreciated property, plant and equipment in use amounted to EUR 327,732 thousand in 2005 and EUR 299,508 thousand in 2004.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The indemnities received for losses covered by insurance policed recognised in the income statement amounted to EUR 591 thousand in 2005. No indemnities were received in 2004.

The Group has mortgaged land and buildings with a carrying amount of approximately EUR 16,683 thousand (EUR 26,474 thousand in 2004) to secure banking facilities granted to the Group.

At 31 December 2005, the Group had recognised EUR 154,242 thousand relating to property, plant and equipment owned by its foreign companies and branches (EUR 105,700 thousand in 2004).

At 31 December 2005, the Group had entered into contractual commitments for the future acquisition of property, plant and equipment amounting to EUR 17,098 thousand (8,394 thousand in 2004).

The impairment loss recognised in the income statement, which amounts to EUR 2,193 thousand, relates mainly to the decrease in the market value of fibre optic cabling. The impairment losses reversed and recognised in the income statement total EUR 35 thousand.

5. Non-current assets in projects

The balance of "Non-Current Assets in Projects" in the consolidated balance sheet at 31 December 2005, includes the costs incurred by the fully consolidated companies in the construction of transport and service infrastructures whose operation constitutes the purpose of their respective concessions, the detail being as follows:

Thousands of Euros

Company	Type of Infrastructure	End Date of Operation	Investment	Accumulated Depreciation	Net Carrying Amount of Non-Current Assets in Projects
Levante, Lda – Parque Eólico Pó	Wind-powered facility	2026	3,792	-	3,792
Levante, Lda – Parque Eólico Arruda	Wind-powered facility	2026	2,124	-	2,124
Levante, Lda – Parque Eólico Sobral	Wind-powered facility	2026	4,858	-	4,858
Lestenergia, S.A. - Penamacor 1 e 3A	Wind-powered facility	2026	21,050	-	21,050
Energías Ambientales de Somozas, S.A.	Wind-powered facility	2018	47,441	(13,314)	34,127
Sociedad Eólica de la Enderrocada, S.A. (SEESA)	Wind-powered facility	2014	28,837	(9,909)	18,928
Energías Ambientales de Novo, S.A.	Wind-powered facility	2018	17,818	(3,777)	14,041
Energías Ambientales de Vimianzo, S.A.	Wind-powered facility	2019	49,680	(11,693)	37,987
Parque Eólico El Perul, S.L.	Wind-powered facility	2021	60,422	-	60,422
Parque Eólico Marmellar, S.L.	Wind-powered facility	2021	13,590	-	13,590
Energías Ambientales de Outes, S.A.	Wind-powered facility	2020	38,593	(2,751)	35,842
Somozas Energías Renovables, S.A.	Wind-powered facility	2019	11,416	(934)	10,482
Ecovent Parc Eolic, S.A.	Wind-powered facility	2021	44,749	-	44,749
Parque Eólico Lodoso, S.L.	Wind-powered facility	2021	14,552	-	14,552
Parque Eólico de Valdecarro, S.L.	Wind-powered facility	2021	1,010	-	1,010
Parque Eólico Santa Cruz del Tozo, S.L.	Wind-powered facility	2022	1,213	-	1,213
Artemis Transmisora de Energia Ltda.	Electricity transmission	2031	110,924	(993)	109,931
Munirah Transmisora de Energia Ltda.	Electricity transmission	2031	36,957	(159)	36,798
Aguas del Huesna, S.L.	Water supply	2025	119,121	(40,841)	78,280
Tirmadrid, S.A.	Waste treatment	2020	134,262	(52,342)	81,920
Servicios Aguas de Misiones, S.A.	Water supply	2029	5,665	(834)	4,831
Vertresa RWE Senda UTE Las Dehesas	Integral urban solid waste	2015	54,995	(13,609)	41,386
Tecmed BKU UTE Albada	Integral urban solid waste	2021	61,202	(6,064)	55,138
Intercambiador de Transportes Avda. de América, S.A.	Transport interchange	2013	23,284	(9,036)	14,248
Terminales del Sudeste, S.A.	Marine terminal	2029	62,226	(2,814)	59,412
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	Tollroad	2033	123,857	-	123,857
Ferrocarriles del Norte de Colombia, S.A.	Railroad	2030	244,358	-	244,358
Inversiones Nocedal, S.A.	Road	2031	54,045	(2,201)	51,844
Taurus Holdings Chile, S.A.	Road	2033	57,256	-	57,256
Concesionaria Santiago Brion, S.A.	Road	2035	3,769	-	3,769
Can Brians 2, S.A.	Correctional centre	2035	16,085	-	16,085
Hospital de Majadahonda, S.A.	Hospital	2035	22,473	-	22,473
Aufé, S.A. Concesionaria (Dycasa)	Road	2009	11,841	(7,606)	4,235
Servicios de Mantenimiento de Carreteras, S.A. (Semacar)	Road	2006	55,448	(55,448)	-
Aunor, S.A. (Dycasa)	Road	2024	5,366	(1,623)	3,743
TOTAL			1,564,279	(235,948)	1,328,331

The changes in this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005			2004		
	Investment	Accumulated Depreciation	Net Carrying Amount	Investment	Accumulated Depreciation	Net Carrying Amount
Beginning balance	1,049,921	(170,689)	879,232	801,161	(158,369)	642,792
Changes in the scope of consolidation	7,861	-	7,861	67,509	(2)	67,507
Additions or charges for the year	459,851	(32,267)	427,584	189,274	(18,833)	170,441
Exchange differences	63,733	(7,537)	56,196	(4,416)	5,717	1,301
Disposals or reductions	(64,285)	331	(63,954)	(3,607)	798	(2,809)
Transfers	47,198	(25,786)	21,412	-	-	-
Ending Balance	1,564,279	(235,948)	1,328,331	1,049,921	(170,689)	879,232

Interest capitalised in 2005 amounted to EUR 16,835 thousand (EUR 5,288 thousand in 2004). This capitalisation was performed by applying an average capitalisation rate of 9.85% in 2005 (6.41% in 2004).

The financing relating to non-current assets in projects is explained in Note 18.

At 31 December 2005, the Group had entered into contractual commitments for the acquisition of non-current assets in projects amounting to EUR 111,432 thousand (EUR 55,445 thousand in 2004).

6. Investment property

The changes in this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning Balance	9,632	9,749
Charges for the year	(148)	-
Transfers from/to other assets	(298)	(117)
Ending Balance	9,186	9,632

The Group's investment property relates to car parks and commercial premises earmarked for lease.

The rental income earned from investment property amounted to EUR 1,511 thousand in 2005 (1,482 thousand in 2004).

The Group has not entered into any contractual commitments for the acquisition, construction or development of investment property, or for repairs, maintenance and improvements.

At the beginning of 2005, the gross carrying amount was EUR 10,809 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 1,177 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 10,809 thousand and EUR 1,623 thousand, respectively. There were no material differences with respect to fair value.

The minimum amount of contractually guaranteed future leases at 31 December 2005 was not material.

7. Goodwill

The changes in this consolidated balance sheet heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning balance	1,010,849	1,007,198
Additions	40,274	38,210
Disposals	(1,445)	(17,460)
Impairment	(2,594)	(15,081)
Exchange differences	502	(2,018)
Ending balance	1,047,586	1,010,849

The detail by company of the changes in goodwill in 2005 is as follows:

Thousands of Euros	Balance at 12/31/2004	Additions	Disposals	Impairment	Exchange Differences	Balance at 12/31/2005
Parent	780,939	-	-	-	-	780,939
Merger with Grupo Dragados, S.A.	780,939	-	-	-	-	780,939
Industrial Services	39,029	30,256	(1,070)	-	-	68,215
Electromur, S.A.	9,139	-	-	-	-	9,139
Sociedad Ibérica de Construcciones Eléctricas, S.A.	11,708	-	-	-	-	11,708
Sistemas Radiantes F. Moyano, S.A.	5,232	-	-	-	-	5,232
Other industrial service subsidiaries	12,950	30,256	(1,070)	-	-	42,136
Services	190,881	10,018	(375)	(2,594)	502	198,432
Consenur, S.A.	4,210	-	-	-	-	4,210
Continental Auto, S.L.	27,126	-	-	-	-	27,126
Ecolube, S.L.	8,824	-	-	-	-	8,824
Grupo Hijos de Simón Maestra, S.L.	7,177	-	-	(390)	-	6,787
Sintax Group	35,527	2,704	-	-	-	38,231
KDM, S.A.	4,542	-	-	-	-	4,542
Lafuente Valencia, S.L.	2,570	1,522	-	-	-	4,092
Marítima del Mediterráneo, S.A.	12,923	-	(215)	-	-	12,708
Urbaser, S.A.	40,840	5,966	(32)	-	-	46,774
Other service subsidiaries	47,142	(174)	(128)	(2,204)	502	45,138
TOTAL	1,010,849	40,274	(1,445)	(2,594)	502	1,047,586

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of the goodwill recognised at 31 December 2005. If the carrying amount will not be recovered, the related impairment loss has been recognised.

8. Other intangible assets

The changes in this consolidated balance sheet heading in 2005 and 2004 were as follows:

Thousands of Euros	Development Expenditure	Computer Software	Administrative Concessions	Other Intangible Assets	Total Other Intangible Assets	Accumulated Amortisation	Impairment Losses	Total Other Intangible Assets, Net
Balance at 1 January 2004	5,301	42,463	79,634	9,773	137,171	(53,183)	-	83,988
Changes in the scope of consolidation	(3)	495	3,555	1,294	5,341	(1,799)	(59)	3,483
Additions or charges for the year	5,357	8,184	19,472	64,655	97,668	(37,300)	-	60,368
Disposals or reductions	(8,091)	(10,361)	(1,040)	(51,543)	(71,035)	30,102	-	(40,933)
Exchange differences	-	(37)	(110)	(99)	(246)	145	-	(101)
Transfers from/to other assets	784	-	(19,239)	6,123	(12,332)	3,959	-	(8,373)
Balance at 31 December 2004	3,348	40,744	82,272	30,203	156,567	(58,076)	(59)	98,432
Changes in the scope of consolidation	-	(185)	(12)	42	(155)	274	-	119
Additions or charges for the year	350	2,274	2,665	26,955	32,244	(10,779)	(900)	20,565
Disposals or reductions	(465)	(3,497)	(523)	(1,675)	(6,160)	4,432	59	(1,669)
Exchange differences	-	188	951	38	1,177	(214)	-	963
Transfers from/to other assets	(46)	(2,154)	239	927	(1034)	564	-	(470)
Balance at 31 December 2005	3,187	37,370	85,592	56,490	182,639	(63,799)	(900)	117,940

Administrative concessions relate mainly to the amounts paid in the Services and Concessions Business, including most notably the amounts at 31 December 2005 relating to the SPL (EUR 31,012 thousand), Urbaser (EUR 28,155 thousand) and Continental (EUR 10,792 thousand) subgroups.

The period additions amounted to EUR 33,151 thousand, of which EUR 583 thousand relate to internally generated assets, EUR 31,663 thousand to separate acquisitions and EUR 905 thousand to assets acquired through business combinations.

Fully amortised intangible assets in use at 31 December 2005, amounted to EUR 21,291 thousand (EUR 17,264 thousand at 31 December 2004). There were no items temporarily taken out of use at 31 December 2005 or 31 December 2004.

The aggregate amount of the development expenditure recognised as an expense in the accompanying consolidated income statement totals EUR 143 thousand.

There were no intangible assets whose title was restricted in 2005 or 2004.

At 31 December 2005 and 2004, there were no assets with an indefinite useful life other than those reported as goodwill.

9. Joint ventures

The main aggregates relating to joint ventures are as follows:

Thousands of Euros	UTE's, EIG's		Companies	
	2005	2004	2005	2004
Current assets	2,209,207	1,873,234	123,462	118,043
Non-current assets	201,370	91,782	160,528	104,559
Current liabilities	2,175,383	1,818,625	108,543	90,846
Non-current liabilities	101,493	50,191	106,673	65,767
Profit for the year	131,993	88,150	16,210	10,382
Revenues	2,594,457	2,330,833	182,188	162,152

The identification data relating to the main ACS Group companies and unincorporated joint ventures (UTES) are detailed in Appendix II.

10. Investments in associates

The changes in the balance of this heading were as follows:

Thousands of Euros	2005	2004
Beginning balance		
Additions	3,415,258	619,992
Disposals	(24,834)	(74,681)
Profit for the year	144,850	94,357
Exchange differences / Change in reserves	40,141	17,967
Valuation adjustments	(11,892)	(12,699)
Distribution of dividends	(103,955)	(49,455)
Ending balance	4,958,411	1,498,843

The detail, by company, of the associates is as follows:

Company	2005					2004				
	% of Ownership	Share of Net Assets	Profit/(Loss) for the Year	Goodwill	Total Carrying Amount	% of Ownership	Share of Net Assets	Profit/(Loss) for the Year	Goodwill	Total Carrying Amount
Unión Fenosa, S.A.	24.51%	1,403,599	11,400	995,265	2,410,264	-	-	-	-	-
Inmobiliaria Urbis, S.A.	24.39%	232,484	33,539	-	266,023	20.37%	152,319	21,247	-	173,566
Cleon, S.A.	25.00%	25,287	-	-	25,287	25.00%	25,287	-	-	25,287
Nordeste Transmissora de Energía, Ltda.	49.99%	26,250	2,431	-	28,681	49.99%	19,565	1,381	-	20,946
STE - Sul Transmissora de Energía, Ltda.	49.90%	13,228	253	-	13,481	49.90%	9,907	61	-	9,968
Cachoeira Paulista Transmisora de Energía, S.A.	33.00%	7,585	1,177	-	8,762	25.00%	5,929	42	-	5,971
Expansión de Transmissao Eléctrica Brasil, S.A.	25.00%	7,237	1,862	-	9,099	25.00%	4,314	1,128	-	5,442
Red Eléctrica del Sur, S.A.	20.00%	4,218	380	-	4,598	20.00%	3,972	361	-	4,333
Transmissao Itumbiara Marimbondo, S.A.	25.00%	5,488	695	-	6,183	25.00%	4,027	213	-	4,240
Abertis Infraestructuras, S.A.	24.83%	1,179,065	92,799	485,988	1,757,852	17.58%	650,291	72,077	161,427	883,795
Aeropuertos Mexicanos del Pacífico, S.A. de C.V.	28.16%	56,041	1,473	-	57,514	28.16%	48,186	1,010	-	49,196
Sociedad Concesionaria Autopista Central, S.A.	48.00%	49,789	3,762	-	53,551	48.00%	39,233	(451)	-	38,782
Rutas del Pacífico, S.A.	50.00%	47,208	(732)	-	46,476	50.00%	38,793	(1,090)	-	37,703
Sociedad Concesionaria Vespucio Norte Express, S.A.	54.00%	40,547	-	-	40,547	54.00%	32,311	-	-	32,311
Accesos de Madrid Concesionaria Española, S.A.	23.63%	40,790	(2,359)	-	38,431	-	-	-	-	-
Operaciones Portuarias Canarias, S.A.	45.00%	16,671	914	9,638	27,223	45.00%	14,091	2,574	9,638	26,303
Circunvalación Alicante, S.A.	50.00%	25,084	-	-	25,084	50.00%	25,084	-	-	25,084
TP Ferro Concesionaria, S.A.	50.00%	22,508	13	-	22,521	50.00%	17,145	(13)	-	17,132
Metro de Sevilla Sdad. Concesionaria de la Junta de Andalucía, S.A.	27.83%	20,544	-	-	20,544	27.83%	21,747	(3)	-	21,744
CSX World T. Dominicana, Ltd.	30.00%	8,192	(1,459)	7,552	14,285	30.00%	8,343	(1,159)	6,566	13,750
Remolcadores de Barcelona, S.A.	38.00%	10,690	1,919	541	13,150	33.67%	9,094	1,465	541	11,100
Iquique Terminal Internacional, S.A.	40.00%	3,437	1,100	-	4,537	40.00%	2,902	462	-	3,364
Tirme, S.A.	20.00%	3,779	653	-	4,432	20.00%	2,702	1,354	-	4,056
Other subsidiaries	-	63,290	(4,970)	1,566	59,886	-	87,357	(6,302)	3,715	84,770
TOTAL	-	3,313,011	144,850	1,500,550	4,958,411	-	1,222,599	94,357	181,887	1,498,843

At 31 December 2005, the Group had an ownership interest in Xfera Móviles, S.A. through ACS Telefonía Móvil, S.L. The operations of Xfera Móviles, S.A. are currently in the start-up phase. In view of the current technological and regulatory framework, Xfera Móviles, S.A. has adapted the economic variables of its initial business plan, which was updated giving rise to a plan which is different from that prepared when the tender bid for the license was submitted, and which evidences its viability. This business plan was prepared on the basic premise that the commercial launch of the company will take place as soon as permitted by the technological framework and market conditions, on the basis that the company will operate using its own network and under roaming and infrastructure sharing agreements with other operators, adapting its investments and contracts to the new strategy.

Acquisition of Unión Fenosa, S.A.

On 28 September 2005, the ACS Group purchased 67,251,084 shares of Unión Fenosa, S.A. from the Santander Central Hispano Group representing 22.07% of its share capital, at a price of EUR 33 per share. These shares were acquired to obtain a strategic position in one of the leading utility companies in the energy sector, a sector in which different Group companies have been operating for years. This purchase was financed through an agreement with various financial institutions (Banesto, BBVA, Caja Madrid, La Caixa, Mediabanca, Natexis, Royal Bank of Scotland and Santander) entered into on 11 November 2005. The financing amounted to EUR 1,664,000 thousand (Note 18), i.e. 75% of the

transaction, and the shares of Unión Fenosa, S.A. were pledged as security. The remaining 25% was financed through capital contributions from and subordinated debt of the SPV holding of the aforementioned shares (PR Pisa, S.A.), which is wholly owned by the ACS Group. The total purchase price amounted to EUR 2,219,286 thousand.

Subsequent to this date, the ACS Group continued to purchase additional ownership interests on the stock exchange at different times and at 31 December 2005, it held 24.505% of the share capital of Unión Fenosa, S.A.

Additionally, on 23 November 2005, ACS Actividades de Construcción y Servicios, S.A. launched a takeover bid for a maximum of 10% of the share capital of Unión Fenosa, S.A. at a price of EUR 33 per share. The Spanish Stock Exchange Commission (CNMV) approved this takeover bid on 23 January 2006.

With respect to the aforementioned takeover bid, following notification of the transaction by the ACS Group to the Subdirectorato-General of Business Concentrations under the General Directorate of Competition of the Spanish Ministry of Economy and Finance, the Second Vice-President of the Spanish Government and Minister of Economy and Finance rendered a decision on 27 December 2005, stating that the case file would not be forwarded to the Competition Agency, and consequently it should be understood that the Government did not oppose the notified transaction.

The CNMV communicated that the takeover bid was successful on 1 March 2006, with acceptance by 18,911 shareholders for a total of 74,300,348 shares. The minimum number of shares allotted per shareholder was 403 shares. As a consequence of the above and of the pro rata allocation, a total of 30,467,871 shares representing 10% of the share capital of Unión Fenosa, S.A. was allotted. Accordingly, at the date on which these financial statements were authorised for issue, the ACS Group's direct and indirect ownership interest in the share capital of Unión Fenosa, S.A. was 34.505%. The Group thus reinforced its long-term commitment to this company and its position as a reference shareholder with a significant influence on Unión Fenosa, S.A.

The investment amounted to EUR 1,005,440 thousand and will be sold to PR Pisa, S.A. (100% owned by the ACS Group). It will be financed in a manner similar to the initial purchase of Unión Fenosa, S.A., and the shares of Unión Fenosa, S.A. will be pledged as security.

Unión Fenosa, S.A. was acquired in 2005 for a purchase price of EUR 2,422,576 thousand, of which EUR 965,311 thousand related to the underlying carrying amount (adjusted by the net gains on the sale of Auna and other extraordinary provisions) and EUR 462,000 thousand to the fair value assigned to assets, giving rise to goodwill of EUR 995,265 thousand.

This goodwill is attributable to the profitability of the business acquired and to the expected synergies in the Group following the acquisition. This goodwill has been determined provisionally given the recent acquisition of the aforementioned ownership interest and in accordance with IFRS 3 paragraph 62, will be adjusted and definitively determined within twelve months of the acquisition date.

Increase in ownership Interest in Abertis Infraestructuras, S.A.

Successive acquisitions of shares of Abertis Infraestructuras, S.A. were made on the stock exchange in 2005 for a total of EUR 853,134 thousand, representing 7.25% of the share capital of this company, thereby reaching an ownership interest at 31 December 2005 of 24.832%. Noteworthy was the purchase of 1.5 % of Abertis Infraestructuras, S.A. from the Portuguese company Brisa Auto- Estradas de Portugal, S.A. on 5 December 2005 for EUR 192,825 thousand.

The detail of the net assets acquired and of the goodwill arising on the purchase is as follows:

With respect to these acquisitions, the fair value assigned to the assets was EUR 528,573 thousand. This amount includes the underlying carrying amount of the investment totalling EUR 204,012 thousand. The goodwill arising on the purchases made in 2005 amounted to EUR 324,561 thousand.

As in the case of the previous acquisitions, this goodwill is attributable to the Group's high profitability and to the strategic and complementary nature of the activities carried on by the ACS Group.

Increase in ownership interest in Inmobiliaria Urbis, S.A.

In 2005 4.02% of Inmobiliaria Urbis, S.A. was acquired through successive purchases on the stock exchange, and there were no material or relevant transactions. The total investment over the year amounted to EUR 69,410 thousand. As a result of these investments, the Group's ownership interest in the share capital of Inmobiliaria Urbis, S.A. amounted to 24.387% at 31 December 2005. This amount is the same as the fair value of the net assets acquired since the carrying amount of these assets sufficiently covers the fair value. The difference between the carrying amount and market value was assigned to assets. Accordingly, no goodwill was disclosed.

The market values of the ACS Group's investments in associates listed on an organised secondary market at 31 December 2005 are as follows:

Thousands of Euros

Abertis Infraestructuras, S.A.	3,057,006
Inmobiliaria Urbis, S.A.	482,604
Unión Fenosa, S.A.	2,346,657

11. Financial assets

The detail of the balance of this heading in the consolidated balance sheets in 2005 and 2004 is as follows:

Thousands of Euros	2005		2004	
	Non-Current	Current	Non-Current	Current
Investment securities	51,928	761,550	71,966	573,247
Loans to associates	136,352	16,188	56,963	6,191
Other loans	171,215	499,703	205,429	438,704
TOTAL	359,495	1,277,441	334,358	1,018,142

11.1. Investment securities

11.1.1. Non-current investment securities

The detail, by company, of the balance of this heading at 31 December 2005 is as follows:

Thousands of Euros	Cost	Provision	Net Balance
Parent			
World Trade Center Barcelona, S.A.	2,404	(468)	1,936
Construction			
Madrid Calle 30, S.A.	22,750	-	22,750
Compañía Nueva Plaza de Toros de Barcelona, S.A.	5,966	(126)	5,840
Sacresa Belgique, S.A.	4,086	-	4,086
Industrial Services			
Saneamiento Norte, S.A.	3,667	(3,667)	-
Services and Concessions			
SCL Terminal Aéreo Santiago, S.A., Sociedad Concesionaria	2,864	(1,720)	1,144
Intercambiador de Transportes de Príncipe Pío, S.A.	1,305	-	1,305
Other investments	38,992	(24,125)	14,867
TOTAL	82,034	(30,106)	51,928

In accordance with IAS 39, these investments are considered to be available-for-sale financial assets. They have been measured at cost since there is no reliable market for them.

11.1.2. Current investment securities

"Current Investment Securities" mainly relates to investments made in government debt securities in order to place cash surpluses. These are highly liquid and high-rotation assets that generate market returns.

11.2. Loans to associates

The detail of the balances of "Loans to Associates" and of the scheduled maturities at 31 December 2005, is as follows:

Thousands of Euros	Current			Non-Current		
	2006	2007	2008	2009	2010 Subsequent Years	Total Non-Current
Euro loans	12,816	5,600	1,131	1,376	22,869	30,976
Foreign currency loans	3,372	742	-	-	104,634	105,376
TOTAL	16,188	6,342	1,131	1,376	127,503	136,352

Noteworthy under this heading are the EUR 43,191 thousand loan granted to Sociedad Concesionaria Autopista Central, S.A. and the EUR 26,101 thousand loan to Sociedad Concesionaria Vespucio Norte Express, S.A. which were granted in Chilean pesos and mature after 2010.

11.3. Other loans

The detail of the balances of "Other Loans" and of the scheduled maturities at 31 December 2005, is as follows:

Thousands of Euros	Current		Non-Current			
	2006	2007	2008	2009	2010 and Subsequent Years	Total Non-Current
Euro loans	466,009	44,028	3,324	4,529	92,107	143,988
Foreign currency loans	33,694	248	30	10	26,939	27,227
TOTAL	499,703	44,276	3,354	4,539	119,046	171,215

The current euro loans included under this heading in the balance sheet were mainly short-term cash surplus investments, i.e., repos.

Non-current loans included refinanced loans to local government corporations amounting to EUR 10,300 thousand at 31 December 2005.

12. Inventories

The detail of "Inventories" is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Raw materials and other procurements	309,038	234,092
Work in progress, semi-finished goods and finished goods	56,833	27,516
Facilities	95,834	55,114
Advances	94,588	66,970
Allowances	(2,730)	(2,698)
TOTAL	553,563	380,994

Inventories with a carrying amount of EUR 7,567 thousand (EUR 7,367 thousand in 2004) have been pledged and/or mortgaged as security for the repayment of debts.

The total impairment losses on inventories recognised and reversed in the consolidated income statement for 2005, relating to the various Group companies, amounted to EUR 1,086 thousand and EUR 532 thousand, respectively.

13. Trade and other receivables

The carrying amount of trade and other receivables reflects their fair value, the detail being as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Trade receivables for sales and services	4,947,678	4,475,022
Receivable from companies accounted for using the equity method	83,198	45,574
Other receivables	227,076	255,390
Allowances	(111,815)	(102,148)
TOTAL	5,146,137	4,673,838

Trade receivables for sales and services

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Trade receivables and notes receivable	3,971,540	3,544,860
Completed work pending certification	976,138	930,162
Total	4,947,678	4,475,022
Advances received on orders (Note 24)	(1,340,790)	(1,113,042)
Allowances for doubtful debts	(107,054)	(77,247)
TOTAL NET TRADE RECEIVABLES BALANCE	3,499,834	3,284,733

The detail of the net trade receivables balance, by line of business, is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Construction	1,384,539	1,455,845
Industrial services	1,387,133	1,151,447
Services and concessions	776,746	721,694
Corporate Unit and other	(48,584)	(44,253)
TOTAL	3,499,834	3,284,733

At 31 December 2005, retentions held by customers for contract work in progress amounted to EUR 279,831 thousand (EUR 135,360 thousand in 2004).

The Group companies assign trade receivables to financial entities, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced by EUR 383,461 thousand in this connection at 31 December 2005 and by EUR 393,837 thousand at 31 December 2004.

Substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred through the sale and assignment of the receivables, since no repurchase agreements have been entered into between the Group companies and the credit institutions that have acquired the assets, and the credit institutions may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised in the consolidated balance sheet. The Group companies continued to manage collection during the period to maturity.

The balance of "Trade Receivables and Notes Receivable" was reduced by the amounts received from the CAP-TDA1 "Fondo de Titulización de Activos", a securitisation SPV which was set up on 25 June 2003.

The ACS Group companies fully and unconditionally assign receivables to the securitisation SPV. This securitisation SPV, which is subject to Spanish law, transforms the receivables into marketable bonds. It is managed by a management company called Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. The bonds issued by the securitisation SPV received an AAA rating from rating agencies.

The amount of the receivables sold to the securitisation SPV was EUR 267,253 thousand at 31 December 2005, of which EUR 57,986 thousand were recognised as a current account with the securitisation SPV included under "Other Current Financial Assets-Other Loans" (Note 11).

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

Group management considers that the carrying amount of trade receivables reflects their fair value.

14. Other current assets

The detail of this heading is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Advance payments	36,394	24,070
Current account with sundry debtors	38,733	40,989
Current accounts with venturers in joint ventures	30,184	26,937
Others	8,593	8,047
TOTAL	113,904	100,043

15. Cash and cash equivalents

“Cash and Cash Equivalents” includes the Group’s cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets reflects their fair value.

16. Equity

16.1. Share capital

At 31 December 2005, the share capital of the Parent amounted to EUR 176,437 thousand and was represented by 352,873,134 fully subscribed and paid shares of EUR 0.5 par value each, all with the same voting and dividend rights.

At the Annual General Meeting held on 20 May 2004, the following resolutions were adopted:

- To reduce share capital by EUR 1,353,679.50 (par value) through the retirement of 902,453 treasury shares, leaving the share capital amount at EUR 176,436,567.
- To reduce the par value of the shares from EUR 1.5 to EUR 0.50 with the consequent simultaneous increase in the number of shares, which after the reduction mentioned in the preceding paragraph increased from 117,624,378 shares of EUR 1.5 par value each to 352,873,134 shares of EUR 0.50 par value each.

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.

Apart from the Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Abertis Infraestructuras, S.A., Unión Fenosa, S.A and Inmobiliaria Urbis, S.A. (on the Spanish stock exchanges) and Dragados y Construcciones Argentina, S.A.I.C.I. (on the Buenos Aires Stock Exchange).

At 31 December 2005, the main shareholders of the Parent were Corporación Financiera Alba, S.A. –with an ownership interest of 17.93%–, Corporación Financiera Alcor, S.A. –with an ownership interest of 10.61%– and Inversiones Vesán, S.A. –with an ownership interest of 7.55%.

16.2. Share premium

The share premium at 31 December 2005 amounted to EUR 897,294 thousand. There have been no changes in the share premium account in the past two years.

The consolidated Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

16.3. Other reserves

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousand of Euros	Balance at 12/31/05	Balance at 12/31/04
Revaluation reserves	2,124	2,124
Retained earnings	540,879	569,571
Reserves at consolidated companies	301,444	(46,681)
Exchange differences	76,170	(17,257)
TOTAL	920,617	507,757

16.3.1. Revaluation reserves

Pursuant to Royal Decree Law 7/1996, of 7 June, the Parent availed itself of account revaluation and recorded a revaluation reserve of EUR 2,124 thousand, net of the single 3% tax.

The balance of this account may be used, free of taxes, to offset accounting losses, both accumulated losses and current losses, or losses which may be incurred in the future, and to increase capital. Once a ten-year period has elapsed, the balance of this account may be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised.

If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

16.3.2. Retained earnings

This heading includes the reserves set up by the Group's Parent, mainly in relation to retained earnings, and if applicable, in compliance with the various applicable legal provisions.

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Legal reserve	35,287	35,130
Voluntary reserves	226,186	161,826
Reserve for redenomination of share capital in euros	162	162
Unallocated profit/loss	(8,073)	(10,245)
Other reserves of the Parent	287,317	382,698
TOTAL	540,879	569,571

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. Otherwise, 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.

The legal reserve recognised by the Group's Parent, which amounts to EUR 35,287 thousand, has reached the stipulated level.

Voluntary reserves

These are reserves, the use of which is not limited or restricted, freely set up by means of the allocation of the Parent's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

16.3.3 Reserves at consolidated companies

The detail, by line of business, of the balances of these accounts in the consolidated balance sheets – after considering the effect of consolidation adjustments – is as follows:

Thousands of Euros	2005		2004	
	Reserves	Exchange Differences	Reserves	Exchange conversión
Construction	157,715	5,662	13,304	(1,472)
Industrial services	237,969	24,949	87,465	1,098
Services and concessions	8,820	45,560	(51,710)	(17,138)
Corporate Unit and other	(103,060)	(1)	(95,740)	255
TOTAL	301,444	76,170	(46,681)	(17,257)

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) restricting the payment of dividends until certain ratios have been met.

As discussed in Note 2, the exchange differences at 1 January 2004 were recognised as opening reserves. Consequently, the amount presented in the Group's consolidated balance sheet at 31 December 2004 relates exclusively to the difference arising, net of the tax effect, between the closing and opening exchange rates; on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, as well as companies accounted for using the equity method, whose functional currency is not the euro.

The currencies with the greatest impact on exchange differences were the Chilean, Argentine, Mexican and Colombian pesos, whose performance in 2005 explain the significant variations therein.

16.4. Treasury shares

The changes in "Treasury Shares" in 2005 and 2004 were as follows:

	2005		2004	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of year	1,726,969	29,131	902,453	26,875
Purchases prior to the share split	-	-	1,895,439	69,573
Retirement of treasury shares	-	-	(902,453)	(26,875)
Balance after share split	-	-	5,686,317	69,573
Purchases	23,534,111	532,828	6,144,713	93,486
Sales	(25,261,080)	(561,959)	(10,104,061)	(133,928)
At end of year	-	-	1,726,969	29,131

The Group did not hold shares of the Parent at 31 December 2005.

The average purchase price of the shares of ACS in 2005 was EUR 22.63 per share and the average selling price of the shares in 2005 was EUR 24.06 per share (EUR 14.30 and EUR 16.19 per share, respectively, in 2004).

16.5. Valuation adjustments

The changes in the balance of this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning balance	(50,016)	(26,540)
Change in the valuation of derivatives	(1,501)	(23,476)
Ending balance	(51,517)	(50,016)

This heading in the consolidated balance sheet includes the net amount of changes in the fair value of financial derivatives designated as hedging instruments in cash flow hedges, net of the tax effect.

The cash flow hedges relate mostly to interest rate swaps and, to a lesser extent, to collar and foreign exchange hedges. In accordance with IAS 39, they are accounted for against reserves since they comply with the characteristics and requirements stipulated in the standard in order to be considered a non-speculative hedging instrument.

16.6. Interim dividend

At the meeting on 15 December 2005, the Parent's Board of Directors resolved to distribute an interim dividend of EUR 0.20 per share, totalling EUR 70,575 thousand, which was paid on 16 January 2006. For this purpose, the Parent prepared the liquidity statement required under Article 216 of the Consolidated Companies Law in this connection. This interim dividend paid is recognised under "Interim Dividend" and is deducted from "Equity Attributable to the Parent".

16.7. Minority interests

The detail, by line of business, of the balance of "Minority Interests" in the consolidated balance sheet at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05		Balance at 12/31/04	
Line of Business	Minority Interests	Profit attributed to minority interests	Minority Interests	Profit attributed to minority interest
Construction	22,341	12,457	12,309	9,533
Industrial Services	45,765	5,866	20,653	2,156
Services and Concessions	62,182	6,000	62,885	6,211
Corporate Unit and other	-	-	5	8
TOTAL	130,288	24,323	95,852	17,908

This heading in the accompanying consolidated balance sheet reflects the proportional share of the equity of minority interests in the Group companies. The changes in 2005, by item, were as follows:

Thousands of Euros	
Balance at 31 December 2004	113,760
Profit for the year	24,323
Dividends received	(12,348)
Change in the scope of consolidation	(6,377)
Changes in share capital	27,429
Valuation adjustments	(570)
Exchange differences and other	8,394
Balance at 31 December 2005	154,611

The detail of this balance at 31 December 2005, by business segment, is as follows:

Thousands of Euros

Business Segment	Share Capital	Reserves	Profit for the Year	Total
Construction	17,156	5,185	12,457	34,798
Industrial Services	43,485	2,280	5,866	51,631
Services and concessions	50,927	11,255	6,000	68,182
TOTAL	111,568	18,720	24,323	154,611

At 31 December 2005, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group Company	Percentage of Ownership	Shareholder
Construction		
Sopol, S.A.	49.45%	Silger Sgps, S. A.
Constructora Vespucio Norte, S.A.	45.00%	Hochtief Construction Chilena Ltda.
Gisca	47.50%	Spie Capag, S.A.
Hospital de Majadahonda, S.A.	25.00%	Bovis Lend Lease, S.A.
	20.00%	Sufi, S.A.
Can Brians 2, S.A.	20.00%	Proinosa Promoción e Ingeniería de Obras, S.A.
Industrial Services		
Artemis Transmissora de Energia Ltda.	44.00%	Eletrosul Centrais Electricas, S.A.
Venezolana de Limpiezas Indust. C.A. (Venelin)	17.20%	Fomento de Construcciones y Contratas, S.A.
Sistemas Sec, S.A.	49.00%	Compañía Americana de Multiservicios Limitada
Procme, S.A.	25.46%	José Reis Costa
Serpista, S.A.	39.00%	Iberia, S.A.
	10.00%	Temg Mantenimiento, S.A.
Easa Somozas, S.A.	42.68%	ENEL Unión Fenosa, Energías Renovables, S.A.
Societat Eólica de l'Enderrocada, S.A.	24.00%	ENEL Unión Fenosa, Energías Renovables, S.A.
	10.00%	Instituto Catalán de Energía
	10.00%	Instituto para la Diversificación y ahorro de la energía
Energías Ambientales,,S.A.	30.00%	ENEL Unión Fenosa Energías Renovables, S.A.
	10.00%	Ecotecnia
Vent Sol y Energía, S.A.	15.00%	Corporación Valenciana de Energías Renovables, S.A.
Parque Eólico El Perul, S.L.	30.00%	Vendaval Promociones Eólicas
	19.00%	Inverduero, S.L.
Energías Ambientales de Outes, S.A.	40,00%	Vendaval Promociones Eólicas
Services and Concessions		
Ferrocarriles del Norte de Colombia, S.A.	19.50%	Odinsa
Vertederos de Residuos, S.A. (VERTRESA)	16.03%	Fomento de Construcciones y Contratas, S.A.
Tirmadrid, S.A.	18.64%	Unión Fenosa Energías Especiales, S.A.
	15.00%	Endesa Cogeneración y Renovables, S.A.
Autovía de La Mancha, S.A. Conces. JCC Castilla-La Mancha	33.33%	CYOPS.A.
Terminales del Sudeste, S.A.	11.00%	Cargas y Expediciones, S.A.
Autoterminal, S.A.	28.30%	Barcelona Car Terminal, S.A.
Centro de Transferencias, S.A.	30.00%	EMGRISA
Jingtang International Container Terminal Co. Ltd.	40.00%	Jing Tang Port Investment Co.,Ltd.
Residuos Sólidos Urbanos de Jaén, S.A.	40.00%	Diputación Provincial de Jaén
Urbana de Servicios Ambientales, S.L.	20.00%	Construcciones Sánchez Domínguez
	10.00%	Unicaja
Terminales Marítimas de Santander, S.L.	22.50%	M. Romeu y Compañía, S.L.
	15.00%	Inversiones Ergoien, S.L.
SM Gestinver, S.A.	11.30%	Romva, S.A.
Trenmedia, S.A.	49.00%	Comercial del Ferrocarril, S.A.
Frigoríficos de Castellón, S.A	25.00%	Fac Fruit, S.L.
Puerto Seco Santander-Ebro, S.A.	12.50%	Autoridad Portuaria de Santander
	12.50%	Transportes y Distribución, S.A.
	12.50%	Andrés Madorrán, S.A.
Terminal Rías Altas, S.A.	25.00%	Terminales Marítimos de Galicia
	15.00%	Boluda Terminales Marítimos, S.A
Servicios de Aguas de Misiones, S.A.	10.00%	Programa de propiedad participada
Mora la Nova Energía, S. L.	29.00%	Garo Enginnering, S.L.
Concesionaria Santiago Brión, S.A.	15.00%	Francisco Gómez y Cía, S.L.
	15.00%	Extrato Construcciones e Proyectos, S.A.

17. Grants related to assets

The changes in the balance of this heading in 2005 and 2004 were as follows:

Thousands of Euros	2005	2004
Beginning balance	151,041	130,244
Changes in the scope of consolidation	36	(4,278)
Exchange differences	15,697	2,730
Additions	91,682	36,141
Transfers	(280)	(6,456)
Recognition in income statement	(7,570)	(7,340)
Ending balance	250,606	151,041

The additions in 2005 relate mainly to Ferrocarriles del Norte de Colombia, S.A.

The grants related to assets taken to income in 2005 (recognised under "Other Income" in the consolidated income statement) amounted to EUR 7,570 thousand (EUR 7,340 thousand in 2004). Following is a detail of the approximate timing of recognition in the consolidated income statement:

Thousands of Euros	2005			2004		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	6,501	19,982	224,123	8,038	24,382	118,621

18. Non-recourse financing

"Non-Recourse Financing" on the liability side of the balance sheet includes the financing for the acquisition of Unión Fenosa S.A., as well as the financing amount associated with projects. The detail of the balance of this heading, by company, at 31 December 2005 is as follows:

Thousands of Euros			
Company	Current	Non-Current	Total
Unión Fenosa, S.A.	5,796	1,648,105	1,653,901
Project financing			
Levante Lda-Parque Eólico Pó	-	2,048	2,048
Levante Lda-Parque Eólico Arruda	-	1,590	1,590
Levante Lda-Parque Eólico Sobral	-	3,710	3,710
Lestenergia, S.A-Penamacor 1 e 3A	-	17,877	17,877
Energías Ambientales de Somozas, S.A.	3,453	27,002	30,455
Sociedad Eólica de la Enderrocada, S.A. (SEESA)	2,066	10,548	12,614
Energías Ambientales de Novo, S.A.	1,100	8,979	10,079
Energías Ambientales de Vimianzo, S.A.	2,939	25,766	28,705
Parque Eólico El Perul, S.L.	61	53,048	53,109
Parque Eólico Marmellar, S.L.	117	15,500	15,617
Energías Ambientales de Outes, S.A.	2,604	31,454	34,058
Somozas Energías Renovables, S.A.	12,324	-	12,324
Ecovent Parc Eolic, S.A.	295	44,379	44,674
Parque Eólico Lodoso, S.L.	-	15,988	15,988
Artemis Transmissora de Energia Ltda.	1,471	57,059	58,530
Munirah Transmissora de Energia Ltda.	1,620	17,824	19,444
UTE Sistema de Seguridad Metro	128	840	968
Aguas del Huesna, S.L.	2,756	31,690	34,446
Tirmadrid, S.A.	6,871	39,230	46,101
Servicios Aguas de Misiones, S.A.	1,746	7,131	8,877
Vertresa RWE Senda UTE Las Dehesas	1,468	26,232	27,700
Tecmed BKU UTE Albada	1,688	39,312	41,000
Intercambiador de Transportes Avda. de América, S.A.	1,319	10,367	11,686
Terminales del Sudeste, S.A.	-	44,798	44,798
Concesionaria Santiago Brion, S.A.	-	3,110	3,110
Autovía de La Mancha S.A. Conces. JCC Castilla-La Mancha	-	108,313	108,313
Can Brians 2, S.A.	-	11,462	11,462
Aunor, S.A. (Dycasa)	563	1,405	1,968
TOTAL	50,385	2,304,767	2,355,152

The detail, by maturity, of non-current financing is as follows:

Thousands of Euros	Maturity in				TOTAL
	2007	2008	2009	2010 and Subsequent Years	
Balance at 31 December 2005	58,081	51,261	53,879	2,141,546	2,304,767

The most significant financing arrangements were as follows:

- The acquisition of shares representing 22.07% of the share capital of Unión Fenosa, S.A., for EUR 2,219,286 thousand, for which syndicated bank financing amounting to EUR 1,664,000 thousand was obtained, with interest tied to Euribor plus a spread, secured by the shares acquired, and maturing on 11 November 2010 (Note 10). The remaining 25% was contributed through the subordinated debt of the SPV (PR Pisa, S.A.). The main characteristics of the financing arrangement include the maintenance of a coverage ratio over the market value of Unión Fenosa, S.A. If this ratio were not maintained, the pledge could be enforced. If the aforementioned coverage ratio were not maintained and the ACS Group decided to maintain the financing, it would be required to provide funds up to a limit of EUR 250,000 thousand. In relation with this financing, various interest rate swap contracts have been entered into for 90% of the financed amount and with the same maturity period.

Additionally, as a result of the acquisition of an additional 10% of Unión Fenosa, S.A. for EUR 1,005,440 thousand through the takeover bid launched in March 2006, additional financing of EUR 753,998 thousand was obtained from a number of banks under an arrangement entered into on 23 February 2006. The remaining 25% was contributed by means of the subordinated debt of the SPV (PR Pisa, S.A.). The credit conditions are similar to those of the initial purchase.

- Wind-powered facilities. These are non-current non-recourse loan agreements granted to shareholders, which are tied to Euribor plus a floating spread based on certain ratios and maturing between 2012 and 2020.
- Financing of electricity transmission lines granted to Artemis Transmisora de Energía Ltda. and Munirah Transmisora de Energía Ltda., maturing between 2015 and 2018.
- Integral urban solid waste treatment plants. The loans, maturing between 2015 and 2021, bear interest tied to MIBOR or Euribor, which varies depending on the debt ratios and the repayment percentage.
- Tirmadrid, S.A. – Comprises the following loans:
 - Loans for EUR 32,519 thousand, with a fixed annual rate of 5.3%, systematically repayable in 10% annual instalments through 2011.
 - Syndicated loan and subordinated loan from shareholders, at interest rates tied to MIBOR and variable repayment instalments until 2010. At year-end the outstanding amounts totalled EUR 9,781 thousand and EUR 3,801 thousand, respectively.
- Aguas del Huesna, S.L. – Outstanding loans amounting to EUR 19,296 thousand and EUR 15,150 thousand, at interest tied to Euribor, repayable in annual instalments. The last instalment will be paid in 2009 and 2019, respectively.
- Terminales del Sudeste, S.A. – Syndicated loan at interest rates tied to Euribor, maturing in 2019.
- Autovía de la Mancha, S.A. – Long-term loan amounting to EUR 108,313 thousand, of which EUR 101,000 thousand have a grace period of four years and mature in 2028. The remaining EUR 7,313 thousand are for working capital requirements and mature in September 2007. EUR 84,000 thousand have been hedged at fixed interest rate.

The Group has arranged various interest rate hedges in connection with the aforementioned financing (Note 23).

The debts relating to non-recourse financing are secured by project assets and include clauses requiring that certain ratios be complied with by the project and which were being met in all cases at 31 December 2005.

19. Bank borrowings

The detail of the bank borrowings at 31 December 2005, and the repayment schedules are as follows:

Thousands of Euros	Current			Non-Current		
	2006	2007	2008	2009	2010 and Subsequent Years	Total Non-Current
Euro loans	1,041,807	59,195	47,230	60,951	2,401,903	2,569,279
Foreign currency loans	161,179	6,772	4,930	2,133	360	14,195
Finance lease obligations	33,935	35,846	20,123	13,333	25,804	95,106
TOTAL	1,236,921	101,813	72,283	76,417	2,428,067	2,678,580

19.1. Bank loans

The Group's most significant bank loans are as follows:

In order to restructure its debt as a result of the acquisition of a 33.5% holding in Grupo Dragados, S.A. in March 2004 the Parent of the ACS Group arranged a long-term syndicated loan with various credit institutions (the agent entities and underwriters are Caja Madrid and La Caixa) amounting to EUR 900 million, of which 50% matures in 2008 and 50% in 2009, with interest at market rates tied to Euribor and the requirement to comply with certain ratios which are being met by the Group. Subsequently on 19 July 2005, ACS, Actividades de Construcción y Servicios, S.A. increased the aforementioned loan to EUR 1,500 million. This syndicated loan arranged with 39 credit institutions involves the extension of the maturity date and a single repayment in full on 22 July 2010, as well as the reduction of the applicable spread on the Euribor. The purpose of this arrangement was to reduce the Group's current borrowings.

This heading also includes a current balance of EUR 42,857 thousand at 31 December 2005, relating to a syndicated loan bearing interest tied to Euribor, which matures at the end of March 2006. The agent bank for the loan is Santander Central Hispano and the grant conditions establish compliance with certain ratios that are being met by the Group. The Parent has arranged various interest rate hedging contracts in connection with this loan.

Non-current financing includes EUR 650 million relating to a syndicated loan granted to Urbaser, S.A. on 26 May 2005, which fully matures in five years. This loan requires compliance with certain ratios that are being met by the Group.

The most significant mortgage loan is the loan of EUR 4,207 thousand to the subsidiary Cogesa. This loan matures in 2009 and is secured by the building located at Avenida de Pío XII, 102, Madrid, the cost of which is recognised under "Land and Buildings" on the asset side of the balance sheet.

At 31 December 2005 the Group companies had undrawn credit facilities totalling EUR 1,904,875 thousand, which sufficiently cover any need of the Group on the basis of its short-term commitments.

At 31 December 2005, the non-current bank borrowings in foreign currencies included loans denominated in Chilean pesos and Colombian pesos amounting to EUR 9,987 thousand and EUR 2,514 thousand, respectively (EUR 6,277 thousand and EUR 3,985 thousand, respectively, at 31 December 2004).

Foreign currency loans and credits are recognised at their equivalent euro value at each year-end, calculated at the exchange rates prevailing at 31 December 2005.

In 2005 the Group's euro loans and credits bore average annual interest at 2.49% (2.63% in 2004). Foreign currency loans and credits bore average annual interest at 5.74% (10.10% in 2004).

Following its risk management policy and in order to reduce liquidity risk, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, non-recourse financing as described in Note 18) and current financing for the management of working capital.

19.2. Finance lease obligations

The detail of amounts payable under finance leases at 31 December 2005 and 2004 is as follows:

Thousands of Euros

12-31-2005	Within One Year	Between Two and Five Years	More than Five Years	Balance at 12/31/05
Present value of minimum lease payments	33,935	67,454	27,652	129,041
Unaccrued finance charges	3,891	6,673	1,658	12,222
Total amounts payable under finance leases	37,826	74,127	29,310	141,263

Thousands of Euros

12-31-2004	Within One year	Between Two and Five Years	More than Five Years	Balance at 12/31/05
Present value of minimum lease payments	31,863	69,535	32,906	134,304
Unaccrued finance charges	2,628	4,385	965	7,978
Total amounts payable under finance leases	34,491	73,920	33,871	142,282

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The contingent rental payments were not material at 31 December 2005.

All the lease obligations are denominated in euros.

The Group's finance lease obligations are secured by the lessors' charges on the leased assets.

20. Other financial liabilities

The breakdown of the balance of this heading in the consolidated balance sheets is as follows:

Thousands of Euros	2005		2004	
	Non-Current	Current	Non-Current	Current
Non-bank borrowings at a reduced interest rate	30,687	5,157	25,430	2,133
Payable to associates	364	-	395	19,420
Other	2,984	-	1,208	783
TOTAL	34,035	5,157	27,033	22,336

"Non-Bank Borrowings at a Reduced Interest Rate" are loans at reduced or zero interest rates granted by the Ministry of Industry, Commerce and Tourism and dependent agencies.

21. Provisions

The changes in provisions in 2005 were as follows:

Thousands of Euros

Non-Current	Provision for Pensions and Provisión Similar Obligations	Provision for Taxes	Provision for Liabilities	TOTAL
Balance at 31 December 2004	1,752	32,586	215,625	249,963
Additions or period charges	1,426	6,810	58,800	67,036
Amounts used	(64)	(5,197)	(9,570)	(14,831)
Reversals	(249)	(15,001)	(4,329)	(19,579)
Exchange differences	-	87	802	889
Changes in the scope of consolidation	-	-	(400)	(400)
Balance at 31 December 2005	2,865	19,285	260,928	283,078

The detail, at 31 December 2005, of the provision for liabilities, by line of business, is as follows:

Thousands of Euros

Line of Business	
Construction	58,386
Industrial Services	40,653
Services and Concessions	64,008
Corporate Unit	97,881
TOTAL	260,928

The purpose of these provisions is to cover different Group liabilities and they include, inter alia, provisions for litigation, arbitration and claims in which the various Group companies act as the defendant due to the liabilities inherent to the activities carried on by them, provisions for restructuring costs (basically in the industrial area) and provisions for the closing and post-closing of landfills (basically in the services and concessions area).

Also noteworthy are the period provisions for probable obligations relating to different international projects, mainly in the area of construction.

With respect to litigation and claims, in accordance with the opinion of the external lawyers dealing with the legal aspects of this matter, the Group considers that no economic risk exists in relation to the claim filed by Boliden-Apirsa in 2004.

Thousands of Euros

Current	Provision for Termination Benefits	Provision for Contract Work Completion	Operating Allowance	TOTAL
Balance at 31 December 2004	10,533	96,641	97,085	204,259
Additions or period charge	3,455	58,061	36,314	97,830
Amounts used	(2,368)	(34,589)	(6,619)	(43,576)
Reversals	(3,360)	(3,452)	(18,163)	(24,975)
Exchange differences	806	1,039	741	2,586
Changes in the scope of consolidation	0	560	(551)	9
Balance at 31 December 2005	9,066	118,260	108,807	236,133

22. Financial risk management

In view of its activities, the ACS Group is exposed to different financial market risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. The market risks to which the operating units are subject include interest rate, foreign currency, liquidity and credit risks.

Interest rate risk on cash flows

This risk arises from changes in future cash flows from borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on the cost of the debt arising from fluctuations in interest rates. For this purpose financial derivatives which guarantee fixed interest rates or rates with a narrow range of fluctuation are arranged for a substantial portion of the borrowings that may be affected by this risk.

Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group attempts to make these investments through the arrangement of debt in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses different financial instruments for the purpose of mitigating exposure to foreign currency risk.

Liquidity risk

This risk results from the timing gaps between fund requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds arising from cash generated in the course of the Group's ordinary operations, different forms of bank financing, capital market operations and divestments.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements.

Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as much as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge to the income statement for the year.

23. Derivative financial instruments

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. In order to minimise the impact of these risks and in accordance with its risk management policy (Note 22), the ACS Group entered into various financial derivative contracts, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the aforementioned hedging instruments, on the basis of the nature of the contracts, is as follows:

Thousands of Euros	Notional Amount/Residual Maturity Period				TOTAL
	Within 1 Year	1 to 5 Years	5 to 10 Years	After 10 Years	
Cash flow hedges (interest rate)	-	1,497,807	55,102	33	1,552,942
Cash flow hedges (exchange rate)	210,375	319	-	-	210,694
Share option hedging	-	268,452	-	-	268,452
TOTAL	210,375	1,766,578	55,102	33	2,032,088

The following table shows the fair value of the hedging instruments based on the nature of the contract, at 31 December 2005 and 2004:

Fair Value Thousands of Euros	2005		2004	
	Asset	Liability	Asset	Liability
Cash flow hedges (interest rate)	4,595	18,837	145	18,394
Cash flow hedges (exchange rate)	12,634	398	18	1,733
Share options	-	12,694	-	8,850
TOTAL	17,229	31,929	163	28,977

The Group has no hedges of investments in foreign operations, since the foreign currency risk is covered with transactions carried out in local currencies, and the most significant foreign investments were made with non-current financing, in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

Hedges of this type are mainly related to project financing, both at 31 December 2005 and 31 December 2004 (Note 18).

The objective of using these derivatives was to limit changes in interest rates on its project borrowings and to guarantee fixed interest rates, mainly by entering into interest rate swaps as the borrowings are arranged and used. Noteworthy were the following hedges:

- Hedging of the financing of the acquisition of the initial 22.07% of Unión Fenosa, S.A. Interest rate swaps were entered into to hedge 90% of the amounts borrowed until July 2010 at a fixed interest rate.

Additionally, and in relation to the takeover bid launched on 10% of Unión Fenosa, S.A in 2006, interest rate swaps were entered into to hedge 80% of the amounts borrowed to finance this transaction also until July 2010 at a fixed interest rate.

- Hedging of the project financing of wind-powered facilities. These relate mostly to interest rate swaps maturing between 2008 and 2014.
- Urbaser, S.A. entered into three interest rate swaps, the notional amount of which totalled EUR 198 million, maturing between 2007 and 2021.
- Autovía de La Mancha has hedges amounting to EUR 84 million instrumented in an interest rate swap maturing in 2016.

Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to contract work in which payables and/or receivables are in a currency other than the functional currency.

The most significant derivatives contracted to hedge these risks are as follows:

- Construction of combined cycle plants in which certain supplies have to be obtained in US dollars or Japanese yen. The hedged amount, maturing in 2006, has a notional value of USD 67,156 thousand and of JPY 143,194 thousand.
- Additionally, foreign currency hedges amounting to EUR 819 thousand and maturing in 2006 were arranged for electricity transmission line projects.

Hedging of share option plans

As discussed in Note 29.3, 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 fair value of these derivatives amounted to EUR 12,694 thousand at 31 December 2005 and to EUR 8,850 thousand at 31 December 2004.

24. Trade and other payables

“Trade and Other Payables” includes mainly the amounts outstanding for trade purchases and related costs.

Customer advances for contract work amounted to EUR 1,340,790 thousand in 2005 (EUR 1,113,042 thousand in 2004) (Note 13).

25. Other current liabilities

The detail of this heading at 31 December 2005 and 2004 is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Advance payments received	38,794	33,987
Payable to fixed asset suppliers	58,966	35,748
Remuneration payable	145,491	101,833
Interim dividend payable	70,575	49,402
Other	169,951	247,383
TOTAL	483,777	468,353

26. Segments

26.1. Basis of segmentation

In accordance with the ACS Group's internal organisational structure, and consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the primary reporting segments as indicated in IAS 14.

26.1.1. Primary segments – business segments

The business segments used to manage the ACS Group are as follows:

- Construction. Engaging in the construction of civil works, and residential and non-residential building construction.
- Industrial services. This segment is engaged in the development of applied engineering services, installations and the maintenance of industrial infrastructures in the energy, communications and control systems sectors.
- Services and Concessions. This segment groups together environmental services, the outsourcing of integral building maintenance services, logistics and transport services, and transport infrastructure development services.
- Corporate Unit. This segment groups together strategic investments in property (Inmobiliaria Urbis, S.A.), energy (Unión Fenosa, S.A.), telecommunications (Xfera Móviles, S.A.) and concessions (Abertis Infraestructuras, S.A.) activities.

26.1.2. Secondary segments – geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with the stipulations of IAS 14.

26.2. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the different segments composing the ACS Group. Each segment has its own resources based on the entities engaging in the related business, and accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to perform its business activities in an autonomous manner.

In accordance with IAS 1, paragraph 83, the information for each segment includes a subtotal of the gross profit from operations, which is calculated on the basis of profit from operations plus the depreciation and amortisation charge and the change in operating allowances.

Segment reporting for these businesses is as follows:

26.2.1. Income statement by business segment: 2005

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
REVENUE	5,724,798	4,077,352	2,420,299	(108,563)	12,113,886
Operating expenses	(4,878,721)	(2,782,445)	(1,007,796)	85,847	(8,583,115)
Personnel expenses	(736,908)	(967,478)	(1,153,843)	(24,640)	(2,882,869)
Other income	318,387	16,940	94,999	17,319	447,645
GROSS PROFIT FROM OPERATIONS	427,556	344,369	353,659	(30,037)	1,095,547
Depreciation and amortisation charge	(52,385)	(43,604)	(132,071)	(2,077)	(230,137)
Impairment/Reversal of current assets	(16,567)	(14,896)	(15,910)	(611)	(47,984)
NET PROFIT FROM OPERATIONS	358,604	285,869	205,678	(32,725)	817,426
Net impairment losses	(88)	(2,255)	(3,919)	(315)	(6,577)
Finance income	65,216	20,406	20,433	(22,826)	83,229
Finance costs	(28,767)	(37,701)	(69,575)	(62,810)	(198,853)
Exchange differences	5,384	3,932	7,059	283	16,658
Profit of associates	441	10,681	91,806	41,922	144,850
Profit on disposal of non-current assets	5,781	2,789	1,699	3,488	13,757
Other gains or losses	(36,683)	(20,410)	(2,565)	(6,525)	(66,183)
PROFIT BEFORE TAX	369,888	263,311	250,616	(79,508)	804,307
Corporation tax	(118,357)	(78,211)	(32,657)	57,898	(171,327)
PROFIT FOR THE YEAR	251,531	185,100	217,959	(21,610)	632,980
Profit attributed to minority interests	(12,457)	(5,866)	(6,000)	-	(24,323)
PROFIT ATTRIBUTED TO THE PARENT	239,074	179,234	211,959	(21,610)	608,657

26.2.2. Income statement by business segment: 2004

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
REVENUE	5,230,328	3,490,487	2,201,856	(104,788)	10,817,883
Operating expenses	(4,423,173)	(2,365,918)	(953,136)	103,698	(7,638,529)
Personnel expenses	(714,733)	(855,709)	(1,049,394)	(22,037)	(2,641,873)
Other income	305,629	22,921	114,356	758	443,664
GROSS PROFIT FROM OPERATIONS	398,051	291,781	313,682	(22,369)	981,145
Depreciation and amortisation charge	(68,032)	(43,061)	(117,080)	(2,344)	(230,517)
Impairment/Reversal of current assets	(2,334)	(3,865)	(19,845)	(655)	(26,699)
NET PROFIT FROM OPERATIONS	327,685	244,855	176,757	(25,368)	723,929
Net impairment losses	(12,581)	(2,316)	(4,103)	(9,221)	(28,221)
Finance income	68,792	11,566	11,980	(24,851)	67,487
Finance costs	(37,883)	(28,710)	(59,162)	(27,889)	(153,644)
Exchange differences	(1,854)	(5,552)	(2,425)	(265)	(10,096)
Profit of associates	2,131	4,205	66,775	21,247	94,358
Profit on disposal of non-current assets	14,010	368	1,596	(519)	15,455
Other gains or losses	(24,359)	(8,868)	(2,162)	(50,583)	(85,972)
PROFIT BEFORE TAX	335,941	215,548	189,256	(117,449)	623,296
Corporation tax	(105,050)	(63,257)	(26,582)	41,992	(152,897)
PROFIT FOR THE YEAR	230,891	152,291	162,674	(75,457)	470,399
Profit attributed to minority interests	(9,533)	(2,156)	(6,211)	(8)	(17,908)
PROFIT ATTRIBUTED TO THE PARENT	221,358	150,135	156,463	(75,465)	452,491

26.2.3. Balance sheet by business segment: 2005

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
NON-CURRENT ASSETS	679,518	910,445	4,510,404	3,435,370	9,535,737
Property, plant and equipment / investment property	400,533	475,483	1,471,221	8,730	2,355,967
Goodwill	-	68,215	198,432	780,939	1,047,586
Other intangible assets	4,214	178,012	269,678	27	451,931
Non-current financial assets	168,387	136,899	2,497,097	2,515,523	5,317,906
Other non-current assets	106,384	51,836	73,976	130,151	362,347
CURRENT ASSETS	5,433,660	2,789,524	1,798,675	(1,845,106)	8,176,753
Inventories	394,027	135,953	23,269	314	553,563
Trade and other receivables	2,464,605	1,842,858	899,549	(60,875)	5,146,137
Other current financial assets	2,082,754	287,504	675,640	(1,768,457)	1,277,441
Other current assets	209,596	156,017	83,785	(17,624)	431,774
Cash and cash equivalents	282,678	367,192	116,432	1,536	767,838
TOTAL ASSETS	6,113,178	3,699,969	6,309,079	1,590,264	17,712,490

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
EQUITY	720,034	632,822	3,299,966	(2,017,298)	2,635,524
Equity attributed to the Parent	685,236	581,191	3,231,784	(2,017,298)	2,480,913
Minority interests	34,798	51,631	68,182	-	154,611
GRANTS RELATED TO ASSETS	-	10,354	240,251	1	250,606
NON-CURRENT LIABILITIES	174,743	564,398	1,458,406	3,332,758	5,530,305
Bank borrowings	16,941	134,898	934,647	1,592,094	2,678,580
Non-recourse financing	12,868	333,612	310,183	1,648,104	2,304,767
Other financial liabilities	22,701	8,293	64,506	(61,465)	34,035
Financial instruments payable	-	4,802	14,433	12,694	31,929
Other non-current liabilities	122,233	82,793	134,637	141,331	480,994
CURRENT LIABILITIES	5,218,401	2,492,395	1,310,456	274,803	9,296,055
Bank borrowings	70,466	166,094	543,920	456,441	1,236,921
Non-recourse financing	563	28,178	15,848	5,796	50,385
Trade and other payables	4,267,582	1,888,135	431,387	(18,445)	6,568,659
Other financial liabilities	2,287	1,250	821	799	5,157
Other current liabilities	877,503	408,738	318,480	(169,788)	1,434,933
TOTAL EQUITY AND LIABILITIES	6,113,178	3,699,969	6,309,079	1,590,264	17,712,490

26.2.4. Balance sheet by business segment: 2004

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
NON-CURRENT ASSETS	487,265	625,555	3,259,397	1,036,083	5,408,300
Property, plant and equipment / investment property	314,968	406,984	1,250,297	8,706	1,980,955
Goodwill	-	39,030	190,880	780,939	1,010,849
Other intangible assets	4,997	39,221	261,434	77	305,729
Non-current financial assets	87,219	105,373	1,485,049	155,560	1,833,201
Other non-current assets	80,081	34,947	71,737	90,801	277,566
CURRENT ASSETS	4,606,731	2,356,000	1,201,313	(1,172,704)	6,991,340
Inventories	259,483	92,597	28,572	342	380,994
Trade and other receivables	2,275,491	1,637,300	877,653	(116,606)	4,673,838
Other current financial assets	1,652,496	283,880	126,804	(1,045,038)	1,018,142
Other current assets	179,529	75,860	104,649	(19,818)	340,220
Cash and cash equivalents	239,732	266,363	63,635	8,416	578,146
TOTAL ASSETS	5,093,996	2,981,555	4,460,710	(136,621)	12,399,640

Thousands of Euros	Construction	Industrial Services	Services and Concessions	Corporate Unit and Adjustments	Group Total
EQUITY	644,457	496,978	1,913,988	(1,036,233)	2,019,190
Equity attributed to the Parent	622,615	474,169	1,844,892	(1,036,246)	1,905,430
Minority interests	21,842	22,809	69,096	13	113,760
GRANTS RELATED TO ASSETS	-	11,310	139,731	-	151,041
NON-CURRENT LIABILITIES	170,547	376,809	1,052,432	817,062	2,416,850
Bank borrowings	23,578	91,254	373,346	966,955	1,455,133
Non-recourse financing	1,749	203,249	220,298	-	425,296
Other financial liabilities	11,003	8,225	262,162	(254,357)	27,033
Financial instruments payable	-	6,897	10,787	11,292	28,976
Other non-current liabilities	134,217	67,184	185,839	93,172	480,412
CURRENT LIABILITIES	4,278,992	2,096,458	1,354,559	82,550	7,812,559
Bank borrowings	85,834	66,092	637,604	263,842	1,053,372
Non-recourse financing	999	20,818	15,228	-	37,045
Trade and other payables	3,443,449	1,649,654	411,824	(6,791)	5,498,136
Other financial liabilities	2,120	1,091	721	18,404	22,336
Other current liabilities	746,590	358,803	289,182	(192,905)	1,201,670
TOTAL EQUITY AND LIABILITIES	5,093,996	2,981,555	4,460,710	(136,621)	12,399,640

The detail of revenue from Construction is as follows:

Thousands of Euros	2005	2004
Domestic	5,169,839	4,745,950
Civil Works	2,808,969	2,664,520
Building	2,360,870	2,081,430
International	554,959	484,380
TOTAL	5,724,798	5,230,330

The detail of revenue from Industrial Services is as follows:

Thousands of Euros	2005	2004
Networks	743,909	722,187
Specialised Installations	1,314,348	1,170,220
Integrated Projects	1,270,140	954,803
Control Systems	748,955	643,278
TOTAL	4,077,352	3,490,488

Of the total revenues from industrial services, EUR 1,316,707 thousand related to international operations in 2005 (EUR 1,084,673 thousand in 2004), representing 32.3% and 31.1 % respectively.

The detail of revenue from Services is as follows:

Thousands of Euros	2005	2004
Enviromental	1,081,752	1,000,376
Ports and Logistics	532,207	463,580
Passenger Transport	189,851	178,095
Integral Maintenance	602,640	544,486
TOTAL	2,406,450	2,186,537

Of the total revenues from services, EUR 225,723 thousand related to international operations in 2005 (EUR 227,377 thousand in 2004), representing 9.4% and 10.4 %, respectively.

Inter-segment sales are made at prevailing market prices.

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

Thousands of Euros	Spain		Rest of the World	
	2005	2004	2005	2004
Revenues	10,008,351	9,016,610	2,105,535	1,801,273
Segment assets	15,586,188	10,945,403	2,126,302	1,454,237
TOTAL NET INVESTMENTS	3,844,531	965,236	371,864	231,186

27. Tax matters

27.1. Consolidated Tax Group

Pursuant to current legislation, the Consolidated Tax Group includes ACS, Actividades de Construcción y Servicios, S.A., as the Parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

27.2. Years open for review by the tax authorities

At 31 December 2005 the Consolidated Tax Group had 1999 to 2002 open for review by the tax authorities for the main taxes applicable to it, although the results of this review have not yet been documented.

Additionally, in 2005 notification was received from the Spanish tax authorities of the audit of 2000 to 2002 of the former Tax Group 24/97 of which Grupo Dragados, S.A. (merged with ACS, Actividades de Construcción y Servicios, S.A. in 2003) was the parent. At the date of these financial statements, the outcome of this audit had not been documented. The other Spanish companies included in the scope of consolidation have the last four years open for review by the tax authorities for the main taxes applicable to them.

In view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that could be conducted by the tax authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, the directors of the ACS Group consider that the liabilities that might arise, if any, from the assessments issued would not have a material effect on the consolidated financial statements for 2005.

27.3. Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, as well as the determination of the average effective tax rate, are as follows:

Thousands of Euros	2005	2004
Consolidated profit before tax	804,307	623,296
Net profit from equity accounted investments	(144,850)	(94,357)
Permanent differences	(40,295)	7,120
Taxable profit	619,162	536,059
Tax at 35%	216,707	187,621
Tax credits and tax relief	(24,595)	(28,214)
Effect of different standard tax rate in other countries	(2,198)	(1,500)
Current income tax expense	189,914	157,907
Effective rate, excluding equity method	28.80%	29.85%

27.4. Detail of income tax expense

The detail of the corporation tax expense is as follows:

Thousands of Euros	2005	2004
Current income tax expense (table 27.3)	189,914	157,907
Deferred tax expense	2,717	-
Deferred tax income	(22,750)	-
Expense/(Income) relating to adjustments to current tax	1,604	-
Expense/(Income) relating to adjustments to prior years' tax	(3,736)	(11,611)
Expense/(Income) relating to the effect of legislative changes on deferred taxes	(36)	-
(Income) arising from the application of deferred tax assets of prior years not recognised in the balance sheet	(4,043)	(3,781)
Expense arising from deferred tax assets generated in the year and not recognised in the balance sheet	7,657	10,382
Ending corporation tax expense balance	171,327	152,897

27.5 Tax recognised in equity

In addition to the corporation tax recognised in the consolidated income statement, in 2005 and 2004 the Group recognised EUR 29,580 thousand and EUR 39,143 thousand, respectively, directly in equity. These amounts relate mainly to the tax effect of treasury share transactions, cash flow derivatives and exchange differences.

27.6. Deferred taxes

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein during the year is as follows:

Thousands of Euros							
	Balance at 31 December 2004	Charge/Credit to Income Statement	Foreign Currency Balance Translation Differences	Charge/Credit to Asset and Liability Revaluation Reserve	Period Additions	Period Disposals	Balance at 31 December 2005
Deferred tax assets:							
Temporary differences	224,939	73,811	480	(4,561)	487	(1,369)	293,787
Tax losses	14,777	(4,607)	212	-	567	(136)	10,813
Tax credits	37,688	(7,718)	(12)	-	1,520	(1)	31,477
Deferred tax liabilities:							
Temporary differences	55,895	35,924	1,314	(1,397)	2,545	85	94,366

Deferred tax assets and liabilities have not been offset.

The movements in 2004 and 2005 in deferred taxes for temporary differences with a charge or credit to tax expense arose as a result of the following:

Thousands of Euros	2005	2004
Deferred Tax Assets		
Impairment losses on property, plant and equipment and intangible assets	4,332	4,301
Other impairment losses	25,685	6,406
Pension costs	58,502	61,843
Other provisions	128,657	97,087
Income with different timing of recognition for tax and accounting purposes	5,786	2,926
Other	70,825	52,376
TOTAL	293,787	224,939
Deferred Tax Liabilities		
Assets recognised at an amount higher than their tax base	23,339	11,795
Income with different timing of recognition for tax and accounting purposes	29,879	19,922
Other	41,148	24,178
TOTAL	94,366	55,895

In addition to the amounts recognised on the asset side of the balance sheet, as detailed in the table above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the balance sheet because it is not possible to predict the future flows of economic benefits, the detail of which at 31 December 2005 is as follows (in thousand of euros):

Valid Until	Temporary Differences	Tax Losses	Tax credits
2006	616	-	-
2007-2010	2,104	49	123
Subsequent Years	-	2,649	31
Unlimited	-	-	-

The temporary differences arising in connection with investments in associates and interests in joint ventures are not material.

28. Revenue

The distribution of revenue relating to the Group's ordinary operations is as follows:

Thousands of Euros	2005	2004
Construction	5,724,798	5,230,330
Industrial services	4,077,352	3,490,488
Services and concessions	2,420,299	2,201,853
Corporate Unit and other	(108,563)	(104,788)
TOTAL	12,113,886	10,817,883

In 2005 foreign currency transactions relating to sales and services amounted to EUR 1,293,323 thousand and those relating to purchases and services received amounted to EUR 934,176 thousand.

The backlog by line of business at 31 December 2005 was as follows:

Thousands of Euros	
Construction	9,369,040
Industrial services	4,268,625
Environmental services	8,110,224
Port, logistics and transport services	5,120,208
TOTAL	26,868,097

EUR 99,347 thousand relating to property, plant and equipment and intangible assets in projects were recognised under "Other Income" in the income statement.

29. Expenses

29.1. Materials consumed and other external expenses

The detail of this heading is as follows:

Thousands of Euros	Balance at 12/31/05	Balance at 12/31/04
Purchases and changes in inventories	2,578,672	2,663,843
Subcontractor work	3,720,767	2,797,919
Contract work carried out by other companies	1,029,597	985,196
TOTAL	7,329,036	6,446,958

29.2. Personnel expenses

The detail of "Personnel Expenses" is as follows:

Thousands of Euros	2005	2004
Wages and salaries	2,214,166	2,036,493
Social security costs	639,824	580,110
Other personnel expenses	28,878	25,270
TOTAL	2,882,868	2,641,873

EUR 4,515 thousand in 2005 and EUR 1,550 thousand in 2004 relating to the share option plans were charged to the income statement and are recognised under "Other Personnel Expenses".

The year-on-year increase is the result of the addition of a new plan and the inclusion of a full yearly payment for the 2004 plan in 2005.

The average number of employees at Group companies in 2005 was 110,940.

The detail of the average number of employees, by professional category, is as follows:

Category	Number of Employees
University graduates	4,527
Junior college graduates	5,061
Non-graduate line personnel	6,749
Clerical staff	5,741
Other staff	88,862
TOTAL	110,940

The distribution of employees, by line of business, was as follows:

	Number of Employees
Construction	17,897
Industrial services	31,103
Services and concessions	61,879
Corporate Unit and other	61
TOTAL	110,940

29.3. Share-based payments

In 2005 and 2004 there were three share option plans, the salient features of which are as follows:

2000 Plan

At the meetings held on 16 December 1999, on 13 June 2000, and on 21 March 2002, and by virtue of the authorisation granted by the General Meeting on 29 June 1999, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to establish a Share Option Plan on the shares of ACS, Actividades de Construcción y Servicios, S.A. with the following features.

Number of shares covered by the plan: initially 1,095,000 shares, later increased by 192,235 shares. As a result of the share split in 2004, whereby the par value of the shares was reduced from EUR 1.5 to EUR 0.5, the number of shares increased to 3,285,000 and 576,705, respectively.

Beneficiaries: 24 managers in four categories: 1st. category: 1 beneficiary with 906,354 shares; 2nd. category: 5 beneficiaries with options on between 443,010 and 210,000 shares each; 3rd. category: 13 beneficiaries with 84,000 shares each and 4th. category: 5 beneficiaries with 45,000 shares each.

The acquisition price was EUR 9.10 per share for a total of 3,285,000 shares and EUR 10.19 per share for the remaining 576,705 shares.

The options were exercisable in three equal parts and could be accumulated at the beneficiary's option in the fourth, fifth and sixth year after 1 January 2000, inclusively. However, where employees are terminated 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 were borne by the beneficiaries.

At 31 December 2004, 444,902 options had been exercised and at 31 December 2005 the plan had been fully exercised.

2004 Plan

Additionally, 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 new 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.

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 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.

The share options are always to be exercised by means of equity instruments and never in cash. However, as indicated in Note 23, since the Group has hedged the commitments arising from these plans with a financial institution, in no case shall the exercise thereof involve the issue of equity instruments additional to those outstanding at 31 December 2005. In this respect and in accordance with IFRS 2, "Share-Based Payments" EUR 4,515 thousand were charged to income in 2005 for these plans (EUR 1,550 thousand in 2004) with a credit to equity. Additionally, these costs do not imply the recognition of income by the managers for tax purposes until the options are exercised, as provided in the various option plans and the legislation in force. The Parent has externalised these commitments and transferred them to a financial institution.

The stock market price of ACS shares at 31 December 2005 was EUR 27.21 (EUR 16.80 in 2004).

29.4. Operating leases

The most significant information relating to the operating leases held by the Group as lessee is as follows:

Thousands of Euros	2005	2004
Lease payments under operating leases recognised in income for the year	471,934	457,436

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Thousands of Euros	2005	2004
Within one year	41,751	56,217
Between two and five years	165,937	171,668
After five years	60,292	64,446

The Group has no material operating leases as lessor.

29.5. Net impairment losses

The amounts included under this heading related mainly to impairment losses on goodwill amounting to EUR 2,594 thousand and impairment losses on property, plant and equipment amounting to EUR 2,158 thousand in 2005. In 2004, this heading included mainly the impairment losses on goodwill amounting to EUR 15,081 thousand.

29.6. Finance costs

This heading includes hedging instruments amounting to EUR 5,365 thousand in 2005.

29.7. Other gains and losses

This heading relates mainly to restructuring processes at various Group companies

30. Gains on disposal of non-current assets

The detail of this heading is as follows:

Thousand of Euros	Balante at 12/31/05	Balance at 12/31/04
Gains on non-current assets	22,842	12,800
Gains on equity investments	3,674	22,577
Loss on non-current assets	(12,419)	(7,097)
Loss on equity investments	(340)	(12,825)
TOTAL	13,757	15,455

31. Distribution of profit

The distribution of the Parent's net profit for 2005 that the Board of Directors will propose for approval by shareholders at the Annual General Meeting is as follows:

Thousands of Euros	
To voluntary reserve	83,482
Dividends (EUR 0.60 per share)	211,724
TOTAL	295,206

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Of the dividend out of 2005 profit, an interim dividend of EUR 0.20 per share was already approved in 2004 for a total of EUR 70,575 thousand, which was recognised as a reduction in the ACS Group's equity at 31 December 2005.

The Board of Directors has presented the liquidity statement required under Article 216 of the revised Companies Law in the individual financial statements of the Parent.

32. Earnings per share

32.1. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributed to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2005	2004	Change (%)
Net profit for the year (thousands of euros)	608,657	452,491	34.51
Weighted average number of shares outstanding	349,067,717	348,419,687	0.19
Basic earnings per share (euros)	1.74	1.30	34.26

32.2. Diluted earnings per share

The diluted earnings per share were the same as basic earnings per share since there were no debt instruments or shares that could potentially be converted into ordinary shares.

The Group has no discontinued operations, and accordingly, the applicable earnings per share have not been calculated.

33. Events after the balance sheet date

In addition to the ACS Group's acquisition of an additional 10% ownership interest in the share capital of Unión Fenosa, S.A. (as explained in Note 10), noteworthy was the sale in February 2006 of the direct and indirect ownership interest in the Portuguese construction company Sociedade de Construções e Obras Públicas, S.A. (SOPOL) for EUR 23,700 thousand, at a gain of 15,100 thousand.

34. Balances and transactions with related parties

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's individual financial statements.

34.1. Transactions with associates

In 2005 and 2004 the Group companies performed the following transactions with related parties that do not form part of the Group:

Thousands of Euros	Sales of Goods and Services		Purchases of Goods and Services		Accounts Receivable		Accounts Payable	
	2005	2004	2005	2004	2005	2004	2005	2004
Associates	366,628	181,213	3,705	1,137	266,528	114,913	43,938	34,531
Joint ventures	8,482	4,163	7,989	6,777	14,092	9,686	14,348	8,199

Transactions between Group companies are generally carried out at market prices.

34.2. Balances and transactions with other related parties

Information relating to transactions with related parties is disclosed in accordance with the Order EHA/3050/2004, of 15 September of the Ministry of Economy and Finance and the CNMV Circular 1/2005, of 1 April.

34.2.1. Transactions with significant shareholders

Description of Transaction	Thousands of Euros	Related Party
Finance lease agreements	8,340	Banca March, S.A.
Credit lines	11,430	Banca March, S.A.
Guarantees	34,940	Banca March, S.A.
Financing agreements (mainly certified suppliers payment)	101,520	Banca March, S.A.
Construction contract work ⁽¹⁾	2,369	Rosan Inversiones, S.L.

⁽¹⁾ At the Meeting of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. held on 29 May 2005, it was reported that a construction contract had been entered into between Rosan Inversiones, S.L., a company controlled by the Chairman of ACS, Actividades de Construcción y Servicios, S.A., and the subsidiary Dragados, S.A. under market conditions both legally and economically. Contract work amounting to EUR 2,293 thousand had been completed at 31 December 2005.

All these commercial transactions were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Group company transactions.

34.2.2 Transactions between individuals, companies or Group entities related to Group shareholders or Board members

Description of the Transaction	Thousands of Euros	Related Party
Financing agreements: loans	5,919	Banco Guipuzcoano
Guarantees	11,536	Banco Guipuzcoano
Provision of services	163	Indra Sistemas, S.A.
Sales of goods	82	Indra Sistemas, S.A.
Other (1)	50,886	UNIPSA, Correduría de Seguros, S.A.
Cooperation agreements	1,091	Terratest Técnicas Especiales, S.A.
Dividends and other distributed profit	554	Fidwei Inversiones, S.L.
Dividends and other distributed profit	85	Lynx Capital, S.A.
Provision of services	11,311	Terratest Técnicas Especiales, S.A.
Operating lease agreements	647	Fidalsar, S.L.
Reception of services	694	Indra Sistemas, S.A.
Provision of services	1,948	Atlas Copco, S.A.E.
Finance lease agreements	4,242	Banco Santander Central Hispano
Finance lease agreements	3,154	Banesto
Finance lease agreements	48	Hispamer
Financing agreements: loans	191,340	Banco Santander Central Hispano
Financing agreements: loans	56,665	Banesto
Financing agreements: loans	5,787	Banespa
Financing agreements: loans	2,319	Banco Santander Brasil
Financing: mainly certified suppliers payment	313,000	Banco Santander Central Hispano
Financing agreements: mainly certified suppliers payment	122,997	Banesto
Financing agreements: mainly certified suppliers payment	2,032	Banco Santander Serfin
Guarantees	931,366	Banco Santander Central Hispano
Guarantees	461,229	Banesto
Financing agreements: loans	375,862	Banco Santander Central Hispano
Financing agreements: loans	451,431	Banesto
Acquisition of 22.07% of Unión Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Bridge loan repaid on 11 November 2005		
for the acquisition of 22.07% of Unión Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Provision of services	524	Zardoya Group

⁽¹⁾ The balance of EUR 50,886 thousand with Unipsa, Correduría de Seguros, S.A. (a company related to Banca March, S.A.) relates to "intermediate premiums" and not to consideration for insurance brokerage services.

The transactions performed with Banco Guipuzcoano are indicated because José María Aguirre González is Chairman of its Board of Directors.

The transactions performed with Indra Sistemas, S.A. are indicated because Javier Monzón de Cáceres is the Chairman of this company.

The transactions performed with Terratest Técnicas Especiales, S.A., Fidalsar, S.L., Fidwei Inversiones, S.L., Lynx Capital, S.A. and Atlas Copco, S.A.E. are indicated due to their relationship with the director Pedro José López Jiménez.

The transactions performed with Banco Santander Central Hispano and its Group companies are indicated due to their relationship with the director Joan-David Grimá Terré.

The transactions performed with the Zardoya Group are indicated due to their relationship with the director Jose María Loizaga. The transactions performed in 2005 related to the performance of contracts amounting to EUR 2,301 thousand.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal operations of the Group companies.

35. Board of Directors and senior executives

In 2005 the members of the Board of Directors de ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration for membership of the Board of Directors of the Parent or of those of Group companies or for being senior executives of the Group companies.

Thousands of Euros	2005	2004
Fixed remuneration	2,661	2,476
Variable remuneration	2,834	2,682
Bylaw-stipulated directors' emoluments	2,223	2,220
Other	60	439
TOTAL	7,778	7,817

EUR 1,522 thousand and EUR 351 thousand were charged to income in relation to share options in 2005 and 2004, respectively.

These amounts relate to share options, which do not imply the recognition of income by the beneficiaries until the date on which the options are exercised, as provided for under current legislation.

Thousands of Euros

Other Benefits	2005	2004
Pension funds and plans: contributions	2,035	425
Pension funds and plans: obligations assumed	2,035	1,803
Life insurance premiums	11	4

The amount recognised under “Pension Funds and Plans: Contributions” relates to disbursements by the Company during the year. The amount recognised under “Pension Funds and Plans: Obligations Assumed” relates, in addition to the foregoing, to obligations charged to income in the year in this connection, even if they had been disbursed prior to the related year.

The ACS Group has not granted any advances, loans or guarantees to any of the Board members.

Remuneration, by type of director, was as follows:

Thousand of Euros	2005	2004
Executive directors	6,176	6,091
Non-executive nominee directors	1,088	1,242
Non-executive independent directors	514	484
	7,778	7,817

35.1. Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to relatedness with the ACS Group are indicated in Note 34.2 on transactions with related parties.

35.2. Remuneration of senior executives

The remuneration of the Group's senior executives in 2005, excluding those who are simultaneously executive directors, was as follows.

Thousands of Euros	2005	2004
Salaries (fixed and variable)	20,730	18,534
Pension plans	2,742	2,290
Life insurance	45	44

EUR 2,993 thousand and EUR 1,199 thousand were charged to income in relation to share options in 2005 and 2004, respectively.

The Group did not perform any transactions with senior executives other than those mentioned earlier in relation to remuneration, share option plans and pension plans, which are explained in the related Note.

36. Other disclosures concerning the Board of Directors

Pursuant to Article 127 ter. 4 of the Spanish Corporations Law, introduced by Law 26/2003, of 17 July, which amends Securities Market Law 24/1988, of 28 July, and the consolidated Spanish Corporations Law, in order to reinforce the transparency of publicly listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity constituting the corporate purpose of ACS, Actividades de Construcción y Servicios, S.A. in which the members of the Board of Directors own direct or indirect equity interests, and of the functions, if any, that they discharge thereat:

Owner	Investee	Activity	Ownership Interest	Functions
Pablo Vallbona Vadellz	Abertis Infraestructuras, S.A.	Concessions	0.001%	Non-Executive Vice Chairman
Antonio García Ferrer	Inmobiliaria Urbis, S.A.	Real estate	0.0000007%	Board Member
José María Aguirre González	Inmobiliaria Urbis, S.A.	Real estate	0.005%	None
Manuel Delgado Solís	Cintra, Concesiones de Infraestructura de Transporte, S.A. Unión Fenosa, S.A.	Concessions	1,668 shares	None
		Energy	500 shares	Board Member
Isidro Fernández Barreiro	Fadesa	Real estate	0.0125%	None
	Endesa, S.A.	Energy	0.004%	None
	Iberdrola, S.A.	Energy	0.002%	None
	Grupo Ferrovial, S.A.	Construction and services	0.004%	None
	Fomento de Construcciones y Contratas, S.A.	Construction and services	0.001%	None
José María Loizaga Víguri	Mercapital, S.L. Capital Stock Inversiones Europeas, S.L.	Venture capital	20.224%	Chairman
		Venture capital	99.99%	Chairman
		Investments	99.97%	Vice Chairman
Pedro López Jiménez	Terratest Técnicas Especiales, S.A. Atlas Copco, SAE	Special foundations	45%	Chairman (through Fapindus, S.L.)
		Machinery for construction	0%	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Fomento de Construcciones y Contratas, S.A. Grupo Ferrovial, S.A. Abengoa, S.A. Gamesa Corporación Tecnológica, S.A. Telefónica Móviles, S.A. Abertis Infraestructuras, S.A. Metrovacesa, S.A. Inmobiliaria Urbis, S.A. Endesa, S.A. Gas Natural SDG, S.A. Enagas, S.A. Iberdrola, S.A. Unión Fenosa, S.A. S.G. Aguas de Barcelona, S.A.	Construction and services	0.003%	None
		Construction and services	0.001%	None
		Engineering and assembly work	0.002%	None
		Wind-powered facilities	0.001%	None
		Telephony	0.000%	None
		Concessions	0.000%	None
		Real estate	0.001%	None
		Real estate	0.002%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
		Energy	0.001%	None
Water	0.003%	Board Member		
Javier Monzón de Cáceres	Indra Sistemas, S.A. Banco Inversis Net, S.A. YPF, S.A.	Information technologies and defence systems	0.044%	Chairman
		Finance	0%	Individual representing the Board Member Indra Sistemas, S.A.
		Energy	0%	Board Member
José Luis del Valle Pérez	Inmobiliaria Paredes, S.A. Del Valle Inversiones, S.A. Inversiones Montecarmelo, S.A. Sagital, S.A. Continental Industrias del Caucho, S.A. FSC Servicios de Franquicia, S.A.	Real estate	13.57%	Sole Board Member
		Real estate	33.33%	Board Member acting severally
		Real estate	23.49%	None
		Private security and integral building maintenance	5.10%	None
		Automobile parts	0%	Chairman
		Automobile parts	0%	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 corporate purpose of ACS, Actividades de Construcción y Servicios, S.A.:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
Pablo Valbona Vadell	Infrastructure concessions	Employee	Abertis Infraestructuras, S.A.	Non-Executive Vice Chairman
Antonio García Ferrer	Construction	Employee	Dragados, S.A.	Board Member
	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
	Infrastructure concessions	Employee	Abertis Infraestructuras, S.A.	Board Member
	Real estate	Employee	Inmobiliaria Urbis, S.A.	Board Member
José María Aguirre González	Engineering and assembly	Employee	Cobra Instalaciones y Servicios, S.A.	Chairman
	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Vice Chairman
Manuel Delgado Solís	Construction	Employee	Dragados, S.A.	Board Member
	Energy	Employee	Unión Fenosa, S.A.	Board Member
Javier Echenique Landiribar	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member
	Materials for Construction	Employee	Uralita, S.A.	Board Member
	Telephony	Employee	Telefónica Móviles, S.A.	Board Member
	Paper	Employee	Ence, S.A.	Board Member
Isidro Fernández Barreiro	Telephony	Employee	Xfera Móviles, S.A.	Board Member
	Security	Employee	Prosegur, S.A.	Board Member
José María Loizaga Viguri	Lifts	Employee	Zardoya Otis, S.A.	Vice Chairman
	Venture capital	Independent professional	Mercapital, S.L.	Chairman
	Venture capital	Independent professional	Capital Stock	Chairman
	Investments	Independent professional	Inversiones Europeas, S.L.	Vice Chairman
Agustín Batuecas Torrego	Passenger transport	Employee	Continental Auto, S.L.	Chairman and CEO
	Passenger transport	Employee	S.A. Alsina Graells de Autotransporte	Individual representing Continental Auto, S.L. Chairman and CEO
	Rail transport of goods	Employee	Continental Rail, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Avenida de América, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Príncipe Pío, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Transport interchange	Employee	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Commercial activities	Employee	Explotación Comercial del Intercambiador, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Rail transport of goods	Employee	Construrail, S.A.	Board Member
	Sale of spare parts	Employee	Setra Ventas y Servicios, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Autobuses García, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Autocares Discrecionales del Norte, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO
	Supplies and spare parts	Employee	Servicios Generales de Automoción, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Transportes Alsina Graells Sur, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Road transport of goods	Employee	Jiménez Lopera, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Autedia, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Hijos de Simón Maestra García, S.A.	Individual representing Continental Auto, S.L. Chairman and CEO
	Passenger transport	Employee	Compañía Navarra de Autobuses, S.A.	Board Member and Secretary
	Transport	Employee	Movelia Tecnologías, S.L.	Individual representing Continental Auto, S.L. Chairman and CEO

Pedro López Jiménez	Construction	Employee	Dragados, S.A.	Vice Chairman
	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
	Energy	Employee	Unión Fenosa, S.A.	Chairman
	Energy	Employee	Cepsa	Board Member
	Special foundations	Employee	Terratest Técnicas Especiales, S.A.	Chairman (through Fapindus, S.L.)
	Machinery for construction	Employee	Atlas Copco, SAE	Board Member
Santos Martínez-Conde Gutiérrez-Barquín	Energy	Employee	Unión Fenosa, S.A.	Board Member
	Steel	Employee	Acerinox, S.A.	Board Member
Javier Monzón de Cáceres	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member
	Information technologies	Employee	Indra Sistemas, S.A.	Chairman
	Finance	Employee	Banco Inversis Net, S.A.	Individual representing the Board Member Indra Sistemas, S.A.
	Energy	Employee	YPF, S.A.	Board Member
Julio Sacristán Fidalgo	Tollroad concessions	Employee	Autopistas Aumar, S.A.C.E.	Board Member
Miguel Roca Junyent	Infrastructure concessions	Employee	Abertis Infraestructuras, S.A.	Non-Board Member secretary
	Finance	Employee	Banco Sabadell, S.A.	Non-Board Member secretary
Álvaro Cuervo García	Wood	Employee	Tafisa, Tableros de Fibra, S.A.	Vice Chairman
José Luis del Valle Pérez	Urban services and concessions	Employee	ACS, Servicios y Concesiones, S.L.	Board Member and Secretary
	Industrial services	Employee	ACS, Servicios, Comunicaciones y Energía, S.L.	Board Member and Secretary
	Construction	Employee	Dragados, S.A.	Board Member and Secretary
	Engineering and assembly work	Employee	Cobra Instalaciones y Servicios, S.A.	Board Member and Secretary
	Engineering and assembly work	Employee	Sociedad Española de Montajes Industriales, S.A.	Board Member-Secretary
	Tollroad concessions	Employee	Iberpistas, S.A.C.E.	Board Member-Secretary
	Port and logistics services	Employee	Dragados Servicios Portuarios y Logísticos, S.A.	Board Member
	Infrastructure concessions	Employee	Dragados Concesiones de Infraestructuras, S.A.	Board Member
	Integral building maintenance	Employee	Clece, S.A.	Board Member
	Passenger transport	Employee	Saba Aparcamientos, S.A.	Board Member
	Urban services	Employee	Urbaser, S.A.	Board Member
	Real estate	Employee	Inmobiliaria Paredes, S.A.	Sole Board Member
	Real estate	Employee	Del Valle Inversiones, S.A.	Board Member acting severally
Automotive parts	Employee	Continental Industrias del Caucho, S.A.	Chairman	
Automotive parts	Employee	FSC Servicios de Franquicia, S.A.	Chairman	

37. Guarantee commitments to third parties

At 31 December 2005, the Group had provided guarantees to third parties in connection with its business activities totalling EUR 5,616,597 thousand. This amount includes most notably the guarantees provided to the Spanish National Securities Market Commission to guarantee the takeover bid for 10% of Unión Fenosa, S.A., which amounted to EUR 1,005,442 thousand and which had already been recovered at the date of preparation of these financial statements.

Also, ACS Actividades de Construcción y Servicios, S.A. has provided guarantees amounting to EUR 123,260 thousand to secure the commitments assumed by it in relation to the obtainment of telecommunications licences and other commitments relating to this activity (mainly Xfera Móviles, S.A.).

The Group's directors consider that no material liabilities additional to those recognised in the accompanying consolidated balance sheet will arise as a result of the transactions described in this Note.

The contingent liabilities include that relating to the normal liability of the companies with which the Group carries on its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the provision of construction, industrial services or urban services by the companies or the joint ventures of which they are venturers.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession contracts, etc.

Lastly, the various Group companies are exposed to the risk of having court and out-of-courts claims filed against them. In these cases, the directors of the Group companies consider that the possible effect on the financial statements would not be material.

38. Information on the environment

Environmental activities are those aimed at preventing, reducing or repairing damage to the environment.

The ACS Group's activities include an environmental area consisting of street cleaning, the collection of urban solid waste, the operation of landfills and waste treatment plants, etc. Additionally, an environmental impact study is performed for most construction contracts.

However, the ACS Group does not consider the assets and expenses relating to these activities to be of an environmental nature to the extent that they are performed by third parties.

The main environmental measures taken by the ACS Group in 2005 included most notably the following:

Construction

Firstly, in relation to the campaign initiated last year, measures continued to be taken to recycle construction and demolition waste, and to reuse excess excavation soil. Recycling possibilities depend to a great extent on the availability of adequate infrastructures near to the construction site, which condition the degree of recycling that can be achieved. Progress is measured by indicators which are shown in the corresponding section.

Dragados has been the pioneer within the sector of large professional consumers in initiating contacts with the Integrated Waste Management System established by the manufacturers which supply the Group's computer equipment for the removal of electrical and electronic equipment waste at a corporate level, in accordance with the entry into force of the applicable legislation thereon.

Industrial Services

- Trials for the replacement of solvent-based paint with water paint
- Approval by the port authority of the contingency plan for accidental marine contamination drawn up by Dragados Off-Shore.
- Plans drawn up for the preservation of protected species in the construction of the Castelnou combined cycle plant.

Urban Services and Concessions

- Savings of over 3.6 million tons of CO₂ emissions through the management of 63 treatment and waste recycling plants.
- Initiation of studies and commencement of projects to develop Clean Development Mechanisms at landfills in developing countries, to obtain Emission Allowance Certificates (Kyoto Effect).
- Participation in the design, construction and operation of a plant to produce biodiesel using vegetable oils, with a capacity of 25,000 tons per year. It will be operating in 2006 and its production will replace an equal amount of fossil fuel.
- The amount of mineral oils collected from automobiles and ships (Marpol Convention) increased to 100,000 tons per year of recovered oil waste and 70,000 tons of waste from Spanish ports, in application of the Marpol Convention.
- Renewal of environmental and quality certification in accordance with the UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standards, respectively.
- Performance of training and informative activities to reduce the environmental impact of the activities carried on by Continental Auto, S.L. and to achieve an adequate level of environmental protection.
- Effective integration of the former quality management, environmental and occupational risk prevention systems into a single Integrated Management System.
- Adaptation of the Integrated Management System of Continental Auto, S.L. to meet the specifications of the OHSAS 18001/1999 standard.

Environmental assets

The main environmental assets are the purifying facilities, biofilters and other assets, the purpose of which is to minimise damage to the environment. At 31 December 2005, the value of these assets, net of depreciation, was EUR 42,282 thousand (EUR 34,215 thousand in 2004).

Environmental expenses

The environmental expenses incurred both in 2005 and 2004 did not have a material impact on the income statement.

Environmental provisions

The Group's directors consider that any environmental contingencies that might arise are sufficiently covered by the third-party liability insurance policies that have been taken out. The amount of the provisions for probable or certain third-party liability, litigation in progress and indemnity payments or outstanding obligations of an undetermined amount is not material.

CO₂ Emissions

The ACS Group is not affected by the provisions of Royal Decree 1866/2004 regulating the Spanish National CO₂ Emission Allowances Plan for the period from 2005 to 2007. Accordingly, it has not recognised any transaction in this connection.

Unión Fenosa, S.A., in which the ACS Group has an ownership interest of 24.51% is affected by CO₂ emission allowances and therefore recognised the related effect. Consequently the ACS Group recognised the related effect in proportion to its percentage of ownership.

39. Auditors' fees

The fees for financial audit services provided to the various companies composing the Consolidated Group in 2005 amounted to EUR 3,893 thousand. Of this amount, EUR 2,949 thousand corresponded to the principal auditor, Deloitte, S.L.

The Group paid EUR 642 thousand to audit firms for other services, mainly accounting services. Of this amount, EUR 453 thousand corresponded to the principal auditor, Deloitte, S.L.

40. Reconciliation of opening and closing balances for 2004

IFRS 1 requires that the first consolidated financial statements prepared in accordance with IFRSs include a reconciliation of the equity at the beginning and at the end of the immediately preceding period to the equity at the end of the preceding period and at the beginning of the comparative period to which these financial statements refer, respectively, prepared in accordance with Spanish GAAP in the case of the Group. Also, IFRS 1 requires a reconciliation of the profit or loss for the comparative period to the profit or loss for the same period under local GAAP.

2005 is the first year for which the Group has presented its financial statements in accordance with IFRSs. The last financial statements presented in accordance with Spanish GAAP were those for the year ended 31 December 2004, and, accordingly, the date of transition to IFRSs is 1 January 2004.

The main differences between Spanish GAAP and the accounting policies applied in accordance with IFRSs, and which are applicable to the ACS Group are as follows:

- Pre-contract costs, other than those incurred after the award phase or the final negotiation of the contract are not capitalised.
- Research expenditure is not capitalised, only development expenditure.
- Start-up costs are not capitalised, but rather are recognised as an expense in the year in which they are incurred.
- Goodwill is no longer amortised and, instead, an annual impairment test is performed.
- Extraordinary items can no longer be recognised.
- Concessions.- The capitalisation of finance costs incurred after the start-up of the concession is not permitted and, consequently, in accordance with IFRSs, these costs must be recognised on an accrual basis. This is the main effect in relation to infrastructure concessions, which were accounted for under Spanish GAAP in accordance with the industry chart of accounts. At the ACS Group, this effect arises mainly at companies accounted for using the equity method, since most of the concessions are operated through investments over which a significant influence is exercised.
- Assets held under finance leases are classified as property, plant and equipment on the basis of their nature and a liability is recognised for the total debt less the related charges, which are recognised on an accrual basis.
- Deferred borrowing costs are no longer capitalised under IFRSs. They are presented as a reduction of bank loans and the related costs are charged to income on an accrual basis.
- Treasury shares.- These are deducted from equity.
- Financial instruments.- They are measured at fair value.
- Deferred tax assets.- All deferred tax assets considered to be recoverable are recognised and there is no ten year temporary limit as provided under Spanish law.
- In the real estate business (both in-house and that carried on by the investee Inmobiliaria Urbis, S.A.) the main effects are as follows:
 - a) Revenue may not be recognised even if the development has been substantially completed, and sales and the associated cost must be recognised when the properties are delivered.
 - b) Property held for rentals may be measured at fair value (this option was not applied by the ACS Group).

In addition to the changes in equity indicated in Note 2.1 to the financial statements, following are a reconciliation of the balances in the consolidated balance sheet and consolidated income statement and a definition of certain terms used therein:

- Closing balances: the balances in the Group's consolidated financial statements prepared in accordance with Spanish GAAP.
- Adjustments and reclassifications: changes arising from the measurement basis and accounting policies changed by the new Standards and changes arising from the new way of presenting the financial statements.
- Opening balances: the balances resulting from considering the effect of the adjustments and reclassifications on the closing balances.

40.1. Consolidated balance sheet: Reconciliation at 1 January 2004 - Assets

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	8,940	(8,940)	-
NON-CURRENT ASSETS	4,394,483	49,297	4,443,780
Start-up costs	15,525	(15,525)	-
Property, plant and equipment	1,073,898	107,995	1,181,893
Non-current assets in projects	641,922	870	642,792
Investment property	-	9,749	9,749
Goodwill	1,039,894	(32,696)	1,007,198
Other intangible assets	239,641	(155,651)	83,990
Investments in associates	1,081,186	(177,824)	903,362
Non-current financial assets	302,417	20,957	323,374
Deferred tax assets	-	290,719	290,719
Financial instrument receivables	-	703	703
DEFERRED CHARGES	43,440	(43,440)	-
CURRENT ASSETS	6,779,428	(294,957)	6,484,471
Inventories	424,894	(27,187)	397,707
Trade and other receivables	5,159,247	(657,919)	4,501,328
Other current financial assets	744,362	-	744,362
Current tax assets	-	264,388	264,388
Shares of the Parent	26,875	(26,875)	-
Other current assets	40,910	152,636	193,546
Cash and cash equivalents	383,140	-	383,140
TOTAL ASSETS	11,226,291	(298,040)	10,928,251

40.2. Consolidated balance sheet: Reconciliation at 1 January 2004 - Equity and liabilities

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
EQUITY (including minority interests)	1,895,708	(198,727)	1,696,981
Share capital	177,791	-	177,791
Share premium	897,294	-	897,294
Other reserves	534,516	(133,707)	400,809
Treasury shares	-	(26,875)	(26,875)
Valuation adjustments	-	(26,540)	(26,540)
Profit for the year of the Parent	229,508	-	229,508
Interim dividend	(42,670)	-	(42,670)
EQUITY ATTRIBUTED TO THE PARENT	1,796,439	(187,122)	1,609,317
MINORITY INTERESTS	99,269	(11,605)	87,664
NEGATIVE GOODWILL	3,588	(3,588)	-
DEFERRED INCOME	135,599	(5,355)	130,244
Grants relating to assets	119,678	10,566	130,244
Other deferred income	15,921	(15,921)	-
NON-CURRENT LIABILITIES	1,399,745	(56,082)	1,343,663
Bank borrowings	611,791	(47,375)	564,416
Non-recourse financing	265,340	-	265,340
Other financial liabilities	-	31,990	31,990
Deferred tax liabilities	-	33,433	33,433
Non-current provisions	405,729	(81,071)	324,658
Financial instrument payables	-	9,478	9,478
Other non-current liabilities	116,885	(2,537)	114,348
CURRENT LIABILITIES	7,791,651	(34,288)	7,757,363
Bank borrowings	1,456,943	(3,994)	1,452,949
Non-recourse financing	50,867	-	50,867
Trade and other payables	5,059,226	1	5,059,227
Other financial liabilities	-	1,800	1,800
Current provisions	192,256	-	192,256
Current tax liabilities	483,848	9,872	493,720
Other current liabilities	548,511	(41,967)	506,544
TOTAL EQUITY AND LIABILITIES	11,226,291	(298,040)	10,928,251

40.3. Consolidated balance sheet: Reconciliation at 31 December 2004 - Assets

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
DUE FROM SHAREHOLDERS FOR UNCALLED CAPITAL	4,495	(4,495)	-
NON-CURRENT ASSETS	5,324,248	84,052	5,408,300
Start-up costs	10,614	(10,614)	-
Property, plant and equipment	1,183,891	115,496	1,299,387
Non-current assets in projects	872,675	6,557	879,232
Investment property	-	9,632	9,632
Goodwill	1,257,379	(246,530)	1,010,849
Other intangible assets	276,233	(177,801)	98,432
Investments in associates	1,350,555	148,288	1,498,843
Non-current financial assets	372,901	(38,543)	334,358
Deferred tax assets	-	277,404	277,404
Financial instrument receivables	-	163	163
DEFERRED CHARGES	55,969	(55,969)	-
CURRENT ASSETS	7,224,725	(233,385)	6,991,340
Inventories	403,562	(22,568)	380,994
Trade and other receivables	5,176,533	(502,695)	4,673,838
Other current financial assets	1,139,137	(120,995)	1,018,142
Current tax assets	-	240,177	240,177
Shares of the Parent	29,131	(29,131)	-
Other current assets	25,351	74,692	100,043
Cash and cash equivalents	451,011	127,135	578,146
TOTAL ASSETS	12,609,437	(209,797)	12,399,640

40.4. Consolidated balance sheet: Reconciliation at 31 December 2004 - Equity and liabilities

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
EQUITY (including minority interests)	2,223,018	(203,828)	2,019,190
Share capital	176,437	-	176,437
Share premium	897,294	-	897,294
Other reserves	619,207	(111,450)	507,757
Treasury shares	-	(29,131)	(29,131)
Valuation adjustments	-	(50,016)	(50,016)
Profit for the year of the Parent	460,385	(7,894)	452,491
Interim dividend	(49,402)	-	(49,402)
EQUITY ATTRIBUTED TO THE PARENT	2,103,921	(198,491)	1,905,430
MINORITY INTERESTS	119,097	(5,337)	113,760
NEGATIVE GOODWILL	4,405	(4,405)	-
DEFERRED INCOME	161,419	(10,378)	151,041
Grants related to assets	146,815	4,226	151,041
Other deferred income	14,604	(14,604)	-
NON-CURRENT LIABILITIES	2,369,940	46,910	2,416,850
Bank borrowings	1,472,991	(17,858)	1,455,133
Non-recourse financing	428,866	(3,570)	425,296
Other financial liabilities	26,820	213	27,033
Deferred tax liabilities	-	55,895	55,895
Non-current provisions	258,087	(8,124)	249,963
Financial instrument payables	-	28,976	28,976
Other non-current liabilities	183,176	(8,622)	174,554
CURRENT LIABILITIES	7,850,655	(38,096)	7,812,559
Bank borrowings	1,055,195	(1,823)	1,053,372
Non-recourse financing	37,045	-	37,045
Trade and other payables	5,514,646	(16,510)	5,498,136
Other financial liabilities	22,303	33	22,336
Current provisions	204,262	(3)	204,259
Current tax liabilities	-	529,058	529,058
Other current liabilities	1,017,204	(548,851)	468,353
TOTAL EQUITY AND LIABILITIES	12,609,437	(209,797)	12,399,640

40.5. Consolidated income statement for 2004

Thousands of Euros	Closing Balances at 1 January 2004 under Spanish GAAP	Adjustments and reclassifications	Opening Balances 31 December 2004 under IFRSs
Revenue	10,960,656	(142,773)	10,817,883
Operating expenses	9,983,327	(146,589)	9,836,738
Gross operating income	977,329	3,816	981,145
Depreciation and amortisation charge/Provisions	266,334	(9,118)	257,216
Net operating income	710,995	12,934	723,929
Net finance costs	(96,420)	167	(96,253)
Loss on changes in the value of assets	-	(28,221)	(28,221)
Profit of associates	111,517	(17,160)	94,357
Amortisation of goodwill	80,737	(80,737)	-
Gains on disposal of non-current assets	-	15,455	15,455
Other gains or losses	(21,886)	(64,085)	(85,971)
Profit before tax	623,469	(173)	623,296
Corporation tax	145,980	6,917	152,897
Profit for the year	477,489	(7,090)	470,399
Profit attributed to minority interests	17,104	804	17,908
Profit attributed to the Parent	460,385	(7,894)	452,491

41. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs, as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

Exhibit I Subsidiaries

Company	Registered Office	Activity	Auditor	% Effective ownership
PARENT				
ACS Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102, Madrid	Parent	Deloitte	-
ACS Colombia, S.A.	Santa Fé de Bogotá- Colombia	Construction	Elquin Infante	100.00%
ACS Telefonía Móvil, S.L.	C/ Orense, 34, Madrid	Telecommunications	-	100.00%
Novovilla, S.A.	Avda. de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Acquisition of movable and immovable propertys	-	100.00%
PR Pisa, S.A.	Avda. de Pío XII, 102, Madrid	Holding company	Deloitte	100.00%
Villanova, S.A.	Avda. de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Acquisition of movable and immovable property	-	100.00%
CONSTRUCTION				
Dragados, S.A.	Avda. de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Construction	Deloitte	100.00%
Acainsa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Aparcamiento Tramo C. Rambla- Coslada, S.L.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Can Brians 2, S.A.	Via Laietana, 33, Barcelona	Concession	Deloitte	75.00%
Carátide, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Castellano Leonesa de Minas, S.A.	C/ Prado de la Guzpeña, León	Mining - Inactive	-	100.00%
Comunidades Gestionadas, S.A. (COGESA)	C/ Orense, 34 1º, Madrid	Real estate development	Deloitte	100.00%
Concesionaria San Rafael, S.A.	C/ San Juan, 23 4B, Sta.Eulalia, I. Baleares	Concession	-	100.00%
Consortio Tecdra, S.A.	Avda. Vutacyra 2939 Of. 2201, Las Condes, Santiago de Chile, Chile	Construction	Ernst & Young	100.00%
Construcciones Especiales y Dragados, S.A.	Avda. Fuente de la Mora, 2, Madrid	Construction	Deloitte	100.00%
Constructora Dycven, S.A.	Veracruz Edif. Torreón, 3º, Urbaniz. Las Mercedes, Caracas	Construction	Ernst & Young	100.00%
Constructora Vespucio Norte, S.A.	Avda. Americo Vespucio, 1565 Quilicura - Santiago de Chile	Construction	Ernst & Young	54.00%
Drace Prefabricados de Edificación, S.L.	Camino de la Vega, Parc.69,70,71, Chiloches, Guadalajara	Construction	-	100.00%
Dragados Maroc, S.A.	C/ 63 Moulay Youssef Residence Adriana, Casablanca - Marruecos	Construction	-	100.00%
Dragados Roads Ltd.	Stonemason's Court Cemetery Pales, Rockwood Woking GU24 OBI - Gran Bretaña	Construction	Deloitte	100.00%
Dragados y Construcciones Argentina SAICI	Avda.Leandro N.Alem.986 Buenos Aires (Argentina)	Construction	Estudio Torrent Auditores	66.10%
Drasel SARL	Route de Versonnex, 5, Cessy - Francia	Construction	-	60.00%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12, Coslada Madrid	Construction	Deloitte	100.00%
Gestifisa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Gisca, S.A.	C/ Orense, 11, Madrid	Petroleum and water pipelines	-	52.50%
Hospital de Majadahonda, S.A.	C/ Velázquez, 166, Madrid	Concession	Deloitte	55.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Hullera Oeste de Sabero, S.A.	C/ Ramiro Valbuena, 16, León	Mining - Inactive	-	100.00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Lucampa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Protide, S.A.	C/ Ramiro Valbuena 12, León	Real estate development	-	100.00%
Remodelación Rivera Norte, S.A.	C/ Prueba, 12, Madrid	Concession	-	100.00%
Residencial Leonesa, S.A.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Roperfeli, S.L.	C/ Orense, 34 1º, Madrid	Real estate development	-	100.00%
Sopol, S.A.	Rua de Sa Bento, 644 6º, Lisboa, Portugal	Construction	Ernst & Young	50.56%
Técnicas e Imagen Corporativa, S.A.	C/ La Cañada, 53, 28850 Torrejón de Ardoz, Madrid	Construction	Deloitte	75.47%
Tecsa Empresa Constructora, S.A.	Avda. Madariaga, 1, 4º, Bilbao	Construction	Deloitte	100.00%
Vías y Construcciones Portugal S.G.P.S., S.A.	Rua Dr Joao Medoça 505 2. 4450 Senhora de Hora Matosinhos - Portugal	Holding company		100.00%
Vías y Construcciones, S.A.	C/ Orense, 11, Madrid	Construction	Deloitte	100.00%
INDUSTRIAL SERVICES				
ACS Servicios Comunicaciones y Energía, S.L.	Avda. de Pío XII, 102, Madrid	Services	Deloitte	100.00%
Actividades de Montajes y Servicios, S.A.	Ntra. Sra de Fátima, 38, La Coruña 15007	Installation and industrial assembly	-	100.00%
Actividades de Montajes y Servicios, S.A. de C.V.	Veracruz - Méjico	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A.	43 Calle A 5-01 Zona 12 Guatemala City	Auxiliary electricity, gas and communications distribution services	-	100.00%
Agrupación Offshore 60, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510, México D.F.	Manufacture of metallic structures	KMPG Cardenas Dosal, S.C.	99.94%
Alagarce, S.L.	Serrano, 134, Madrid 28006	Generation of electricity	-	100.00%
Albatros Logistic, S.A.	C/ Franklin Naves 24-29, 28906 Getafe, Madrid	Distribution logistics	Deloitte	100.00%
Andasol 1, S.A.	Barbara de Braganza, 11, Madrid 28603	Energy production	Deloitte	75.00%
Andasol 2, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Energy production	Deloitte	75.00%
Antenea Technologies, S.L.	C/ Sepúlveda, 6, 28108 Alcobendas - Madrid	Telecommunications	-	99.76%
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce São Domingos de Rana 2775 Portugal	Design, manufacture and installation of corporate image	Deloitte	99.90%
API Conservación, S.A.	C/ General Moscardó, 27, 28020 Madrid	Roads maintenance	Deloitte	100.00%
API Fabricación, S.A.	Raso de la Estrella, s/n, 28300 Aranjuez	Manufacturing	Deloitte	100.00%
Aplicación de Pinturas API, S.A.	C/ General Moscardó, 27, 28020 Madrid	Painting and signposting	Deloitte	100.00%
Argencobra, S.A.	Viamonte, 1145, Buenos Aires - Argentina	Auxiliary electricity, gas and communications distribution services	Alejandra Tempestini	100.00%
Arroyal Energía, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Artemis Transmissora de Energia Ltda.	Rua Deputado Edu Vieira 999, Florianopolis	Electrical concession	AGN Canarim	50.97%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
AW Augusta Wind, S.L.	Nil Fabra, 34, Barcelona 08012	Generation of electricity	-	100.00%
B.I. Josebeso, S.A.	Pz Venezuela Torre Phelps s/n, 1050 Caracas - Venezuela	Industrial cleaning	-	82.80%
BTOB Construccion Ventures S.L.	Teide, 4, San Sebastian de los Reyes, Madrid	Administrative management services	Deloitte	99.94%

Company	Registered Office	Activity	Auditor	% Effective ownership
C. A. Weinfer de Suministro de Personal	Pz Venezuela Torre Phelps s/n, 1050 Caracas - Venezuela	Industrial cleaning	-	82.80%
Cachoeira Montages e Serviços Ltda.	Marechal Camera, 160, Rio de Janeiro - Brasil 20020	Electrical assembly and services	-	100.00%
Catalana de Treballs Públics, S.A.	Ed.Gran Capitán, 4, Barcelona 08034	Auxiliary electricity, gas and communications distribution services	Deloitte	100.00%
Cobra Bahia Instalações e Serviços	Cuadra 4, 10 Estrada do Coco, Bahia - Brasil 47680	Assembly and electrical installations	-	100.00%
Cobra Bolivia, S.A.	Rosendo Gutiérrez, 686 Sopocachi - Bolivia	Assembly and electrical installations	-	100.00%
Cobra Chile, S.A.	José Pedro Alexandri, 2323 Macul - Santiago de Chile	Assembly and electrical installations	BDO	100.00%
Cobra Ingeniería de Montajes, S.A.	Fernando Villalon, 3, Sevilla 41004	Installation and assembly	-	100.00%
Cobra Instalaciones México, S.A. de C.V.	C/ Melchor Ocampo, 193, Colonia Verónica Anzures - México	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Performance of studies, consulting and projects, R&D services and the management and performance of all types of contract works, manufacturing, development and repair of all types of industrial operations	Deloitte	100.00%
Cobra Internacional, S.L.	Cardenal Marcelo Spínola, 10, Madrid 28016	Holding company	-	100.00%
Cobra Inversiones y Gestión, S.L.	Cardenal Marcelo Spínola, 10, Madrid 28016	Holding company	-	100.00%
Instalaciones y Servicios Codepa, S.A.	Edif. Allbrook Park, Of.115, Corregimiento Ancón	Assembly and electrical installations	-	100.00%
Cobra Perú II, S.A.	Abelardo Quiñones, 870, Iquitos - Perú	Electrical installations	-	100.00%
Cobra Perú, S.A.	Jr Slaberry, 300 Callao, Lima - Perú	Servicios auxiliares de Distribución de Electricidad y Comunicaciones	KPMG	100.00%
Cobra Instalaciones y Servicios, S.A.	Vereda, 6 Portal 4, Manoguyabo, Rep. Dominicana	Auxiliary electricity, gas and communications distribution services	-	100.00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Reading of electricity meters and other services	Deloitte	100.00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Sale and installation of security systems	-	100.00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Installation of communication and control systems	-	100.00%
Cobra y Cingel Telecomunicaciones	Avda de Macul, 2323	Assembly and electrical installations	-	60.96%
Instalaciones y Servicios Codeni, S.A.	Masaya	Installation and assembly	-	100.00%
Coinal Instalaciones y Servicios, S.A. de C.V.	Pasaje Senda Florida,167, San Salvador	Installation and assembly	-	100.00%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35 - 5º, oficina 515-517, Madrid	Construction	Sin actividad	99.73%
Control y Montajes Industriales de Méjico, S.A. de C.V.	C/ Juan Racine, 116 6º, 11510 México D.F	Electrical installations	Deloitte	99.94%
Control y Montajes Industriales, S.A.	C/ Teide 4, 2ª Planta, 28709 San Sebastián de los Reyes, Madrid	Electrical installations	Deloitte	99.94%
Cosersa, S.A.	Av. de Ramón y Cajal, 107, 28043 Madrid	Industrial cleaning	-	100.00%
Cuerda de Rodaderos, S.L.	Loja, 8 Albolote, Granada 18220	Generation of electricity	-	60.00%
Cymi do Brasil Ltd.	Av. Presidente Wilson 231, 20030-020 Rio de Janeiro, Brasil	Electrical installations	-	99.94%
Cymi Seguridad, S.A.	C/ Teide 4, 2ª Planta, 28709 San Sebastián de los Reyes, Madrid	Security installations	-	99.94%
Desarrollos Energéticos Riojanos, S.L.	Pol.Industrial Las Merindades, calle B s/n, Villarcayo Burgos 09550	Generation of electricity	-	80.00%
Dimática, S.A.	C/ Saturnino Calleja, 20, 28002 Madrid	Marketing of computer equipment	-	100.00%
Dragados Sistemas, S.A.	C/ Sepúlveda, 6, 28108 Alcobendas - Madrid	Acquisition and sale of all types of movable assets and securities	Deloitte	99.94%

2.2. Consolidated Financial Statements

Company	Registered Office	Activity	Auditor	% Effective ownership
Dragados Construc. Netherlands, S.A.	Amsteldijk 166-6, 1079LH Amsterdam	Electrical installations	-	99.94%
Dragados Industrial , S.A.	C/ Teide 4, 28709 San Sebastián de los Reyes, Madrid	Construction of all types of contract works	Deloitte	99.94%
Dragados Industrial Algeria S.P.A.	Lot n°7 - Ville Coopérative, El Fetej - El Bihar Alger - Algérie	Industrial maintenance and assembly	-	96.95%
Dragados Industrial Canada Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal Quebec	Electrical installations	-	99.94%
Dragados Offshore de Méjico KU-A2, S.A de C.V.	Juan Racine n 112, piso 8, Col. Los Morales, 11510 México D.F.	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	99.94%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 México D.F.	Market research and capturing	KMPG Cardenas Dosal, S.C.	99.94%
Dragados Offshore, S.A.	Bajo de la Cabezueta s/n, 11510 Puerto Real (Cádiz)	Engineering and construction	Deloitte	99.94%
Dragados Offshore USA Inc.	10333 Richmond Avenue, suite 720, 77042 Texas, Houston (Estados Unidos)	Market research and capturing	-	99.94%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine, 112 8 piso, Mexico (DF) 11510	Engineering and construction	Galaz Yamazaki Ruiz Urquiza	99.94%
Dragados Telecomunicaciones Dyctel Brasil Ltda.	C/ Rua Riachuelo, 268, 90010 Porto Alegre - Brasil	Telecommunications	-	99.94%
Dragados Telecomunicaciones, S.A.	C/ Sepúlveda, 6, 28108 Alcobendas - Madrid	Other telecommunications services	-	99.94%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29, 28108 Alcobendas- Madrid	Telecommunications	-	99.94%
Dyctel Puerto Rico Inc.	C/ Montellano SC, Embalse de San José	Telecommunications	-	99.94%
Easa Somozas, S.A.	José Luis Bugallal Marchesi, M-10 La Coruña 15008	Generation of electricity	KPMG	46.56%
Ecocivil Electromur G.E., S.L.	C/ Paraguay Parcela, 13/3, 30169 San Ginés - Murcia	Civil works	Deloitte	81.00%
Ecoven Parc Eólico, S.L.	Nil Fabra, 34 Barcelona 08012	Generation of electricity	KPMG	100.00%
El Paramo Parque Eólico, S.L.	Guitard, 43 Barcelona 08014	Generation of electricity	-	100.00%
Electrén, S.A.	Raimundo Fdez. Villaverde, 53, Madrid	Specialized construction	Deloitte	100.00%
Electromur, S.A.	C/ Cuatro Vientos, 1. San Ginés - Murcia	Electrical installations	Deloitte	100.00%
Electronic Traffic, S.A.	C/ Tres Forques, 147, 46014 Valencia	Electrical installations	Deloitte	100.00%
Emplogest, S.A.	Rua Alfredo Trindade, 4, Lisboa - Portugal 01649	Holding company	-	98.21%
Emurtel, S.A.	C/ Carlos Egea, parc. 13-18. P.I. Oeste. Alcantarilla - Murcia	Electrical installations	Deloitte	84.00%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29, 28108 Alcobendas - Madrid	Construction and sale of all types of electrical materials and s all operation required for electrifications and transport	Deloitte	99.94%
Enelec, S.A.	Av. Marechal Gomes da Costa, 27 1800-255 Lisboa, Portugal	Electrical installations	L. Graça, R. Carvalho & M. Borges, SROC, LDA	99.94%
Energías Ambientales de Novo, S.A.	José Luis Bugallal Marchesi M-10, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías Ambientales de Outes, S.A.	José Luis Bugallal Marchesi, 20, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías Ambientales de Vimianzo, S.A.	José Luis Bugallal Marchesi M-10, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías Ambientales, S.A.	José Luis Bugallal Marchesi M-10, La Coruña 15008	Generation of electricity	KPMG	60.00%
Energías y Recursos Ambientales, S.A.	Avda Pío XII, 102, Madrid 28036	Generation of electricity	KPMG	100.00%
Enq, S.L.	C/ F, nº 13. P.I. Mutiwa Baja - Navarra	Electrical installations	-	99.54%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo - Pontevedra	Electrical installations	Deloitte	100.00%
Etra Cataluña, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat, Barcelona	Electrical installations	Deloitte	100.00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610, Torre B. Santafe de Bogota, Colombia	Electrical installations	Elquin Infante	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Etra Investigación y Desarrollo, S.A.	C/ Tres Forques, 147, 46014 Valencia	Research and development	Deloitte	100.00%
Etralux, S.A.	C/ Tres Forques, 147, 46014 Valencia	Electrical installations	Deloitte	100.00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalondo. Munguia - Vizcaya	Electrical installations	Deloitte	100.00%
Eurus Eólica, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Eyra Barrigoso, S.L.	José Luis Bugallal Marchesi, 20, La Coruña 15008	Generation of electricity	-	99.98%
Eyra Energías y Recursos Ambientais Lda.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	98.00%
Eyra Pontefeso, S.L.	José Luis Bugallal Marchesi, 20, La Coruña 15008	Generation of electricity	-	100.00%
France Semi, S.A.	20/22 Rue Louis Armand rdc 75015 Paris - France	Assembly	-	99.73%
Generación Eólica el Páramo, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Gerovitae La Guancha, S.A.	Ctra. del Rosario Km 5,2, La Laguna S. C. Tenerife 38108	Management and operation of senior citizen social and health centres	-	100.00%
Hidra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10, 29590 Campanillas - Málaga	Telecommunications	-	99.94%
Hidrogestión, S.A.	Av. Manoterías, 28 Madrid	Electrical installations	Deloitte	100.00%
Hidrolazan, S.L.	Paseo de la Castellana, 167, Madrid 28046	Construction and Operation	-	100.00%
Initec Energía, S.A.	Príncipe de Vergara, 120, Madrid	Technical engineering services	C.T.A. Auditores	99.94%
Injar, S.A.	León y Castillo, 421, Las Palmas de Gran Canaria, 35005	Sale and assembly of industrial and air-conditioning installations	Deloitte	100.00%
Instalaciones y Montajes Eléctricos, S.A. (IMES)	Av. de Ramón y Cajal, 107, 28043 Madrid	Electrical installations	Deloitte	100.00%
Actividades de Servicios e Instalaciones Cobra, S.A	43 Calle A 5-01, Guatemala City	Auxiliary electricity, gas and communications distribution services	-	100.00%
Intebe, S.A.	Avda. de la Independencia, 21, bajo Cambrils Tarragona	Maintenance	Deloitte	99.40%
Iscobra Instalacoes e Servicos, Ltda.	General Bruce, 810, Rio de Janeiro - Brasil 20921	Assembly and electrical installations	-	100.00%
Itumbiara Marimondo Ltda.	Marechal Camera, 160, Rio de Janeiro - Brasil 20020	Assembly and electrical installations	-	100.00%
La Lora I Parque Eólico, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
La Lora II Energía, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Lumicán, S.A.	C/ Arco, nº 40. Las Palmas de Gran Canaria	Electrical installations	Deloitte	100.00%
Maessa Telecomunicaciones, S.A. (Maetel)	Pl. Antonio Beltrán Martínez, 1, 9 D 50002 Zaragoza	Maintenance and assembly	Deloitte	99.40%
Makiber, S.A.	Paseo de la Castellana, 182, Madrid	Merchandise export	Deloitte	99.94%
Mant. Ayuda a la Explot.	Gran Vía, 67 Madrid	Industrial maintenance	Deloitte	100.00%
Mantenimiento y Montajes Industriales, S.A.	Edif. Milenium C/ Teide 5 1º, 28709 San Sebastián de los Reyes, Madrid	Industrial maintenance and assembly	Deloitte	99.94%
Masa Algeciras, S.A.	Polg. Ind. San Roque, nave 28 La Polvora Ctra. Cádiz - Málaga, km. 106, 11369 San Roche- Cádiz	Industrial maintenance and assembly	Deloitte	99.94%
Masa Argentina, S.A.	C/ Donado, 1090, Bahía Blanca 8000, Argentina	Manufacturing of industrial equipment, construction of various buildings and industrial maintenance	Tazzetto-López-Rodríguez Córdoba & Asoc.	89.95%
Masa Brasil, S.L.	Rua Joaquim Eugenio de Lima, 680, 5º, 54 Cjta Jardim Paulista, 01403-901 Sao Paulo - Brasil	Development of studies and projects, industrial assembly and maintenance and liquid and gas conduction	-	99.94%
Masa Galicia, S.A.	Políg. Ind. De la Grela, C/ Guttemberg, 27, 1º Izqd. 15008 La Coruña	Industrial maintenance and assembly	Deloitte	99.94%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1, 21002 Huelva	Industrial maintenance and assembly	Deloitte	99.94%
Masa Madrid, S.A.	C/ Teide, 5, 1º, 28709 San Sebastián de los Reyes, Madrid	Industrial maintenance and assembly	-	99.94%
Masa Méjico, S.A. de C.V.	C/ Juan Racine, 112, 8º, Colonia Los Morales, Del. Miguel Hidalgo, 11510 México D.F.	Production, manufacturing and construction of machinery, equipment, and products, industrial maintenance and assembly	Deloitte	99.94%
Masa Norte, S.A.	C/ Ribera de Axpe, 50, 3º, 48950 Erandio - Bilbao	Industrial maintenance and assembly	Deloitte	99.94%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4 13500 Puertollano, Ciudad Real	Industrial maintenance and assembly	Deloitte	99.94%
Masa Servicios, S.A.	Políg. Ind. Zona Franca, Sector B, Calle B 08040 Barcelona	Industrial maintenance and assembly	Deloitte	99.94%
Masa Tenerife, S.A.	Pº Milicias de Garachico, 17, 4º, Ofic. 51 Edif. Hamilton 38022 Sta. Cruz de Tenerife	Industrial maintenance and assembly	-	99.94%
Mexicobra, S.A.	Colonia Polanco C/Alejandro Dumas,160 Mejico D.F. 11500	Auxiliary electricity, gas and communications distribution services	-	100.00%
Mexsemi, S.A. de C.V.	Avda. Dolores Hidalgo, 817, CD Industrial Irapuato Gto. 36541 Mexico	Assembly	Baker Tilly Mgrd Auditores S.C.	99.73%
Mimeca C.A.	Pz Venezuela Torre Phelps s/n 1050 Caracas - Venezuela	Industrial cleaning	-	82.80%
Moncoba Canarias Instalaciones, S.A.	León y Castillo, 238 Las Palmas de Gran Canaria, 35005	Installation and industrial assembly	-	100.00%
Moncoba, S.A.	Cardenal Marcelo Spinola, 10, Madrid 28016	Installation and industrial assembly	Deloitte	100.00%
Monelec, S.L.	C/ Ceramistas, 14. Malaga	Electrical installations	Deloitte	100.00%
Montrasa Maessa Asturias, S.L.	C/ Camara nº 54 1º dcha. 33402 Avilés - Asturias	Maintenance	-	51.00%
Munirah Transmissora de Energia Ltda.	Av. Presidente Wilson, 231, 20030-020 Rio de Janeiro (Brasil)	Concesión eléctrica	AGN Canarim	94.95%
Murciana de Tráfico, S.A.	Carril Molino Nerva s/n. Murcia	Electrical concession	-	100.00%
Nuevas Energías Valencianas, S.A.	Pedrapiquers, 2, Valencia 46014	Generation of electricity	-	100.00%
Obras Hidráulicas y Viarias, S.A.	Cardenal Marcelo Spinola,10, Madrid 28016	Development of projects and performance of all types of construction	Deloitte	100.00%
P. E. El Colmenar II, S.L.	Loja, 11 Albolote, Granada 18220	Generation of electricity	-	100.00%
P. E. La Noguera, S.L.	Loja, 8 Albolote, Granada 18222	Generation of electricity	-	70.00%
P. E. Las Vegas, S.L.	Loja, 8 Albolote, Granada 18221	Generation of electricity	-	70.00%
P. E. Los Isletes, S.L.	Loja, 8 Albolote, Granada 18223	Generation of electricity	-	70.00%
P. E. Sierra de las Carbas, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	100.00%
Parque Eólico de Valdecarro, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	100.00%
Parque Eólico El Perú, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	KPMG	51.00%
Parque Eólico La Boga, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	99.67%
Parque Eólico Marmellar, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	KPMG	70.00%
Parque Eólico Santa Ana, S.L.	Cardenal Marcelo Spinola, 10, Madrid 28016	Generation of electricity	-	100.00%
Parque Eólico Santa Cruz del Tozo, S.L.	Almirante Bonifaz, 3, Burgos 09003	Generation of electricity	-	100.00%
Parque Eólico Valcaire, S.L.	Ayuntamiento,7 Padul, Granada 18640	Generación de electricidad	-	55.00%
Percomex, S.A.	Melchor Ocampo,193 Torre C, Colonia Verónica Anzures - Méjico	Auxiliary electricity, gas and communications distribution services	Rojas y Novoa (Cofisin)	100.00%
Portumasa, S.A.	Av. Merechal Gomes, Da Costa, 27, 3º Dto. 1800 Lisboa - Portugal	Research and performance of projects, assembly, manufacturing and sale of electrical and electronic equipment	-	99.94%
Procme, Ltda.	Rua Alfredo Trindade, 4, Lisboa - Portugal 01650	Holding company	Deloitte	74.54%
Promservi, S.A.	Av. de Ramón y Cajal, 107, 28043 Madrid	Real estate	-	100.00%
Renova Paramo, S.L.	Guitard, 43, Barcelona 08014	Generation of electricity	-	100.00%
Roura Cevasa, S.A.	Caracas, 5, Barcelona	Corporate image	Deloitte	100.00%
Salmantina de Seguridad Vial, S.A.	Cascalajes, 65-69, 37184 Villares de la Reina, Salamanca	Painting and signposting	Deloitte	100.00%
Seguridad Integral Metropolitana, S.A.	C/ Sepúlveda 6, 28108 Alcobendas - Madrid	Maintenance of security equipment	-	89.95%
Semi Maroc, S.A.	5, Rue Fakir Mohamed, Casablanca, Sidi Belyout - Maroc	Assembly	Fiduciaire Martinetti Associés Ma S.A. Commissariat aux comptes	99.73%

Company	Registered Office	Activity	Auditor	% Effective ownership
Senax, S.A.	Centrol Comercial, L'illa Miami Playa Tarragona	Assembly	-	100.00%
Sermacon Joel, C.A.	Pz Venezuela Torre Phelps s/n 1050 Caracas - Venezuela	Industrial cleaning	-	82,80%
Sermicro, S.A.	C/ Pradillo, 48-50, 28002 Madrid	Maintenance of computer equipment	Deloitte	100.00%
Serpista, S.A.	C/ Velázquez, 130, Madrid 28006	Services	Ernst & Young	51.00%
Serveis Catalans, Serveica, S.A.	Av. de Ramón y Cajal, 107, 28043 Madrid	Electrical installations	-	100.00%
Servicios Dinsa, S.A. de C.V.	Juan Racine, 112 8º piso, Mexico (DF) 11510	Provision of personal services	Galaz Yamazaki Ruiz Urquiza	99.94%
Servicios Proyectos Industriales de Méjico, S.A. de C.V.	Juan Racine, 112 8º piso, Mexico (DF) 11510	Provision of personal services	Galaz Yamazaki Ruiz Urquiza	99.94%
Setec Soluções Energeticas de Transmissao e Controle Ltda.	Av. Presidente Wilson 231, 20030-020 Rio de Janeiro, Brasil	Electrical installations	-	99.94%
Sice do Brasil, S.A.	C/ Joaquim Eugenio, de Lima, 680, Sao Paulo - Brasil	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	-	99.94%
SICE PTY. Ltd.	C/ Grant Thornton, Level 21. 570 Bourke Street. Melbourne, VIC 3000 - Australia	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	-	99.94%
Sice Sudáfrica Pty. Ltd.	C/ PO Box 179, 009 Pretoria - Sudáfrica	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	Ian Wilson	99.94%
Sidotel, S.A.	Av. Manoteras, 28. Madrid	Electrical installations	-	100.00%
Sistemas Electrónicos Coinel, S.A.	Cardenal Marcelo Spínola, 10, Madrid 28016	Development of electronic systems	-	100.00%
Sistemas Radiantes F. Moyano, S.A.	C/ La Granja 72, 28108 Alcobendas - Madrid	Telecommunications	Deloitte	97.52%
Sistemas Sec, S.A.	C/ Miraflores 383, Santiago de Chile	Telecommunications	Quezada y Cia.	50.97%
Sociedad Española de Montajes Industriales, S.A. (SEMI)	Barquillo, 19, Madrid	Assembly	Deloitte	99.73%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda 6, 28108 Alcobendas - Madrid	Development of urban traffic regulation systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	Deloitte	99.94%
Sociedad Industrial de Construcciones Eléctricas, S.A.	C/ Juan Racine, 112, 11510 México	Development of urban systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	KPMG	99.94%
Societat Eólica de l' Enderrocada, S.A.	Amistat, 23, Barcelona 08005	Generation of electricity	KPMG	48.00%
Somozas Energías Renovables, S.A.	Lg Iglesia, 1, La Coruña 15565	Generation of electricity	KPMG	55.00%
Spocbra Instalações e Serviços Ltda.	Joao Ventura Batista, 996, Sao Paulo-Brasil 02054	Assembly and electrical installations	-	56.00%
Sumipar, S.A.	C/ B Sector B Zona Franca 4, 08040 Barcelona	Development of urban systems, public lighting, pollution control, meteorological centre in all types of government services and town halls, etc.	-	99.94%
Tecn. de Sist. Electrónicos, S.A. (EYSSA-TEISIS)	Rua General, Pimenta do Castro 11-1. Lisboa	Electrical installations	Deloitte	100.00%
Técnicas de Desalinización de Aguas, S.A.	Pol. de Arinaga, C/ Brezo 15-17, Las Palmas 35118	Construction of de-salting plants	-	100.00%
Telcarrier, S.A.	C/ La Granja 29, 28108 Alcobendas - Madrid	Telecommunications	-	99.94%
Telsa Instalaciones de Telecomunicaciones y Electricidad, S.A.	C/ La Granja 29, 28108 Alcobendas - Madrid	Telecommunications	Deloitte	99.94%
Trafiurbe, S.A.	Portugal	Painting and signposting	-	76.20%
Trasinal, S.A.	Quinta das Mos Fetais. Camarate (Portugal)	Electrical installations	-	100.00%
Urbaenergia, S.A.	Avda de Tenerife, 4 28700 San Sebastián de los Reyes, Madrid	Generation of electricity	-	100.00%
Venezolana de Limpiezas Indust. C.A. (Venelin)	Pz Venezuela Torre Phelps s/n, 1050 Caracas - Venezuela	Painting and signposting	Carolina Pueyo	82.80%

Company	Registered Office	Activity	Auditor	% Effective ownership
Vent Sol y Energía, S.A.	Sagrado Corazón de Jesús, 17, Crevillente Alicante 03330	Generation of electricity	-	85.00%
Viabal Manteniment i Conservacio, S.A.	Roders, 12, 07141 - Marratxi (Balears)	Painting and signposting	-	100.00%
Zefiro Eólica, S.L.	Guitard, 43 Barcelona 08014	Generation of electricity	-	100.00%
SERVICES				
ACS Servicios y Concesiones, S.L.	C/ Albasanz, 16, 28037 Madrid	Environment	Deloitte	100.00%
Aguas del Huesna, S.L.	Avda. de la Innovación, s/n, Sevilla	Water treatment. Supervision of construction and management of treatment plants	Deloitte	100.00%
Alfa Servicios Ambientales, S.L.	C/ Albasanz, 16, Madrid	Management of industrial waste	-	51.00%
Alsina Express, S.L.	Avda. América, 9.A. Madrid	Packaging	-	100.00%
Anónima Alsina Graells de A.T., S.A.	Avda. Empresari, Josep Segura y Farre, Lérida	Transport of passengers	Deloitte	100.00%
Autedia, S.A.	Ava. Ingeniero Gutierrez, 2, Baza	Transport of passengers	Deloitte	99.79%
Autobuses Consol, S.A.	Plaza Puerta del Vado, 1, Alcalá de Henares	Transport of passengers	-	100.00%
Autobuses García, S.L.	C/ Hermilio Alcalde del Río, 2, Torrelavega	Transport of passengers	-	100.00%
Autocares Discrecionales del Norte, S.L.	Alameda de Urquijo 85. Bilbao	Transport of passengers	-	100.00%
Barcelona Automotive Logistic, S.A.	C/ Diputación, 279, Ático 6ª Barcelona	Vehicle logistics and transport	-	90.80%
Blas Moreno, S.L.	Avda. Mistral, 44, Barcelona	Collection of urban solid waste, street cleaning and selective	-	60.00%
Canal Metro Madrid, S.A.	C/ Fernando Rey, 8 (Ciudad de la Imagen) Pozuelo de Alarcón (28023)	Advertising	KPMG	82.00%
Canary Logistics Bridge, S.L.	Avda. Los Cambulloneros MII, León y C, Edif. OPCSA 35008 La Palmas de Gran Canaria, España	Supplementary and auxiliary transport services	100.00% -	
Centro de Transferencias, S.A.	Polígono Los Barriales, s/n, Valladolid	Physical and chemical treatment and storage of industrial waste in a safe deposit	Deloitte	70.00%
Claerh, S.A.	Avda. del Descubrimiento, Alcantarilla, (Murcia)	Collection and treatment of sanitary waste	-	51.00%
Clece, S.A.	C/ Orense, 6 (1ª Planta), 28020 Madrid	Interior cleaning	Deloitte	100.00%
Consenuar, S.A.	Polígono Industrial Finanzauto, C/ Ebro, Arganda del Rey, Madrid	Management and treatment of hospital waste	Deloitte	100.00%
Construirail, S.A.	C/ Orense, 11. Madrid	Logistic services	-	60.00%
Container Train, S.A.	Muelle Dársena Sur. Edificio Autoterminal. Barcelona	Combined transport	Grupo Audit Network, S.L.	57.14%
Continental Auto, S.L.	Avda. de América, 9 a, 28002 Madrid	Regular transport of passengers	Deloitte	100.00%
Continental Rail, S.A.	Avda. de América, 2, Madrid	Rail transport of goods	Deloitte	100.00%
Cytrar, S.A. de C.V.	Ctra. Federal 15, km 244,8, Hermosillo Guaymas. Hermosillo, Sonora, (México CP 83294)	Management and storage of industrial waste in safe deposits	Mancera, .SC. Ernst & Your	100.00%
Dragados Concesiones de Infraestructuras, S.A.	C/ Julián Camarillo, 6 a (2ª Planta) - 28037 Madrid	Concessions	Deloitte	100.00%
Dragados Servicios Portuarios y Logísticos, S.L.	C/ Julián Camarillo, 6 a (2ª Planta) - 28037 Madrid	Port and logistic services	Deloitte	100.00%
Dragados SPL del Caribe, S.A. de C.V.	C/ Juan Racine, 112 4º, Los Morales Polanco. México DF	Holding company	-	100.00%
Empordanesa de Neteja, S.A.	Avda. Mistral, 44, Barcelona	Collection of urban solid waste, street cleaning and selective collection	-	60.00%
Enviromental Services Enser SAE	Mohamed Mazhar Street 33b. Zamalek, El Cairo (Egipto)	Collection of urban solid waste, street cleaning and selective collection	PriceWaterhouseCoopers	95.00%
Estación de Autobuses de Almuñecar, S.L.	Avda. Juan Carlos I, s/n. Almuñecar	Transport of passengers	-	100.00%
Estación de Autobuses de Andorra, S.A.	Avda Josep Tarredellas, 42. Andorra	Transport of passengers	-	77.00%
Estación de Servicios Alavesa, S.A.	Gerezpea, 17. Vitoria	Transport of passengers	-	100.00%
Evere, S.A.S.	Avda. Albert Einstein 34000 Montpellier (Francia)	Waste treatment	-	88.00%
Explotación Com. de Intercambiadores, S.A.	Avda. América, 9 A Madrid	Catering	-	100.00%
Frigoríficos de Castellón, S.A	Lg Muelle Transversal, s/n 12100 Castellón de la Plana (Castellón de la Plana)	Installation and operation of refrigeration chambers	-	75.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
Galvagestió, S.A.	C/ Industria s/n Nave 4, Pol. Ind. "El Sur" El Papiol - Barcelona	Treatment of galvanic waste	-	100.00%
Gestao de Empresas de Transporte, S.A. (GET)	Av Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Business and management consulting services	Horwath & Associados SROC (186)	100.00%
Gestión Medioambiental de Torrelavega, S.A.	Boulevard Demétrio Herrero, 6 39300 Torrelavega, Santander	Operation of urban solid waste dump	-	60.00%
Gestión y Protección Ambiental, S.L.	Condado de Treviño, 19, Burgos	Collection of used oils	-	52.92%
Graneles Sólidos Minerales, S.A.	C/ Julian Camarillo, 6 A, 2ª Planta. Madrid	Bulk centre	-	94.25%
Hijos de Simon Maestra, S.A.	Ava. Ingeniero Gutierrez, 2, Baza	Transport of passengers	-	100.00%
Interc. Tptes. de Avda de América, S.A.	Avda. de América, 9 A, Madrid	Interchange station	Deloitte	100.00%
Investambiente Ltda.	Rua Ato do Montijo, Oeiras (Portugal)	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Associados, SROC	52.00%
Jiménez Lopera, S.A.	Avda. de América, 9 A, Madrid	Transport of hazardous goods	Deloitte	100.00%
Jingtang International Container Terminal Co. Ltd.	Seaport Developing District, Tangshan City, Hebei. China	Port terminal	Deloitte	52.00%
Kec, S.L.	Av. Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Supplementary and auxiliary transport services	Horwath & Associados SROC (186)	100.00%
Keller Marítima, S.L.	Av. Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Transport organization	Horwath & Associados SROC (186)	100.00%
Keller Porto, S.L.	Av. Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Shipping agency	-	100.00%
Lematrans Castellón, S.A.	Av. Ferrandis Salvador, s/n, GRAO 12100 Castellón de la Plana - España	Transport organization	-	65.30%
Limpieza Guía Ltd.	Edificio Luso-Galaico Antas, 4930 Valença (Portugal)	Cleaning	-	100.00%
Limpiezas Lafuente, S.L.	C/ Ingeniero Joaquin Benloch, 65 Bajo, 46026 Valencia	Cleaning	Andreu Romero y Asociados	100.00%
Limpiezas y Reformas Baleares, S.L.	Carlos I, 10, local 2, (07012) Palma de Mallorca	Cleaning	Deloitte	51.00%
Lluch Transportir, S.A.	CI Atlantic, 112-120, 08040 Barcelona - España	International multimodal transport	Deloitte	100.00%
Logic Depot, S.A.	CI Port de Lagos Parcela D-13 08039 Barcelona - España	Container and tank repair	-	51.49%
Logística y Transportes Ferroviarios, S.A.	Muelle Dársena Sur. Ed. Autoterminal. Barcelona	Logistics and transport of vehicles by train	Deloitte	62.83%
Marítima del Mediterráneo, S.A.	CI Atlántic, 112-120, 08040 Barcelona - España	Mediación en transportes marítimos o aéreos	Deloitte	100.00%
Marítima Eurogulf, S.L.	CI Nervión, 3 3º B, 48001 Bilbao - Vizcaya España	Mediation in sea and air transport	Deloitte	100.00%
Marítima Garvayo, S.L.	Lg Talleres y Almac, Pto.Málaga, 1ª Planta 29001 Málaga - España	Ship consignment	-	70.00%
Marítima Mallach, S.A.	Av Ferrandis Salvador, s/n 12100 Castellón de la Plana, España	Ship consignment	Deloitte	100.00%
Marítima Valenciana, S.A.	Muelle Príncipe Felipe, s/n. Valencia	Port terminal	Deloitte	100.00%
Marmedsa Tramp, S.L.	CI Luxemburgo (P.I.Coslada), 3 28820 Coslada - Madrid, España	Ship consignment	-	100.00%
Medship, S.A.R.L	Av Andre Roussin, 59, 13321 Marseille Cdx 16 (BP 106) - Francia	International multimodal transport	-	100.00%
Montañesa de Consignaciones, S.L.	CI Castilla, 6 2º A, 39002 Santander Cantabria, España	Ship consignment	-	57.72%
Mora la Nova Energía, S. L.	C/ Lincoln, 11, 08006 (Barcelona)	Waste treatment	G.M.P. Auditores, S.A.	71.00%
New ad Publicity, S.A.	Via Augusta 13-15 2ª planta despacho 216, 08006 Madrid	Advertising	KPMG	87.58%
Novabeira Gestão de Resíduos Ltda.	Estrada Nacional Dezoito, 14, Covilha - Portugal	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Associados, SROC	50.16%
NOVAFLEX Técnicas de Medio Ambiente, S.A.	Campogrande, 35, 7ºC, 1700-087 Lisboa Portugal	Collection of urban solid waste, street cleaning and selective collection	F. Tocha, P. Chaves & Associados, SROC	100.00%
Olsen y Cia, S.L.	Avda. Cambulloneros - Muelle, Virgen del Pino s/n, 35008 Las Palmas de Gran Canaria - España	Representation of ship owners and shipping companies	-	92.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Orto Parques y Jardines, S.L.	Luçar Dócean s/n, Parroquia de Orto - A Coruña	Collection of urban solid waste, street cleaning, selective collection and dump management	-	100.00%
Parques y Jardines Conservación, S.A.	C/ Albericia, Nave C5, Santander	Collection of urban solid waste, street cleaning, selective collection and dump management	-	60.00%
Portoliva, S.L.	Po La Farola, 8 - 1, Edificio Puerto 29016 Málaga - España	Transport, storage and control of merchandise	-	70.00%
Progeco España, S.A.	Lg. Muelle Alvarez de la Campa, s/n 08039 Barcelona - España	Repair, maintenance and storage of containerse	-	51.50%
Pruvalsa, S.A.	Valencia - Venezuela	Waste treatment	-	82.00%
Publimedia Sistemas Publicitarios, S.L.	C/ Julián Camarillo, 6 a, 2ª Planta 28037 Madrid	Advertising services	Deloitte	100.00%
Puerto Seco Santander-Ebro, S.A.	C/ Ramón y Cajal, 17, Luceni - Zaragoza	Operation and management of logistic centre	-	61.35%
Real Verde Técnicas de Medio Ambiente Ltda.	Rua Cidade de Orense, Lote Quatro 33, Sao Dinis - Vila Real	Management of urban solid waste and water treatment	F. Tocha, P. Chaves & Associados, SROC	95.00%
Recuperación Int. Residuos de Castilla y León, S.A.	Polígono Industrial Ntra. Sra. de Los Angeles. Parcela 10, Nave 8 y 9 Palencia	Management of industrial waste	-	100.00%
Reinmar, S.L.	Muelle de la Isla Verde, s/n, 11201 Algeciras - Cádiz, España	Repair of maritime installations	-	100.00%
Residuos de la Janda, S.A.	C/ La Barca de Vejer s/n, Vejer de La Frontera - Cadiz	Collection of urban solid waste, , street cleaning, selective collection and dump management	-	60.00%
Residuos Sólidos Urbanos de Jaén, S.A.	Palacio de la Excelentísima Diputación de Jaén - Jaén	Provision of USW collection, elimination and incineration services commissioned by the Government of Jaen	PricewaterhouseCoopers	60.00%
S.A.R.L Universal Marítima	59 Avenue André Roussin BP106, 59, 13321 Marseille - Francia	International multimodal transport	-	100.00%
S.A.T. La Castellana, S.A.	Avda. de América, 9 A, Madrid	Transport of passengers	-	99.47%
Sagunto Fruit Terminal, S.A.	Lg Muelle Centro de Puerto de Sag, s/n 46000 Sagunto - Valencia, España	Refrigerator storage	-	100.00%
Sanypick Plastic, S.A.	C/ Albasanz, 16, Madrid	Manufacturing and management of hospital waste containers	Deloitte	51.00%
SCI Sintax	Route de Phaffans. 90380 Roppe - Francia	Automobile logistics	-	90.80%
Sermed, S.A.	C/ Albasanz, 16, Madrid	Sterilization of clinical material	-	100.00%
Servicios de Aguas de Misiones, S.A.	Avda. López y Planes, 2577, Misiones - Argentina	Water treatment	Torrent Antonio Javier	90.00%
Servicios Generales de Automoción, S.A.	Alameda de Urquijo, 85, Bilbao	Transport of passengers	-	100.00%
Servinave Ship's Attendance Lda.	Av Don João II Ltll 1.17.03 C. Off, 5º Sala A 1900-084 Parque das Nações, Lisboa - Portugal	Shipping agency	Horwath & Asociados SROC (186)	100.00%
Servinter, S.A.	Atlantic, 112-120, 08040 Barcelona	Customs and transport agency	Deloitte	100.00%
Setra Ventas y Servicios, S.A.	Calle Límite s/n, Torrejón de Ardoz	Sale of replacement and spare parts	Deloitte	100.00%
Sevicios Corporativos TWC, S.A. de C.V.	C/ Alejandro Dumas, 160, 1º, Col. Polanco - Reforma 11550 (México DF)	Corporate services for subsidiaries in Mexico	Mancera, .SC. Ernst & Young	100.00%
Sicsa Rail Transport, S.A.	Avda. del Puerto, 189 - 5º, Valencia	Combined transport	Deloitte	50.50%
Sintax Est EURL	Place de la Madeleine, 6, 75008 Paris - Francia	Automobile logistics	-	90.80%
Sintax Ile de Francia EURL	Rue du Docteur Fourniols, 95420 Magny en Vexin, Francia	Automobile logistics	-	90.80%
Sintax Logística, S.A.	C/ Diputación, 279, Ático 6º, Barcelona	Logistics and transport of vehicles	Deloitte	90.80%
Sintax Logística Transportes, S.A.	Vale Ana Gomez, Ed. Sintax, Estrada de Algeruz Setubal - Portugal	Logistics and transport of vehicles s	Deloitte	90.80%
Sintax Logistique Francia SAS	Place de la Madeleine, 6, 75008 Paris - Francia	Automobile logistics	PricewaterhouseCoopers	90.80%
Sintax Logistique Valenciennes SARL	Place de la Madeleine, 6, 7575008 Paris - Francia	Automobile logistics	-	90.80%
Sintax Navigomes Ltda	Av. Luisa Todi, 73, 2900 Setúbal - Portugal	Automobile logistics	-	46.31%
Sintlogistica Ltda	Vale Ana Gomez, Ed. Sintax, Estrada de Algeruz Setubal - Portugal	Vehicle logistics	-	90.80%
Sistemas de Incineración y Depuración, S.L. (SINDE)	Ctra. San Vicente-Agost, Km. 10,2 Alicante	Thermal treatment of sanitary waste	-	100.00%

Company	Registered Office	Activity	Auditor	% Effective ownership
SM Gestinver , S.A.	Muelle Darsena Sur, Ed. Autoterminal Barcelona	Investments in transport companies in general	-	63.56%
Socamex, S.A.	C/ Cobalto s/n Par. 213. Pol. San Cristóbal Valladolid	Construction and operation of waste water treatment plants	Deloitte	100.00%
Somasur, S.A.	20, Rue Meliana Hai Ennahada Rabat - Marruecos	Intermediary company in Morocco	-	100.00%
Steam, S.A.	21 Rue Jules Guesde, 69230 Saint Genis Laval - Lyon	Sanitary waste treatment	-	39.53%
Talher, S.A.	C/ Orense, 6 28020 Madrid	Gardening	Deloitte	100.00%
Tecmed Environment, S.A.	21 Rue Jules Guesde 69230 Saint Genis Laval - Lyon	Management of hospital waste	René Grisson	77.50%
Tecmed Técnicas Mediamb. de Marruecos, S.A.	AV. Capitaine Sidi Omar Elaisaoui cite OLM-Suissi II - Rabat	Urban solid waste	Deloitte	100.00%
Tecmed Técnicas Mediamb. de México, S.A. de C.V.	C/ Alejandro Dumas, 160, 1º, Col. Polanco - Reforma 11550 (México DF)	USW, environmental construction, Residuos Hospitalarios, Residuos Industriales, Tratamiento de Aguas	Mancera, SC. Ernst & Young	100.00%
Técnicas de Recuperación e Inertización, S.A.	C/ Albasanz, 16, Madrid	Management of industrial waste	-	100.00%
Técnicas Mediambientales de Venezuela, S.A.	Valencia - Venezuela	USW, environmental construction, Residuos Hospitalarios, Residuos Industriales, Tratamiento de Aguas	Irvin Cedeño & Asociados	100.00%
Terminal de Castellón, S.A.	Lg Muelle Costa, s/n, 12100 Castellón de la Plana	Merchandise loading, unloading and handling operations	Deloitte	77.78%
Terminales del Sudeste, S.A.	Avda. Pablo Ruiz Picasso, 1, Málaga	Port terminal	Deloitte	85.00%
Terminales Marítimas de Santander, S.L.	C/ Peña Prieta, Zona Serv. Pto Raos 39011 Santander - Cantabria, España	Stowing and unstowing of vessels	-	62.50%
Terminales Rías Altas, S.A.	Muelle del Centenario, s/n, A Coruña	Stowing and unstowing of vessels	-	60.00%
Tirmadrid, S.A.	Cañada Real de las Merinas, Madrid	Integral treatment of solid waste	Deloitte	66.36%
Tptes. Alsina Graells Sur, S.A.	Avda. de América, 9 A, Madrid	Transport of passengers	Deloitte	100.00%
Tracemar, S.L.	Avda de Tenerife, 4-6 28700 San Sebastián de los Reyes, Madrid	Treatment of oils and marpoles	-	100.00%
Trafimar Logistics, S.L.	C/ Atlantic, 112-120, 08040 Barcelona	Ship consignment	Deloitte	100.00%
Trafimar, S.A.R.L.	Av Des Far, Iman Center 3E 2000 Casablanca - Marruecos	Ship consignment	-	100.00%
Trans Inter Europe SAS	Route de Phaffans, 90380 Roppe - Francia	Automobile logistics	PricewaterhouseCoopers	90.80%
Transfreight Services, S.L.	C/ José Aguirre, 40, 46011 Valencia	International multimodal transport	-	100.00%
Tratamiento de Residuos Sólidos Urbanos, S.A.	Crta. Estatal, 26. Km. 5,137, Costa de Hermosillo. Hermosillo, Sonora - Méjico	Environment	Mancera, .SC. Ernst & Young	100.00%
Trenmedia, S.A.	C/ Fernando Rey, 3, (Ciudad de la Imagen) Pozuelo de Alarcón 28023	Advertising	KPMG	51.00%
TV Transit, S.A.	C/ Fernando Rey, 8, (Ciudad de la Imagen) Pozuelo de Alarcón 28023	Advertising	KPMG	100.00%
Universal Forwarding, S.L.	C/ Atlantic, 112-120, 08040 Barcelona	Supplementary and auxiliary transport activities	Deloitte	100.00%
Universal Marítima Insular, S.L.	C/ Doctor Juan Domínguez Pérez, 19-2º, oficina 17 Las Palma de Gran Canaria, 35008	International multimodal transport	-	100.00%
Universal Marítima, S.L.	C/ Atlantic, 112-120, 08040 Barcelona	Shipping, fleet and transport correspondence	Deloitte	100.00%
Urbana de Servicios Ambientales, S.L.	Avda. Ortega y Gasset, 194, 29006 Málaga	Cleaning and collection of urban waste	-	70.00%
Urbaser Argentina, S.A.	L.N. Alem 986, Piso 3, Capital Federal Buenos Aires, Argentina	Holding company	Razzeto, Lopez, Rodriguez Cordoba y Asoc.	100.00%
Urbaser Barquisimeto, C.A.	Carrera, 4 Zona Industrial, Barquisimeto - Lara Venezuela	Collection of urban solid waste and street cleaning	Irvin Cedeño & Asociados	100.00%
Urbaser Bolívar, C.A.	Vía Puente Angostura (Frente Sector Agua Salada) Ciudad Bolívar - Venezuela	Collection of urban solid waste and street cleaning	Perales, Gonzalez & Asociados	55.00%
Urbaser de Méjico, S.A.	C/ Juan Racine 112-8º, Col. Los Morales 11510 (México DF)	Collection of urban solid waste, street cleaning and dump management	KPMG	100.00%
Urbaser Environnement, S.A.S.	451 Rue Denis Papin, Space Octimun Center 34000 Montpellier - Francia	Treatment of waste	-	100.00%

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Company	Registered Office	Activity	Auditor	% Effective ownership
Urbaser Libertador, C.A.	Urb. Las Mercedes, Av. Veracruz, Edif Torreón Caracas - Venezuela	Collection of urban solid waste and street cleaning	Invin Cedeño & Asociados	100.00%
Urbaser Mérida, C.A.	Avda. Los Próceres, c/c Viaducto Miranda, C.C. Alto Prado local 99, Mérida - Venezuela	Collection of urban solid waste and street cleaning	Perales, Gonzalez & Asociados	100.00%
Urbaser, S.A.	C/ Albasanz, 16, 28037 Madrid	Environmental	Deloitte	100.00%
Urbaser Santo Domingo, S.A.	C/ 6, Residencial, Lidia Fernández III, Apto 301 Ensanche Paraiso, Santo Domingo, República Dominicana	Collection of urban solid waste and street cleaning	Mejía Ducasse & Asociados	100.00%
Urbaser Transportes, S.L.	Avda. Diagonal, 611- 2- 2, 08028-Barcelona	Public/private transport, sale of spare parts for all types of vehicles and the repair of vehicles.	-	100.00%
Urbaser United Kingdom Ltd.	103, High St. Evesham. Worcestershire. WR11 4EL	Holding	Deloitte	100.00%
Urbaser Valencia, C.A.	Torre Movilnet, Piso 6, Oficina 6-4, Paseo Cabriales Sector Kerdel, Valencia Estado Carabobo - Venezuela	Collection of urban solid waste and street cleaning	Invin Cedeño & Asociados	100.00%
Urbaser Venezuela, C.A.	Centro Comercial Punta de Sol, planta alta, local 1, Avenida Manaure, Municipio Miranda, Ciudad de Coro, Estado de Falcón	Collection of urban solid waste and street cleaning	-	100.00%
Urbasys, S.A.S.	Route de Tremblay, F-91480 Varennes-Jarcy - Francia	Treatment of waste	-	88.00%
Valenciana de Eliminación de Residuos, S.L.	Real de Montroi, Paraje Cabrera de Pino s/n, Valencia	Storage of industrial waste in a safe deposit	-	85.00%
Valenciana de Protección Ambiental, S.A.	L'Alcudia de Crepins, Polig. El Caneri - Parcela 6 Valencia	Management and treatment of hospital and industrial waste	Deloitte	99.55%
Vertederos de Residuos, S.A. (VERTRESA)	C/ Albasanz, 16, Madrid	Collection of urban solid waste, street cleaning and dump management	Deloitte	100.00%
Viajes Cosmos, S.L.	Av. Ports d'Europa Galería Comercial, 100 local 7 08040 Barcelona	Travel agency	Deloitte	100.00%
CONCESSIONS				
ACS Chile, S.A.	Avenida Isidora Goyenechea N° 3365, Piso 9 oficina 902, Comuna de Las Condes, Santiago de Chile	Holding	Ernst & Young	100.00%
Autovía de La Mancha, S.A. Conces. JCC Cast-La Mancha	Paseo de Bachilleres 1-B 45003-Toledo	Roads	Deloitte	66.67%
Concesionaria Santiago Brión, S.A.	Quistilans, 59, 15895 Bugallido-Ames. A Coruña	Roads	KPMG	70.00%
Desarrollo de Concesiones Aeroportuarias, S.L.	C/ Julián Camarillo, 6a - 2ª planta 28037 Madrid	Airports	-	100.00%
Desarrollo de Concesiones Ferroviarias, S.L.	C/ Julián Camarillo, 6a - 2ª planta 28037 Madrid	Railroads	-	100.00%
Dragados A-1 Ltd.	180 Strand London WC2R 1PZ	Holding	Deloitte	100.00%
Dragados Concessions Ltd.	180 Strand London WC2R 1PZ	Holding	Deloitte	100.00%
Dragados Dundalk Ireland, Ltd.	Earlfort Terrace, Dublin 2 Irlanda	Holding	Deloitte	100.00%
Ferrocarriles del Norte de Colombia, S.A.	C/ 94 A No 11 A 27, piso 3. Bogotá D.C. Colombia	Railroads	KPMG	70.56%
Inversiones Nocedal, S.A.	C/ Miraflores, 222 piso 24, Santiago de Chile	Holding	Ernst & Young	100.00%
Inversora de Infraestructuras, S.L.	C/ Julián Camarillo, 6a - 2ª planta, 28037 Madrid	Holding	-	100.00%
Taurus Holdings Chile, S.A.	C/ Alcántara, n° 271 piso 2º Las Condes - Santiago de Chile	Holding	Ernst & Young	100.00%

Exhibit II Joint Ventures

Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
Construction					
ACS Sacyr Chile, S.A. <i>Santiago de Chile - Chile</i>	Construction	Ernst & Young	50.00%	Proporcional	10,430
Constructora Norte Sur, S.A. <i>Panamericana Norte, 5364, Cochali - Santiago de Chile</i>	Construction	Ernst & Young	48.00%	Proporcional	98,031
Draga, S.A. <i>Crta. de la Comella, 11. Edif. Cierco AD500. Andorra</i>	Construction	-	50.00%	Proporcional	1,426
Dragados Fomento Canadá, S.A.L. <i>Queen Street, 570. Fredericton NB Canadá</i>	Construction	-	50.00%	Proporcional	4,474
Dravo, S.A. <i>Plaza de Castilla, 3 5º C/I Madrid</i>	Construction	Ernst & Young	50.00%	Proporcional	33,668
Elaboración de Cajones <i>Pretensados, S.L. C/ Marcelo Spinola, 42. Madrid</i>	Construction	-	50.00%	Proporcional	0
Empresa Mantenimiento y Explotación M-30, S.A. <i>C/ Príncipe de Vergara, 135. Madrid</i>	Concession for the operation and maintenance of the M-30	-	50.00%	Proporcional	5,517
Gaviel, S.A. <i>Paseo de Gracia, 29. Barcelona</i>	Real estate development	-	50.00%	Proporcional	0
Nisa Gav., S.A. <i>Paseo de Gracia, 29. Barcelona</i>	Real estate development	-	50.00%	Proporcional	0
INDUSTRIAL SERVICES					
Cogeneracion Alfacel AIE <i>Avda. de Tenerife, 4. S.S. de los Reyes - Madrid</i>	Construction	-	16.25%	Proporcional	0
Dinec 1, S.A. de C.V. <i>C/ Juan Racine 116 6º. 11510 México D.F</i>	Electrical installations	Deloitte	56.56%	Proporcional	0
Dinsa Eléctricas y Cymi, S.A. de C.V. <i>C/ Juan Racine 116 6º. 11510 México D.F</i>	Electrical installations	Deloitte	60.00%	Proporcional	0
Dragados Offshore SLP S.A. de C.V. <i>C/ Juan Racine N 112, Piso 6. Col. Los Morales 11510 Mexico D.F.</i>	Manufacturing of metallic structures	KMPG Cardenas Dosal, S.C.	50.00%	Proporcional	0
Hospec, S.A. <i>Tamer Bldg., Sin El Deirut - Lebano</i>	Import/Export	-	50.00%	Proporcional	0
Intecsa Uhde Industrial, S.A. <i>Vía de los Poblados, 11. Madrid</i>	Engineering	Deloitte	50.00%	Proporcional	65,964
Operadora del Pacifico, S.A. <i>Chile</i>	Construction	-	50.00%	Proporcional	5,386
Visadrag Gas Ltda. <i>Av. Gago Coutinho, 147. 1700-029, Lisboa</i>	Sales promotion, construction and maintenance of gas pipelines marketing of gas industry equipment	-	50.00%	Proporcional	0
A.I.E. Edar Cadiz-San Fernando <i>Crta. N-IV, km. 683. 11100 San Fernando - Cadiz</i>	Waste water treatment	Deloitte	43.90%	Proporcional	4,245
AEIE Trans Euro Pyrenees <i>Avda. de Tenerife, 4. S.S. de los Reyes - Madrid</i>	Installations	-	7.51%	Proporcional	14,119
Consorcio Api Genesis <i>Bolivia</i>	Construction	-	75.00%	Proporcional	0

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Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
SERVICES					
Cogeneración Alfaced A.I.E. Avda. de Tenerife, 4-6. 28700 S.S. de los Reyes - Madrid	Inactive, shareholder in bankruptcy	-	62.50%	Proporcional	0
Conterail, S.A. Avda. Europa, s/n. Coslada - Madrid	Combined transport	Auren Centro Consultores y Auditores, S.A.	50.00%	Proporcional	2,895
Cotransa, S.A. Lg Muelle Dársena Sur, Edif. Autoterminal, 08039 Barcelona	Supplementary and auxiliary transport activities	Deloitte	50.00%	Proporcional	23,331
Demarco, S.A. Alcalde Guzmán, 18. Quilicura - Chile	Collection of solid urban waste and street cleaning	Gran Thorntom	50.00%	Proporcional	14,738
Desarrollo y Gestión De Residuos S.A. (Degersa) Avda. Barón de Carcer, 37. Valencia	Company formed to privatize Girsra	-	40.00%	Proporcional	0
Elite Spain Logistics, S.L. Av Ports d'Europa, 100. 08040 Barcelona	Consulting on the transport of goods	-	49.00%	Proporcional	11,346
Erhardt Mediterráneo, S.L. Pl. Del Rey / Ed.Real, 8-2º. 30205 Cartagena. Murcia	Ship stowage and consignment	-	50.00%	Proporcional	4,318
Euroshipping Europe B.V. C / Leerlooestraat, 135. 3194AB Hoogvliet Rotterdam - Holanda	Asset-holding company	-	50.00%	Proporcional	0
Gestión Medioambiental de L'Anoia, S.L. C/ Viriato, 47. 08000 Barcelona	Inactive	-	50.00%	Proporcional	0
Interenvases, S.A. C/ Boriceta, 8. Alava	Recovery, collection, transport and storage of containers and packages	-	50.00%	Proporcional	886
KDM, S.A. Alcalde Guzmán, 18. Quilicura - Chile	Dump transfer and management plan	Gran Thorntom	50.00%	Proporcional	22,266
La Union Alavesa, S.L. Gerezpea, 17. Vitoria	Transport of passengers	Attest	50.00%	Proporcional	1,504
Lager Logistics, S.L. C/ Peña Prieta, s/n. 39011 Santander - España	Consignment, stowage, receipt and deposit of merchandise	-	28.85%	Proporcional	61
Multiservicios Aeroportuarios, S.A. Cardenal Marcelo Spinola, 42 8º Dcha. Madrid	Integral services at airports	Deloitte	26,01%	Proporcional	48,471
Resiges - Gestao de Residuos Hospitalares Lda. C/ Campo Grande, 35 7º B e C. 1700-087 Lisboa - Portugal	Collection and treatment of sanitary waste	-	50,00%	Proporcional	0
Sala, S.A. Esp C/ 100, 19 - Bogotá - Colombia	Road cleaning	Jaime Ramirez Tellez	50.00%	Proporcional	24,264
Salmedina Tratamiento de Residuos Inertes, S.L. Génova, 5. Madrid	Treatment of inert waste	BDO Audiberia	50.00%	Proporcional	18,620
Servicios Urbanos E Medio Ambiente, S.A. Avda. Julio Dinis, 2. Lisboa - Portugal	Collection of urban solid waste, street cleaning, selective collection and dump management	Deloitte	38.50%	Proporcional	68,945
Sistemas de Reducción, S.A. Pasaje Vicent Marri, 13. Barcelona	Thermal treatment of waste	-	40.00%	Proporcional	0
Starco, S.A. Alcalde Guzmán, 18. Quilicura - Chile	Collection of urban solid waste, street cleaning, selective collection and dump management	Gran Thorntom	50.00%	Proporcional	10,837
Técnicas Medioambientales del Golfo, S.A de C.V. Mier y Teran, 260 4to. piso en Cd. Victoria Tamaulipas - México	USW, environmental construction, hospital waste, industrial waste, water treatment	Mancera, .SC. Ernst & Young	50.00%	Proporcional	83
Terminal Marítima de Cartagena, S.L. Pl. Del Rey /Ed.Real, 8-2º, 30205 Cartagena. Murcia - España	Merchandise loading, unloading and handling operations	-	50.00%	Proporcional	2,378
Valdemingómez 2000, S.A. C/ Albasanz, 16. Madrid	Degasification of Valdemingómez	Deloitte	40.00%	Proporcional	7,381

Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
Valorga International, S.A. 1300 Avenue Albert Einstein, 3400 Montpellier - Francia	Technological consulting	Cazes & Goddyn	40.00%	Proportional	5,382
Zenit, S.A. Cardenal Marcelo Spinola, 42. 8º Dcha. Madrid	Integral services at airports	-	51.00%	Proportional	0
Zoreda Internacional, S.A. C/ Rodriguez San Pedro, 5. Gijón	Search for environmental business in Central and South America	-	40.00%	Proportional	0
CONCESSIONS					
Infraestructure Concessions South Africa Ltd 24 Sunninghill Office Park, Peltier Road 2157 Sunninghill - Sudáfrica	Holding	Deloitte	50.00%	Proportional	0
Tag Red, S.A. Avda. Alonso de Córdova, 5151, Oficina 501 Las Condes - Santiago de Chile	Roads	PricewaterhouseCoopers	50.00%	Proportional	9

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Company and Registered Office	Activity	Auditor	% Effective Ownership	Consolidation method	Revenue (Thousands of Euros)
CONSTRUCTION					
ACS Proy Obras y Cnes S.A. y Zarzuela, S A <i>Pz. Juan de Austria, 2. Valladolid 47006</i>	Construction	-	50.00%	Proportional	17,369
ACS Proy. O.C. y Vías y Construcciones <i>C/ Aragón, 390. Barcelona 08013</i>	Construction	-	70.00%	Proportional	13,299
ACS Proy. Obr. y Cons.S.A / Constr.San Jose U <i>Avda. Pío XII, 102. Madrid 28036</i>	Construction	-	50.00%	Proportional	20,876
ACS Pry Obr Cons Sa Vías y Cons. Sa UTE <i>C/ Orense, 11. Madrid 28020</i>	Construction	-	50.00%	Proportional	12,982
ACS S.A. Y OHL S.A. UTE Teatros Canal <i>Avda. Pío XII, 102. Madrid 28036</i>	Construction	-	50.00%	Proportional	22,134
ACS / Ferr. Agr. / Necso / Fcc / Sacyr UTE <i>C/ Maldonado, 50. Madrid 28006</i>	Construction	-	22.50%	Proportional	90,562
AEIE Túnel Del Perthus <i>Avda. Via Laietana, 33. Barcelona 08003</i>	Construction	-	59.00%	Proportional	46,743
Autovía Lieres <i>C/ Príncipe de Vergara, 135. Madrid 28002</i>	Construction	-	28.00%	Proportional	11,508
Autovía Navalmoral UTE <i>Avda. Lusitania, 11. Mérida - Badajoz 06800</i>	Construction	-	50.00%	Proportional	24,237
Ave Siete Aguas UTE <i>Pz. Legión Española, 12. Valencia 46010</i>	Construction	-	70.00%	Proportional	27,436
Circunvalación Vigo <i>C/ Salvador Moreno, 44. Pontevedra 36001</i>	Construction	-	50.00%	Proportional	30,224
Ciudad de Las Comunicaciones UTE <i>Avda. Pío XII, 102. Madrid 28036</i>	Construction	-	50.00%	Proportional	182,391
Ciudad Justicia de Castellón <i>Pz. Legión Española, 12. Valencia 46010</i>	Construction	-	70.00%	Proportional	10,811
Comsa,S.A. y ACS, Proy.Obras y Cons.,S.A. <i>C/ Viriato, 47. Barcelona 08014</i>	Construction	-	50.00%	Proportional	10,220
Cons. Ctro. Deportes Acuático Ambito O.E. <i>Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700</i>	Construction	-	80.00%	Proportional	20,543
Construccion Autopista Vitoria-Eibar <i>C/ Portal de Castilla, 46. Vitoria-Gasteiz - Álava 01007</i>	Construction	-	45.00%	Proportional	14,987
Dopsa - OHL S.A. UTE <i>Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700</i>	Construction	-	60.00%	Proportional	59,995
Dozon UTE <i>C/ Cantón Grande, 5. La Coruña 15003</i>	Construction	-	29.60%	Proportional	10,607
Drag Obras y Proy S.A. y Const Espe UTE <i>C/ Alvaro de Bazán, 10. Valencia 46010</i>	Construction	-	70.00%	Proportional	20,086
Dragados, Necso, Comsa, ACS y Sorigue <i>C/ Via Laietana, 33. Barcelona 08003</i>	Construction	-	43.50%	Proportional	71,900
Dragados, S.A. y Cyopsa Sisocia S.A <i>C/ Duque de Lerma, 19. Toledo 45004</i>	Construction	-	66.66%	Proportional	54,152
Dragados-ACS Proy.Ob. y Cnes. S.A.-Ossa UTE <i>Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700</i>	Construction	-	84.00%	Proportional	27,675
Edar La Gavia <i>Ed. Cefrusa (Mercamadrid) Oficina, 5. Madrid 28053</i>	Construction	-	50.00%	Proportional	10,870
Explotación y Mantenimiento A-8 <i>C/ Portuetxe, 53. Donostia-San Sebastián, Guipúzcoa 20018</i>	Construction	-	50.00%	Proportional	18,495
FCC Construcción S.A. y Dragados S.A. UTE <i>C/ Maldonado, 50. Madrid 28006</i>	Construction	-	40.00%	Proportional	22,269
FCC, ACS y Ortiz en UTE 2ª Fase <i>C/ Maldonado, 50. Madrid 28006</i>	Construction	-	40.00%	Proportional	12,251
Feria Muestras UTE <i>C/ Cullera, 37. Valencia 46035</i>	Construction	-	45.00%	Proportional	15,360

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Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
Hospital San Pedro UTE C/ Gran Vía Juan Carlos I, 73. Logroño - La Rioja 26005	Construction	-	49.50%	Proportional	31,595
Nuevo Hospital La Fe U.T.E. C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	70.00%	Proportional	19,738
Sacyr, Dopsa, Gea 21, Salv.Rus Construc. Avda. Reino Unido, s/n, Edif. Sevilla Sur, Bajo Dcha. Sevilla 41012	Construction	-	37.00%	Proportional	76,587
Trans Euro Pyrenees, A.E.I.E. Pz. Palmera, 8. Figueres - Girona 17600	Construction	-	42.49%	Proportional	13,718
Túnel Guadarrama Sur UTE Avda. Europa, 18. Alcobendas - Madrid 28108	Construction	-	26.12%	Proportional	105,273
UTE 404 Viv. En Salburua C/ Henao, 2. Bilbao - Vizcaya 48009	Construction	-	50.00%	Proportional	11,016
UTE 4º Carril A-6 Las Rozas-Villaalba Avda. Tenerife, 4. S.S. de los Reyes - Madrid 28700	Construction	-	90.00%	Proportional	44,073
UTE Abdalajis Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	20.00%	Proportional	64,184
UTE Abrigo Ampl. Puerto Sagunto C/ Alvaro de Bazán, 10. Valencia	Construction	-	18.00%	Proportional	10,136
UTE ACS- Matias Arrom Ley 18/1982 C/ Llorenç Moià, 8. Binissalem - Baleares 07350	Construction	-	70.00%	Proportional	20,815
UTE Adelant.Cantiles Darsena C/ Alvaro de Bazán, 10. Valencia	Construction	-	20.00%	Proportional	31,383
UTE AES Cartagena C/ Alvaro de Bazán, 10. Valencia	Construction	-	30.00%	Proportional	20,111
UTE Ampliación Ap6 Tramo 2 Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	45.00%	Proportional	17,296
UTE Ampliación Puerto Sagunto C/ Alvaro de Bazán, 10. Valencia	Construction	-	42.00%	Proportional	10,136
UTE Autovía Mediterráneo: Nerja Almuñécar Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	75.00%	Proportional	38,417
UTE Ave Canto Blanco - Tres Cantos C/ Cardenal Marcelo Spinola, 52. Madrid 28016	Construction	-	75.00%	Proportional	20,925
UTE Ave Castellbisbal (ACS - Vias) C/ Arago, 390. Barcelona 08013	Construction	-	70.00%	Proportional	22,921
UTE Ave Siete Aguas Pa. Legión Española 12. Valencia	Construction	-	30.00%	Proportional	27,436
UTE Bases Puerto C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	47.00%	Proportional	45,406
UTE Carretera Acceso Puerto Castellón C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	50.00%	Proportional	26,306
UTE Castellbisbal - El Papiol C/ Aragón 390-394. Barcelona	Construction	-	30.00%	Proportional	22,921
UTE Centro Penit. El Puerto III Avda. Republica de Argentina, 24. Sevilla 41011	Construction	-	80.00%	Proportional	14,551
UTE Clínica Quirón C/ Murillo 3 y 5. Pozuelo de Alarcón - Madrid	Construction	-	50.00%	Proportional	12,982
UTE Consorcio Dycvensa Vinccler C/ Veracruz, Edif. Torreón, 3º ofic.3A	Construction	-	70.00%	Proportional	14,782
UTE Const. Dique Abrigo Sur C/ Vía Laietana, 33. Barcelona	Construction	-	6.80%	Proportional	33,586
UTE Dique Barna C/ Vía Laietana, 33. Barcelona	Construction	-	5.40%	Proportional	25,804
UTE Dique Sur Tramos I y II C/ Vía Laietana, 33. Barcelona	Construction	-	27.20%	Proportional	33,518

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2.2. Consolidated Financial Statements

Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
UTE Dique Torres C/ Santa Susana, 27. Oviedo - Asturias 33007	Construction	-	28.00%	Proportional	14,227
UTE Edar Besos (Equipos) Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	70.00%	Proportional	31,417
UTE Ferrazo Avda. Finisterre, 25. La Coruña 15004	Construction	-	35.00%	Proportional	10,211
UTE Guadarrama Sur Avda. Europa 18, Alcobendas - Madrid	Construction	-	8.35%	Proportional	105,248
UTE Hospital Inca Pz. Es Forti, 4. Palma de Mallorca - Baleares 07011	Construction	-	80.00%	Proportional	11,560
UTE Hospital Insular Fase 2 C/ Padre Anchieta, 6. Palmas de Gran Canaria (Las) 35011	Construction	-	45.00%	Proportional	10,191
UTE Hospital Majadahonda Construcción Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	55.00%	Proportional	15,754
UTE Hospital Tomelloso Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	70.00%	Proportional	11,078
UTE Intercambiador Príncipe Pío C/ Orense 11. Madrid	Construction	-	85.00%	Proportional	11,028
UTE Juan Canalejo C/ Cantón Grande, 5. La Coruña 15003	Construction	-	50.00%	Proportional	11,014
UTE Juzgado Arrecife C/ Padre Anchieta, 6. Palmas de Gran Canaria (Las) 35011	Construction	-	99.90%	Proportional	12,018
UTE L-9 Llobregat Fira Avda. Diagonal, 427. Barcelona 08036	Construction	-	28.70%	Proportional	11,956
UTE L-9 Viaducte Zona Franca C/ Aragón, 390. Barcelona 08013	Construction	-	27.00%	Proportional	14,971
UTE La Laguna C/ Candelaria, Edif. Olimpo 28. Sta. Cruz de Tenerife	Construction	-	25.00%	Proportional	10,338
UTE Línea 3 Canyelles-Trinitat C/ Via Laietana, 33. Barcelona	Construction	-	80.00%	Proportional	17,169
UTE M-30 Túnel Sur Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	50.00%	Proportional	50,469
UTE Metroligero-Construção de Infra-Estrutura C/ Filipa D'Água-Alcaniça, Monte da Caparica	Construction	-	20.00%	Proportional	38,135
UTE Mob. Ofic. y Decoración Termin. Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	40.00%	Proportional	11,285
UTE Mobiliario y Decoración Nat Barajas Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	60.00%	Proportional	12,407
UTE Morrazo Avda. Finisterre, 25. La Coruña 15004	Construction	-	60.00%	Proportional	11,734
UTE Muelle Exterior Algeciras Avda. Tenerife, 4 y 6. S.S. de los Reyes - Madrid 28700	Construction	-	15.00%	Proportional	53,345
UTE Ocio-Park Av Gran Via 53. Bilbao	Construction	-	30.00%	Proportional	32,216
UTE Palacio de Las Artes C/ Alvaro de Bazán, 10. Valencia 46010	Construction	-	50.00%	Proportional	80,897
UTE Pista 15 L-33 R Avda. Pío XII, 102. Madrid 28013	Construction	-	33.34%	Proportional	14,091
UTE Puente Genil C/ Orense 11. Madrid	Construction	-	50,00%	Proportional	12,888
UTE Puerto de Ferrol C/ Juana de Vega, 2. La Coruña	Construction	-	17.50%	Proportional	11,058
UTE Puerto de Gijón Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Construction	-	10.00%	Proportional	14,227

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Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
UTE Puerto Exterior Ferrol <i>C/ Wenceslao Fernández Florez, 1. La Coruña 15005</i>	Construction	-	32.50%	Proportional	11,058
UTE Puerta de Atocha, Nuevos Ministerios <i>C/ Padre Damián, 41. Madrid</i>	Construction	-	25.00%	Proportional	34,308
UTE Remodelación Estación Embajadores <i>C/ Cardenal Marcelo Spinola, 52. Madrid 28016</i>	Construction	-	50.00%	Proportional	18,395
UTE Teixeira Durate-Sopol, Metro Superficie Ace <i>C/ Filipa D'Agua-Alcaniça, Monte da Caparica</i>	Construction	-	42.70%	Proportional	11,653
UTE Tres Cantos Canto Blanco <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	25.00%	Proportional	20,925
UTE Túnel Abdalajis Este-Málaga <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	60.00%	Proportional	64,186
UTE Túnel Atocha-Nuevos Ministerios <i>C/ Cardenal Marcelo Spinola, 52. Madrid 28016</i>	Construction	-	75.00%	Proportional	34,308
UTE Túnel Valle De Los Caídos <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	92.50%	Proportional	35,608
UTE Urbanización Parla-Este <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Construction	-	50.00%	Proportional	23,408
UTE Urbanización Pgou Paracuellos <i>C/ Alcalá, 73. Madrid 28009</i>	Construction	-	60.00%	Proportional	33,256
UTE Vial 18 <i>C/ Sta. M^a Magdalena, 14. Madrid</i>	Construction	-	50.00%	Proportional	14,806
UTE Viviendas Nueva Montana <i>C/ Barrio la Venta, s/n. Igollo de Camargo - Cantabria 39608</i>	Construction	-	50.00%	Proportional	10,371
Yesa UTE <i>C/ Rene Petit, 25. Yesa Navarra 31410</i>	Construction	-	33.33%	Proportional	12,132
INDUSTRIAL SERVICES					
A.I.E. Edar Cadiz-San Fernando <i>Ctra. N-IV, km. 683. 11100 San Fernando - Cadiz</i>	Waste water treatment	Deloitte	43.90%	Proportional	4,245
AEIE Trans Euro Pyrenees <i>Avda. Tenerife, 4. 28700 S.S. de los Reyes - Madrid</i>	Installations	-	7.51%	Proportional	14,119
UTE Balizamiento 18I-36r. Cobra-Sampol <i>Albasanz, 14. 28037 Madrid</i>	Installations	-	50.00%	Proportional	12,534
UTE Barquitrans <i>C/ Sepúlveda, 6. 28108 Alcobendas - Madrid</i>	Electrical installations	-	54.68%	Proportional	17,525
UTE Ciclo Combinado Aceca <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Industrial plants	-	75.00%	Proportional	44,325
UTE Ciclo Combinado Boroa <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Industrial plants	-	75.00%	Proportional	45,598
UTE Climatización Ciudad de Telefónica <i>Orense, 4. 28020 Madrid</i>	Air-conditioning	-	50.00%	Proportional	13,185
UTE Climatización Terminal Barajas <i>Orense, 4. 28020 Madrid</i>	Air-conditioning	-	42.50%	Proportional	18,204
UTE Dragados Group J.V. UTE China <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Supply of engineering s equipment and service	-	50.00%	Proportional	10,511
UTE DYC Group <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Supplies and Engineering	-	25.00%	Proportional	10,511
UTE Fenolcumeno II <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Construction and engineering	-	66,67%	Proportional	34,379
UTE Ibercat <i>Barquillo, 23. 28004 Madrid</i>	Railroads	-	27.50%	Proportional	14,057
UTE La Coma <i>Doctor Beltrán Bigorra, 15. 46003 Valencia</i>	Catenary	-	18.43%	Proportional	15,228

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2.2. Consolidated Financial Statements

Joint Venture and Registered Office	% Effective Activity	Consolidation Auditor	% Participación Revenue Ownership	Método de method	Cifra de Negocios (Thousands of Euros)
UTE Midi <i>C/ Teide, 5. Edificio Milenium. 28709 S.S. de los Reyes - Madrid</i>	Industrial assembly	-	65.00%	Proportional	20,029
UTE Mina III <i>C/ Teide 4 - 3º. 28700 S.S. de los Reyes - Madrid</i>	Construction and engineering	-	100.00%	Proportional	26,166
UTE Pars Iran <i>C/ Via de los Poblados, 11. 28033 Madrid</i>	Construction and engineering	-	30.00%	Proportional	32,069
UTE Plaza de Castilla <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Installations - Air-conditioning	-	25.00%	Proportional	10,116
UTE Príncipe Pío <i>Orense, 11. 28020 Madrid</i>	Installations - Air-conditioning	-	15.00%	Proportional	11,028
UTE Regasagunto <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Industrial plants	-	60.00%	Proportional	105,689
UTE Save 3 <i>C/ Raimundo Fernández Villaverde, 53. 28003 Madrid</i>	Electrical installations	-	21.10%	Proportional	34,119
UTE Semelcosur <i>Barquillo, 23. 28004 Madrid</i>	Catenary	-	28.50%	Proportional	21,185
UTE Sistemas Detección II <i>C/ Marcelo Spinola, 10. 28016 Madrid</i>	Railroads	-	100.00%	Proportional	13,379
UTE Torre <i>Rodríguez Arias, 23. 48011 Bilbao</i>	Electrical installations	-	40.00%	Proportional	14,410
UTE Transmerida <i>C/ Sepúlveda, 6. 28108 Madrid</i>	Electrical installations	-	23.24%	Proportional	16,364
SERVICES					
UTE Vertresa - FCC (Tenerife) <i>C/ Albasanz, 16. Madrid</i>	USW treatment	-	90.00%	Proportional	11,031
UTE Vertresa - RWE - Senda (Dehesas) <i>C/ Albasanz, 16. Madrid</i>	USW treatment	Deloitte	95.00%	Proportional	18,189
Urbaser - FCC UTE Cádiz <i>Edificio Atlas Módulo 11. 11012 Cádiz</i>	Road cleaning and collection	-	50.00%	Proportional	11,198

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Exhibit III Associates

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee (100) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
PARENT								
Unión Fenosa, S.A. <i>Avda. de San Luis, 77. 28033 Madrid</i>	Energy	Deloitte	24.51%	17,749,825	13,847,427	3,902,398	5,990,140	814,682
Inmobiliaria Urbis, S.A. <i>General Pardiñas, 73. 28006 Madrid</i>	Real estate	Deloitte	24.39%	3,180,739	2,305,446	875,293	853,802	147,967
CONSTRUCTION								
Cleon, S.A. <i>C/ Villanueva, 2. Madrid</i>	Real estate	-	25.00%	102,117	970	101,147	0	0
Gestión Marina Deportiva, S.A. <i>Avda. Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid</i>	Concession	-	33.33%	493	0	493	0	-8
Juluna, S.A. <i>C/ Sami, 3. Valencia</i>	Real estate	-	30.00%	773	46	727	0	0
Superco Orense, S.A. <i>C/ Benito Blanco Rajoy, 9. La Coruña</i>	Construction	-	35.00%	4	0	4	0	0
INDUSTRIAL SERVICES								
Cachoeira Paulista Transmissora de Energia, S.A. <i>Rue Marechal Camera,160. Rio de Janeiro - Brasil 20020</i>	Electrical assembly s and service	Deloitte	33.00%	79,708	53,394	26,314	14,147	2,942
Constructora Gas del Bio Bio Ltda. <i>Puerta del Sol, 55 4º. Las Condes. Santiago - Chile</i>	Construction of works relating to the Pacific gas pipeline project	-	40.00%	35	0	35	0	0
Cygnus Air, S.A. <i>C/ Agueton, 7. 28042 Madrid</i>	Air transport	Deloitte	40.00%	21,220	14,010	7,210	32,676	1,476
Dora 2002, S.A. <i>C/ Monte Esquinza, 34. 28010 Madrid</i>	Asset holding	-	45.39%	287	0	287	0	0
Dyta Eólica de Castilla La Mancha, S.A. <i>Río Ventalama, 4. Toledo 45007</i>	Generation of electricity	-	40.00%	4,732	15	4,717	0	-80
Elecdey de Castilla La Mancha, S.A. <i>Maudes, 51. Madrid 28003</i>	Generation of electricity	-	42.00%	61,493	58,913	2,580	22	8
Energias Renovables de Ricobayo, S.A. <i>Romero Giron, 4. Madrid 28036</i>	Generation of electricity	-	50.00%	965	431	534	0	-60
Expansion Transmissao de Energia Eléctrica, S.A. <i>Marechal Camera,160. Rio de Janeiro - Brasil 20020</i>	Electrical assembly and services	Deloitte	25.00%	136,602	95,760	40,842	37,020	8,624
Explotaciones Eólicas Sierra de Utrera, S.L. <i>Príncipe de Vergara. Madrid 28006</i>	Generation of electricity	-	25.00%	32,596	23,277	9,319	9,810	4,195
Incro, S.A. <i>Serrano, 27. Madrid</i>	Engineering	-	25.00%	7,570	6,926	644	7,842	467
Loma del Capón, S.L. <i>Loja, 8. Albolote - Granada 18220</i>	Generation of electricity	-	50.00%	925	856	69	0	-53
Nordeste Transmissora de Energia Ltda. <i>Av. Presidente Wilson, 231. 20030-020 Rio de Janeiro</i>	Electrical concession	AGN Canarim	49.99%	150,060	91,354	58,706	28,048	4,864
Red Eléctrica del Sur, S.A. <i>Juan de la Fuente, 453. Miraflores. Lima - Perú</i>	Energy transmission	KPMG	20.00%	62,635	36,237	26,398	9,383	1,989
Sociedad General de Recursos Energéticos, S.A. <i>Paseo de la Castellana, 95. Madrid 28046</i>	Generation of electricity	-	24.90%	602	110	492	0	12

(*) Minority interests not included

2.2. Consolidated Financial Statements

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee (100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Serra do Moncoso Cambas, S.L. <i>Rua da Constitucion, 30. Culleredo - La Coruña 15189</i>	Generation of electricity	-	45.00%	12,554	9,429	3,125	2,460	0
Sociedad de Energías Renovables y Cogeneración, S.A. <i>Avda de Tenerife, 4, 28700 S.S. de los Reyes - Madrid</i>	Generation of electricity	-	50.00%	609	319	290	0	-23
STE - Sul Transmissora de Energia Ltda. <i>Av. Presidente Wilson, 231. 20030-020 Rio de Janeiro</i>	Electrical concession	AGN Canarim	49.90%	84,517	57,501	27,016	12,960	506
Transmissão Itumbiara Marimondo S.A. <i>Marechal Camera, 160. Rio de Janeiro - Brasil 20020</i>	Electrical assembly and services	Deloitte	25.00%	72,826	48,101	24,725	14,723	3.134
Uirapuru Transmissora de Energia Ltda. <i>Rua Deputado Edu Vieira, 999. Florianopolis</i>	Electrical concession	AGN Canarim	41.00%	13,629	13,505	124	0	0
SERVICES								
A.T.M. Cartera, S.L. <i>C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya</i>	Holding company	Deloitte	48.74%	12,235	4,488	7,747	0	-295
ABG, Servicios Medioambientales, S.A. <i>Colón de Larrategui, 26. Bilbao</i>	Industrial waste	-	20.00%	610	140	470	0	-38
Abra Terminales Marítimas, S.A. <i>C/ Muelle 1 de la Ampliación del Puerto de Bilbao. Santurce. Vizcaya</i>	Port terminal	Deloitte	48.74%	58,543	50,673	7,870	16,876	-81
Aguas del Gran Buenos Aires, S.A. <i>Italia 1184-San Miguel, Capital Federal-B1663NXX, Buenos Aires</i>	Integral water management	Sergio García y Asociados	26.30%	17,160	4,913	12,247	7,003	-712
Atlas Forwarding, S.L. <i>Calle de la Palloza, 1, Entreplanta. Cuerpo C. Torre Esmeralda. A Coruña</i>	Transport of goods	-	47.00%	778	687	91	5,650	1
Autoterminal, S.A. <i>Muelle Darsena Sur, Ed. Autoterminal Barcelona</i>	Automobile logistics	Vizoso, Castella y Asociados, S.L	40.40%	27,413	15,680	11,733	26,049	1,283
C. Steinweg Ibérica, S.L. <i>C/ Atlantic, 112-120. 08040 Barcelona - España</i>	Logistics	-	40.00%	2,878	1,444	1,434	3,662	261
Castellón Terminal Portuaria, S.A. <i>C/ Muelle del Centenero. s/n. Castellon</i>	Stowing and unstowing of merchandise	-	29.20%	15,968	14,633	1,335	5,724	-1,643
Citri, S.A. <i>Parque industrial Sapec bay herdade das praias, edificio 62 Freguesoa do sado Concelho de Setual - Portugal</i>	Industrial waste	Price Waterhouse Coopers	26.00%	10,996	4,839	6,157	4,263	614
Compañía Navarra de Autobuses, S.A. <i>C/ Olite 3. Imarcoain</i>	Transport of passengers	I.A.C.J.C.E.	31.24%	8,031	2,169	5,862	6,634	55
DPI Terminals Dominicana Ltda. <i>Islas Virgenes Británicas</i>	Holding company	-	30.00%	31,156	8,714	22,442	0	-4,865
Ecoparc del Mediterrani, S.A. <i>Avda. Eduard Maristany s/n. 08930 Sant Adria de Besós</i>	Treatment of urban solid waste	-	32.00%	4,361	-83	4,444	0	-218
Ecoparc, S.A. <i>C/ A . Polig. Industrial Zona Franca - Barcelona</i>	Treatment of waste	Deloitte	44.00%	70,049	74,489	-4,440	9,682	-6,909
Eix Bus, S.A. <i>C/ Sardenya 16. Gerona</i>	Transport of passengers	-	33.32%	324	99	224	0	0
Empresa Municipal de Aguas del Ferrol, S.A. <i>C/ Maria, 38. 15402 Ferrol</i>	Integral watert management	Deloitte	49.00%	14,297	8,913	5,384	4,631	-158
Energías y Tierras Fértiles, S.A. <i>Pascual y Genís, 19. 46002 Valencia</i>	Treatment of waste	-	33.40%	63	0	63	0	0
Entaban Biocombustibles del Pirineo, S.A. <i>Paseo Independencia, 28. Zaragoza</i>	Biodiesel	Deloitte	30.00%	2,608	107	2,501	0	-121
Estación de Autobuses Aguilar de Campoo, S.L. <i>C/ Calzada de Toro 40. Villares de la Reina</i>	Bus station	-	33.33%	480	476	4	0	8
Estación de Autobuses de Cartagena, S.A. <i>Avda. Torero Marín, 3. Cartagena</i>	Bus station	-	31.00%	116	85	31	0	0
Estación de Autobuses de Vitoria, S.L. <i>Los Herran 50. Vitoria</i>	Bus station	-	25.00%	118	47	70	313	-14

(*) Minority interests not included

Data on the Investee (100%) (Thousands of Euros)

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee (100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Estacionamientos El Pilar, S.A. Avda de Tenerife, 4 y 6. 28700 S.S. de los Reyes - Madrid	Operation of car parks. Removal of vehicles	Deloitte	50.00%	7,822	2,068	5,754	3,190	1,209
Gestión de Maquinaria Portuaria, S.A. Edificio Usuarios. Puerto de Castellon, s/n. Castellon	Rental of machinery	-	28.40%	79	1	78	0	103
Guachi 2000, S.L. Muelle Evaristo Fernandez, 28. Barcelona	Holding company	-	38.00%	1,410	1,288	122	0	-898
Intercambiador de Tptes. Plaza de Castilla, S.A. Avda. de América, 2-17B. Madrid	Operation of buses	-	47.00%	30,959	12,959	18,000	0	0
International City Cleaning Company Bordi Masser Lel-Siaha, Maydan. Al-Abbasia Aawan - Egipto	Urban solid waste	KPMG	30.00%	1,923	1,065	858	383	35
Iquique Terminal Internacional, S.A. C/ San Martín, 255 Oficina 151. Iquique - Chile	Port terminal	Price waterhous Coopers	40.00%	26,740	15,397	11,343	10,777	2,750
Lager Logistics, S.L. C/ Peña Prieta, s/n. 39011 Santander - España	Consignment, stowage, receipt and deposit of merchandise	-	28.86%	141	74	67	61	79
Lev Aragonesa de Tránsitos, S.A. Avda. Ferrandis Salvador, s/n. Castellón	Transfer, deposit and management of goods	-	34.00%	2,672	1,098	1,574	1,456	210
Marítima Consillet, S.A. Cuesta de la Palloza, 1. A Coruña	Ship consignment	-	47.00%	3,282	1,889	1,393	14,250	464
Marítima de Galicia, S.L. Plaza de Compostela, 19. Vigo - Pontevedra	Transport of goods	-	47.00%	711	431	280	4,950	167
Mepsa Servicios y Operaciones, S.A. C/ Mallorca, 260. Barcelona	Leasing of port space	-	35.00%	761	596	165	558	67
Movelia Tecnologías, S.L. Avd. América 9. Madrid	Transport of passengers	-	28.08%	2,289	-805	3,095	0	-189
Muelles y Espacios Portuarios, S.A. C/ Mallorca, 260. Barcelona	Rental of port space	PKF Audiec, S.A.	35.00%	28,126	23,362	4,764	5,713	895
Naviera de Remolcadores y Servicios, S.L. C/ Vista Alegre, 32, 3º. 3ª. Sant Carles de la Rapita. Tarragona	Sea towing services	-	19.00%	4,066	621	3,445	1,836	50
Operaciones Portuarias Canarias, S.A. Avda. de los Cambulloneros, s/n. Las Palmas de Gran Canaria	Port terminal	Ernst & Young	45.00%	75,574	36,493	39,081	41,969	2.030
Progeco Bilbao, S.A. Avda. Antonio Alzaga, 138. Santurce - Vizcaya	Repair, maintenance and storage of containers	-	26.49%	2,824	844	1,980	748	297
Progeco Vigo, S.A. C/ Pontevedra, 4, 3º. Vigo - Pontevedra	Storage and repair of containers	-	30.45%	3,366	834	2,532	1,408	360
Remolcadores de Barcelona, S.A. Muelle Evaristo Fernandez, 28. Barcelona	Ship towing	Audihspara, S.A.	38.00%	44,447	13,420	31,027	14,115	4,211
Servicio Puerto Rada y Antipolución, S.A. Muelle Evaristo Fernandez, 28. Barcelona	Works to eliminate sea pollution	-	38.00%	1,567	850	717	685	-157
Soluciones Bema, S.L. C/ Somosierra, 24. S.S. de los Reyes - Madrid	Urban solid waste	-	20.00%	53	29	24	0	0
Terminal de Graneles de Castellón, S.A. C/ Puerto Muelle Serrano Lloberas, s/n. Castellon	Bulk terminal	-	25.90%	7,438	4,876	2,562	10,375	1,962
Terminales Marítimas Servicesa, S.A. Muelle de la Xita, s/n. Valencia	Stowing and unstowing of ships	Paloma Sanz Matías	45.50%	13,426	7,641	5,785	10,401	899
Terminales Marítimos de Galicia, S.L. Muelle de Calvo Sotelo, s/n. A Coruña	Ship consignment	-	19.98%	10,514	6,606	3,908	3,238	604
Time, S.A. Ctra. de Soller, Km 8,2. 07120 Son Reus. Palma de Mallorca	Integral treatment of solid waste	Deloitte	20.00%	229,984	207,643	22,341	67,716	4,910
Transports dels Pirineus, S.A. Avd. Josep Tarredellas 42. Andorra	Transport of passengers	-	32.99%	169	71	98	88	-9
Transportes Portuarios Gallegos, S.L. República Argentina, 23-27 Ofic. 1. Vigo - Pontevedra	Transport agency	-	28.20%	406	343	63	424	4
Transportes Rontegui, S.L. Avda. Antonio Alzaga, 138. Santurce - Vizcaya	Transport agency	-	26.49%	336	217	119	264	-6

(*) Minority interests not included

2.2. Consolidated Financial Statements

Company and Registered Office	Activity	Auditor	% Effective Ownership	Data on the Investee(100%) (Thousands of Euros)				
				Assets	Liabilities	Equity ^(*)	Revenue	Profit/Loss for the Year
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Cataluña, 91. 08008 Barcelona	Collection and treatment of waste	Vizoso & Castilla Asociados	33.30%	15,419	10,199	5,220	21,267	986
CONCESSIONS								
Abertis Infraestructuras, S.A. Av. del Parc Logistic, 12-20. 08040 Barcelona	Roads	KPMG	24.83%	8,446,672	5,486,684	2,959,988	1,905,880	511,233
Accesos de Madrid Concesionaria Española, S.A. C/ Rozabella, 6. Las Rozas de Madrid. 28230 Madrid	Roads	KPMG	23.63%	1,045,662	906,041	139,621	16,981	-35,344
Aerocali, S.A. Aeropuerto Alfonso Bonilla Aragón, Piso 3º Palmira-Colombia	Airports	Deloitte	33.33%	7,350	5,616	1,734	9,513	1,213
Aeropuertos Mejicanos del Pacifico, S.A. de C.V. Av. Mariano Otero, 1249, ala B, piso 7. Condomino Centro Torre Pacifico Guadalajara. Jalisco - Méjico	Airports	Deloitte	28.16%	204,238	0	204,238	5,572	5,572
Bakwena Platinum Corridor Concessionaire Ltd. 24 Sunninghill Office Park, Peltier Road Sunninghill-2157	Roads	Deloitte	25.00%	338,450	342,881	-4,431	50,924	-2,390
Bidelan AP-1, S.A. Portuetxe Kalea, 53 A, oficina 108 de 20.08. Donostia	Roads	BSK Bask Consulting	50.00%	1,331	1,322	9	1,315	-55
Bidelan Guipuzkoako Autobideak, S.A. Plaza de los Ametzqueta, 10. 20010-San Sebastián - Guipúzcoa	Roads	BSK Bask Consulting	50.00%	93,456	87,701	5,755	22,621	527
Celtic Road Group Burton Court, Burton Hall Road, Sandyford, Dublin 18, Irlanda	Roads	BDO Simpson Xavier	33.33%	148,243	153,378	-5,135	16,767	12,721
Circunvalación Alicante, S.A. Auso y Monzo, 16 - 6ª Planta, Edificio Hispania; 03006 Alicante	Roads	KPMG	50.00%	162,560	112,393	50,167	0	0
Infraestructuras y Radiales, S.A. C/ Golfo de Salónica, 27. Madrid	Roads	Price waterhouse Coopers	35.00%	537,464	535,420	2,044	14,785	-33,652
MBJ Airports Ltd. Island Mailboxes Suit 4000. Montego Bay. St. James - Jamaica	Airports	Deloitte	35.00%	88,776	80,741	8,035	15,079	2,651
Metro de Sevilla Sdad Conce Junta Andalucía, S.A. Avda. San Francisco,1. 41005-Sevilla	Railroads	KPMG	27.83%	244,536	170,715	73,821	0	0
Northlink M1 Ltd. Burton Court, Burton Hall Road, Sandyford, Dublin 18, Irlanda	Roads	KPMG	27.00%	4,505	3,936	569	4,370	368
Pt Operational Services Pty Ltd. 1 Lavender Road Bon Accord 009. Sudáfrica	Roads	KPMG	33.40%	4,880	2,616	2,264	9,011	2,252
Road Management (A13) Plc. Sandway House, Littlelades Lane Hartford, Northwich Cheshire CW8 2YA	Roads	Ernst & Young	25.00%	353,841	363,466	-9,625	25,854	-11,498
Road Management Services (Darrington) Holdings Ltd Sandway House, Littlelades Lane Hartford, Northwich Cheshire CW8 2YA	Roads	Ernst & Young	25.00%	349,200	348,997	203	0	0
Ruta de los Pantanos, S.A. Carretera M-501 Km 10,200. 28670 Madrid	Roads	Deloitte	25.00%	104,503	102,556	1,947	9,751	-1,958
Rutas de Pacifico, S.A. Santiago de Chile - Chile	Roads	Ernst & Young	50.00%	440,898	347,946	92,952	35,171	-1,462
San Cristóbal Express, S.A. Av. Américo Vespucio Oriente 1305, Parque Enea, Pudahuel. Santiago de Chile	Roads	Price waterhouse Coopers	50.00%	19,088	14,144	4,944	0	0
Scutvias Autoestradas da Beira Interior, S.A. Praça de Alvalade, 6 7º. Lisboa	Roads	Deloitte	20.00%	919,990	909,468	10,522	125,895	14,440
Sociedad Concesionaria Autopista Central, S.A. San José, 1145 Comuna de San Bernardo Santiago de Chile	Roads	Price waterhouse Coopers	48.00%	842,180	730,616	111,564	57,531	7,837
Sociedad Concesionaria Vespucio Norte Express, S.A. Av. Américo Vespucio Oriente 1305, Parque Enea, Pudahuel. Santiago de Chile	Roads	Price waterhouse Coopers	54.00%	635,765	560,677	75,088	0	0
TP Ferro Concesionaria, S.A. Plaza de la Palmera, 6, 3º. 17600 Figueres - Girona	Railroads	KPMG	50.00%	454,217	409,175	45,042	0	0

(*) Minority interests not included

Exhibit IV

Changes in the Scope of Consolidation

Company

Acquisitions, incorporations and start-up of activity

Alagarce, S.L.
Bidelan AP-1, S.A.
Can Brians 2, S.A.
Concesionaria San Rafael, S.A.
Concesionaria Santiago Brión, S.A.
Consortio de Telecomunicaciones Avanzadas, S.A.
Consortio Tecdra, S.A.
Desarrollo de Concesiones Viarias Uno, S.L.
Draga, S.A.
Dragados Offshore USA Inc.
Empresa Mantenimiento y Explotación M-30, S.A.
Estación de Autobuses de Almuñecar, S.L.
Euroshipping Europe B.V.
Eurus Eólica, S.L.
Evere, S.A.S.
Garby Aprovechamientos Energéticos, S.L.
Gerovitae La Guancha, S.A.
Gestión Marina Deportiva, S.A.
Graneles Sólidos Minerales, S.A.
Hospital Majadahonda, S.A.
Intercambiador de Transportes de Plaza de Castilla, S.A.
Montrasa Maessa Asturias, S.L.
Mora la Nova Energía, S.L.
Remodelación Rivera Norte, S.A.
San Cristóbal Express, S.A.
Seguridad Integral Metropolitana, S.A.
Servicios Asistenciales y Residenciales, S.L.
SICE PTY. Ltd.
Sistemas Sec, S.A.
Terminal de Graneles de Castellón, S.A.
Transportes Portuarios Gallegos, S.L.
Transportes Solera, S.A.
Uirapuru Transmissora de Energia Ltda.
Urbaser Environnement, S.A.S.
Urbaser Venezuela C.A.
Urbasys, S.A.S.

Company

Increases in ownership interest

Abra Terminales Marítimas
Accesos de Madrid Concesionaria Española, S.A.
Antennea Technologies, S.L.
Autobuses Consol, S.A.
Cachoeira Paulista Transmisora de Energía, S.A.
Canary Logistics Bridge, S.L.
Dragados Industrial, S.A.
Dragados Offshore de Méjico KU-A2 S.A. de C.V.
Dragados Offshore de Méjico, S.A. de C.V.
Dragados Proyectos Industriales de México, S.A. de C.V.
Galvagestió, S.A.
Grupo Remolcadores de Barcelona
Lafuente Alicante, S.L.
Limpiezas Lafuente, S.L.
Marítima del Mediterráneo, S.A.
Movelia Tecnologías, S.L.
Sagunto Fruit Terminal, S.A.
Servicios DINSA, S.A. de C.V.
Servicios Proyectos Industriales de México, S.A. de C.V.
Sintax Francia
Sintax Logística, S.A.
Sistemas Radiantes F. Moyano, S.A.
Sopol, S.A.
Terminales del Sudeste, S.A.

Company**Sales, mergers or dissolutions**

American Forestry Technology Inc
 BK-DOSSA, S.A.
 Caepark Tenerife 1, S.A.
 Cevasa Internacional, S.A.
 Control de Estacionamientos Urbanos, S.A.
 Depósitos y Líquidos, S.L.
 Etaban Biocombustibles del Guadalquivir
 Foresta Capital, S.A.
 Foresta Individual 1, S.A.
 Ibertracto, S.A.
 Ketrade, S.L.
 La Ortiga Parque Eólico
 Laumar Cargo, S.L.
 Levanteport, S.L.
 Medistar Shipping Agency S.R.L.
 Naviera Medimar, S.L.
 Nexo 50. Correduría de Seguros, S.A.
 Safra Energía Eólica, S.A.
 SCL Terminal Aéreo Santiago, S.A. Sociedad Concesionaria
 Silos del Puerto de Málaga
 Sociedad de Reciclaje Asturiana Sorea, S.A.
 Transportes Ortega Ramirez, S.L.
 Transportes Sanitarios La Rioja, S.L.
 Tratamiento de Aceites y Marpoles, S.L.
 Urbaenergía Tratamiento y Generación, S.L.
 Urbasistem Publicity, S.A.
 Urbasisten Asistencia Sanitaria, S.A.
 Urgeban Grupo Energético, S.A.
 Vicens Orts, S.L.
 Vitalia Assde, S.L.

Company**Reduction in ownership interest**

Ferrocarriles del Norte de Colombia, S.A.
 Foresta Individual 1, S.A.
 Marítima de Galicia, S.L.
 Seguridad Integral Metropolitana, S.A.
 Terminales Marítimas Servicesa, S.A.

2.3

Auditors' Report on Consolidated Financial Statements

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

Consolidated Financial Statements for the year ended December 31, 2005 and
Consolidated Directors' Report and Independent Auditors' Report

Deloitte.

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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 consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2.1 and 41). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the financial statements of the ACS GROUP (consisting of ACS Actividades de Construcción y Servicios, S.A. (the Parent) and Subsidiaries) comprising the consolidated balance sheet at 31 December 2005, and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the financial statements of certain subsidiaries and associates whose assets and results represent approximately 17% of the related consolidated totals. The financial statements of these companies were audited by other auditors and our opinion as expressed in this report on the consolidated financial statements of the ACS GROUP is based, with respect to the ownership interests in these companies, solely on the reports of the other auditors. These companies and their respective auditors are listed in Appendixes I, II and III to the accompanying notes to the consolidated financial statements.
2. The accompanying consolidated financial statements for 2005 are the first that the Group has prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs), which require, in general, that financial statements present comparative information. In this regard, as required by corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2005 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, the figures for 2004, which were obtained by applying the EU-IFRSs in force at 31 December 2005. Accordingly, the figures for 2004 differ from those contained in the approved consolidated financial statements for 2004, which were prepared in accordance with the accounting principles and standards in force in that year. The differences arising from the application of EU-IFRSs to the consolidated equity at 1 January and 31 December 2004, and to the Group's consolidated profit for 2004 are detailed in Notes 2 and 40 to the accompanying consolidated financial statements. Our opinion refers only to the consolidated financial statements for 2005. On 1 April 2005, we issued our auditors' report on the 2004 consolidated financial statements, prepared in accordance with the accounting principles and standards in force in that year, in which we
3. In our opinion, the accompanying consolidated financial statements for 2005 present fairly, in all material respects, the consolidated equity and consolidated financial position of ACS GROUP at 31 December 2005, and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards, as adopted by the European Union, which were applied on a basis consistent with that used in the preparation of the financial statements for the preceding year, which were included in the consolidated financial statements for 2005 for comparison purposes.
4. The accompanying consolidated directors' report for 2005 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2005. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the companies composing the Group.

DELOITTE, S.L.
Registered in ROAC under no. S0692



José A. Rodríguez Gil

2.4

Historical Performance

Consolidated statement of income evolution ⁽¹⁾

Thousands of Euros	2000	2001	2002	2003	2004	2005	CAGR 05/00 ⁽²⁾
Revenues	3,410.4	3,921.4	4,420.2	8,825.1	10,817.9	12,113.9	28.9%
Construction	1,678.6	1,885.7	2,199.2	4,531.8	5,230.3	5,724.8	27.8%
Industrial Services	1,448.0	1,686.5	1,809.5	2,729.1	3,490.5	4,077.4	23.0%
Services and Concessions	329.6	392.3	455.6	1,646.1	2,201.9	2,420.3	49.0%
Adjustments / Others	(45.8)	(43.1)	(44.1)	(81.9)	(104.8)	(108.6)	
EBITDA	280.1	352.9	410.9	794.8	981.1	1,095.5	31.4%
Construction	96.6	130.0	159.4	345.6	398.1	427.6	34.6%
Industrial Services	128.6	155.5	180.4	261.3	291.8	344.4	21.8%
Services and Concessions	59.2	73.4	82.6	213.8	313.7	353.7	43.0%
Adjustments / Others	(4.3)	(6.0)	(11.5)	(25.9)	(22.5)	(30.2)	
EBIT	214.3	267.8	305.3	573.5	723.9	817.4	30.7%
Construction	83.0	108.4	131.4	284.9	327.7	358.6	34.0%
Industrial Services	105.1	129.5	146.4	210.9	244.9	285.9	22.2%
Services and Concessions	32.6	38.8	43.0	111.5	176.8	205.7	44.5%
Adjustments / Others	(6.4)	(8.9)	(15.5)	(33.8)	(25.5)	(32.8)	
Net Profit	120.8	149.2	181.4	229.5	452.5	608.7	38.2%
Construction	53.1	70.7	85.1	185.4	221.4	239.1	35.1%
Industrial Services	58.4	69.9	76.9	118.6	150.1	179.2	25.2%
Services and Concessions	15.9	18.5	27.2	92.6	156.5	212.0	67.8%
Adjustments / Others	(6.6)	(9.9)	(7.8)	(167.1)	(75.5)	(21.6)	

Consolidated balance sheet as of December, 31 ⁽¹⁾

Thousands of Euros	2000	2001	2002	2003	2004	2005
Fixed and other noncurrent assets	2,455.4	2,952.8	3,049.2	3,407.0	4,397.5	8,488.2
Property, plant and equipment and concession projects	1,216.9	1,412.9	1,576.8	1,715.8	2,188.3	2,690
Other intangible assets	185.9	181.9	248.8	307.5	98.4	117.9
Non-current financial assets	1,052.6	1,358.0	1,223.6	1,383.6	1,833.2	5,317.9
Other non-current assets	n/a	n/a	n/a	n/a	277.6	362.3
Goodwill	181.2	200.2	828.5	1,039.9	1,010.8	1,047.6
Working capital	205.1	(246.5)	(584.2)	(658.8)	(1,304.8)	(1,872.1)
TOTAL ASSETS	2,841.7	2,906.6	3,293.5	3,788.1	4,103.5	7,663.6
Equity	1,798.0	2,011.9	1,805.5	1,796.4	2,019.2	2,635.5
Other non-current liabilities	388.4	453.0	509.4	761.1	660.4	763.5
Non-current liabilities	615.3	1,079.4	913.7	877.1	1,907.5	5,017.4
Non-recourse project financing	263.9	301.6	305.3	265.3	425.3	2,304.8
Non-current bank borrowings	351.5	777.8	608.4	611.8	1,482.2	2,712.6
Current payables/ Current liabilities	39.9	(637.7)	64.9	353.4	(483.5)	(752.8)
Non-recourse project financing	0,0	0,0	0,0	50,9	37,0	50,4
Current bank borrowings	552,2	356,7	1,047,0	1,456,9	1,075,7	1,242,1
Other current financial assets	(317,6)	(660,2)	(637,2)	(771,2)	(1,018,1)	(1,277,4)
Cash and cash equivalents	(194,7)	(334,3)	(344,9)	(383,1)	(578,1)	(767,8)
TOTAL EQUITY AND LIABILITIES	2,841.7	2,906.6	3,293.5	3,788.1	4,103.5	7,663.6

⁽¹⁾ 2000-2003 under Spanish GAAP standards; 2004-2005 under IFRSs standards

⁽²⁾ CAGR: Compound Annual Growth Rate



3

Report on Corporate Responsibility



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commitment



3.1

The ACS Group and Corporate Responsibility

Corporate responsibility, part of the Group's vision and strategy

Although some of its companies have been operating for over half a century, ACS is still very young. In record time, ACS has become a worldwide reference in the promotion, development, construction and management of infrastructures and services. ACS's success rests on three basic pillars:

- **Corporate culture** focused on meeting clients' needs, establishing relationships of mutual trust by means of efficient organisation and dynamic and enterprising management.
- **Competitive advantages** based on the high quality of its human team, technical excellence and consistent innovation in each project.
- An ongoing quest for **shareholder profitability**.

ACS maintains a vision based on its undertaking to aid in the development of the societies in which it is present by pursuing improved wellbeing and the sustainable growth of these societies, and contributing to this objective by means of:

- The development of infrastructures, civil works, industrial facilities, energy plants, telecommunications systems and waste treatment and purification plants.
- The provision of services in the fields of integral management of urban, logistic and industrial infrastructures.
- Active participation in sectors essential to the economic and social development of any developed country such as infrastructures and energy.





Commitments of the ACS Group

Throughout the history of ACS, there has been ongoing concern for the achievement of sustainable and responsible growth. This commitment to sustainable development is instilled in each of the Group's activities, each of the investments it promotes and each of the decisions it takes.

The ACS Group's relationship with the environment and with its stakeholders is based on **strategic commitments**, which can be defined as follows:

- Sustainable growth of societies it serves, consistently applying the values of its quest for excellence and respect for human rights.
- Improvement of social wellbeing through the creation of respectable and fairly compensated employment, while abiding by internationally recognised labour rights and laws.
- Respect for the environment and culture through the application of the necessary measures and techniques.
- Transparent and rigorous communication of its policies and activities so that accurate, reliable and accessible information is available to all agents.

The Company's strategic commitments rest on the corporate responsibility policy of ACS, which emphasises **five commitments to action**:

1. **Commitment to the value creation**, distributing the wealth created among its shareholders, clients, suppliers and among the society as a whole.
2. **Commitment to information transparency**, so that those who have a relationship with the Company have accurate, reliable and accessible information available to them and are able to form an exact opinion of the ACS Group.
3. **Commitment to research, development and innovation** with a view to the future, profitable growth and the quality of its products and services.

4. **Commitment to the natural environment**, implementing programs and procedures which contribute to minimizing the impact of the ACS Group's activities.

5. **Commitment to individuals and the social environment** through the creation of employment, wealth and the contribution to the wellbeing and prosperity of the societies in which it operate.

The different activities of ACS are in line with these commitments, which are integrated into its processes, activities and plans.



**The ACS Group's
response to the
challenge of
corporate
responsibility**

3.2

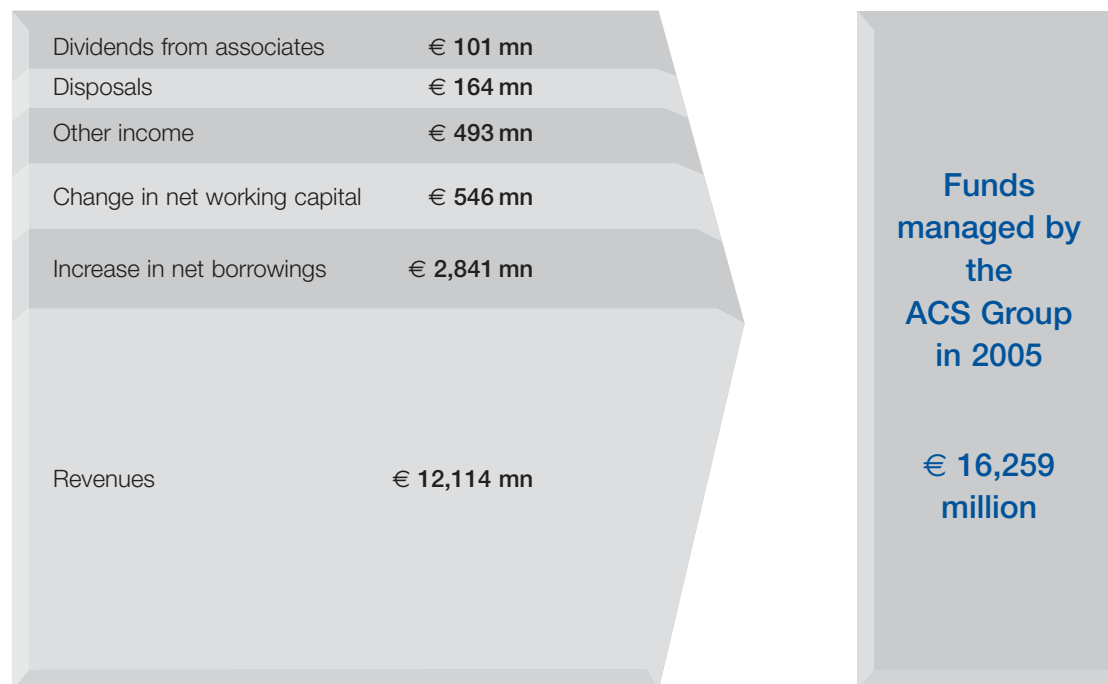
Commitment to the Creation of Value

The ACS Group makes its commitment to sustainability a reality, firstly by guaranteeing high quality operations and financial soundness and efficiency.

Also, in line with the Group's values and strategic principles, it must adopt behavioural principles, constantly improve, publicly report on its performance and progress, and foster the participation of shareholders and other stakeholders in its business decisions.

Distribution of wealth

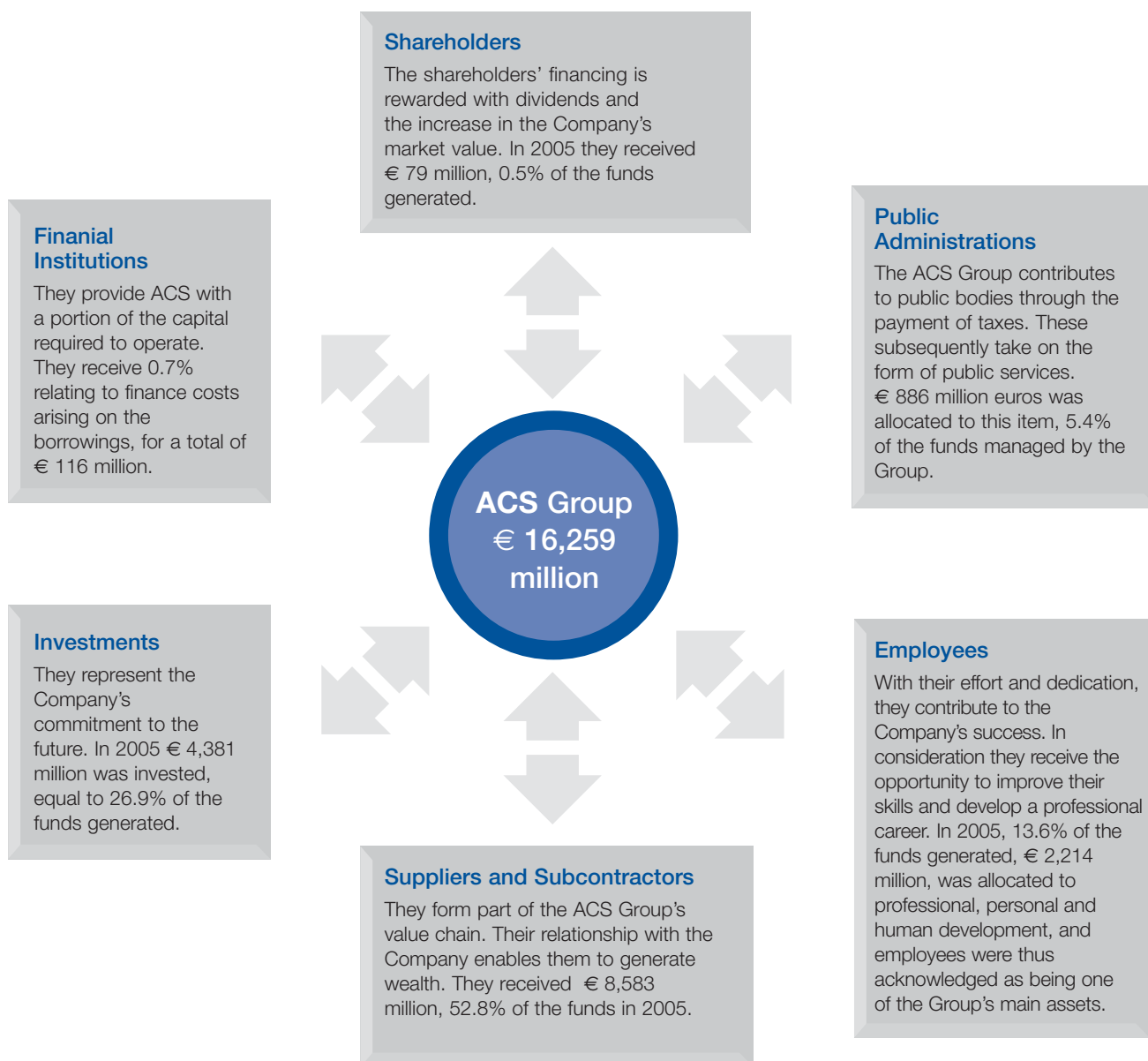
Shareholder profitability is the main objective of ACS, and all of its activities are aimed in this direction.



At the same time, maximizing shareholder profitability is compatible with the creation of wealth for all stakeholders that are involved in the production process or that interact with the Company. The trust of concurrent stakeholders is critical to the sustaining of the Group's long-term growth and profitability.

Through its activities, the ACS Group generates added value which is distributed to those stakeholders who take part in its creation.

The objective of distributing these funds is to increase the Group's profitability, by meeting the needs of its shareholders, and guaranteeing the present and future fulfilment of the commitments it has undertaken with the different stakeholders of ACS.





Value for clients

The ACS Group has a base of clients of common characteristics that unequivocally shape the Company's strategy in each activity area.

The Group's clients are mainly public administrations and large corporations in industrial sectors ranging from the environment to energy generation. In view of the nature of its clients, ACS is required to strive in order to reach a high degree of quality and to guarantee their satisfaction.

Permanent contact is maintained with clients during the performance of its contracts, and feedback is requested from clients so as to be aware of their opinion of the work carried out and to gain insight on potential improvements. Special emphasis is also placed on the quality of processes and resources are dedicated to the development of activities which allow for the application of the most adequate and advanced techniques in all areas.



Quality

The ACS Group continually invests in the innovation and development of productive processes, as well as the improvement of work systems and methods, in order to adapt to the increasing specialization of the clients to which our services are directed.

The ACS Group has accepted the challenge to foster high quality standards, backed by the best professionals and the most advanced techniques available. In order to confront this reality and meet the expectations of its clients, the ACS Group has defined the following principles in relation to quality:

- Achieving a thorough understanding of clients in order to better identify their needs.
- Fostering the development of the professional capacities of the organisation.
- Stimulating innovation.
- Relying on external collaborators that are wholly in line with the Group's objectives.
- Responding to incidents quickly and efficiently.

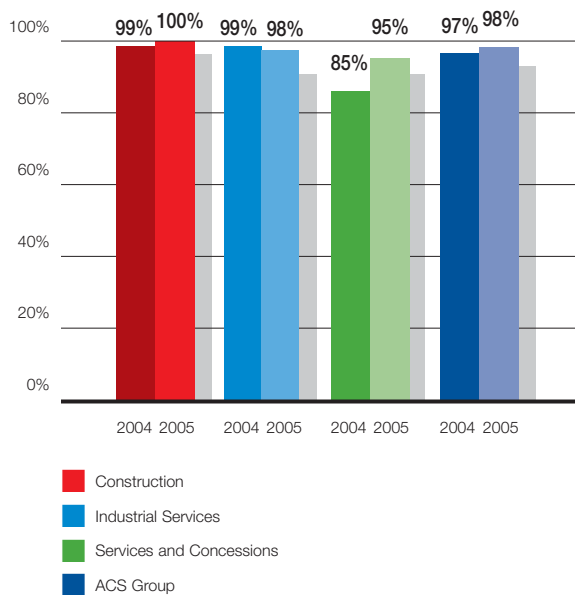
Each of ACS activities on which improvement processes may be implemented has its own management system which allows for independence and self-control, and which in terms of quality, also fosters the Group's policy of decentralization and specialization.

These management systems assure that the products are developed in accordance with contractual terms, legal requirements or regulations, and the company's standards in order to guarantee client satisfaction.

98% of the production of the ACS Group in 2005 took place under quality systems based on ISO 9001 standards and certified by acknowledged external organizations



Quality certified production



Since its foundation in 1991, the ACS Group has been a member of the Club de Gestión de la Calidad (Quality Management Association), which exclusively represents in Spain the European Foundation for Quality Management (EFQM), evidencing the ACS Group's commitment to quality

To this end, the Group allocates over 30 million euros a year and assigns a team of over 500 staff members to plan appropriate procedures whose purpose is to improve the quality of all products and services, to supervise and correct the initiatives required to meet these objectives, and to train staff in accordance with present and future needs.

The ongoing improvement of the system and the follow-up of its application are carried out through the Quality Committee, which is responsible for its evaluation and revision on the basis of the contributions of each of the Group companies. These companies simultaneously apply procedures to monitor client satisfaction.

This entire process would be incomplete without the contributions of the Group employees. Given their commitment to excellence, they assume their share of responsibility in the Company's system.





Value for shareholders

At December 31, 2005, the share capital of the ACS Group amounted to € 176,436,567, represented by 352,873,134 ordinary shares with a par value of € 0.50 each, all of the same class and series. ACS shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

In 2005 the ACS stock was revalued by 61.9%, greatly exceeding the average market revaluation, which based on the IBEX35, rose by 18.2%

The value of the ACS shares has multiplied by 16 times in the last ten years, which amounts to an annual increase of 32%. In the same period, the average revaluation of the IBEX35 was 13.2%

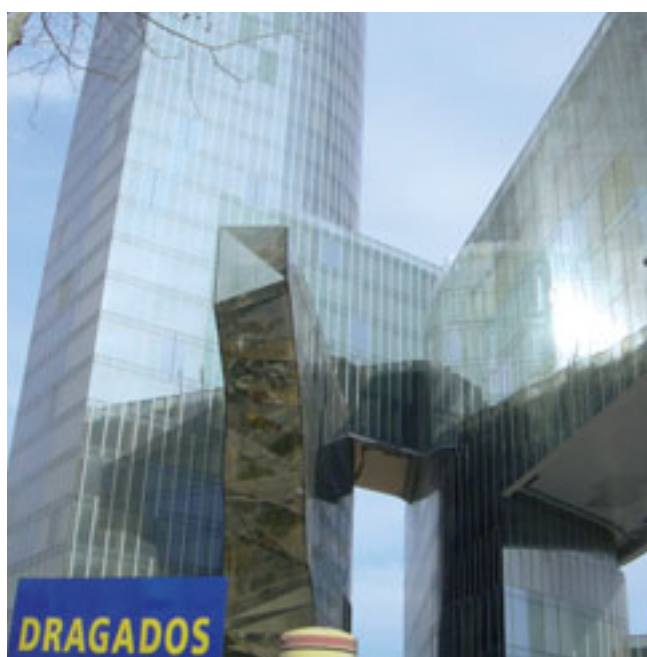
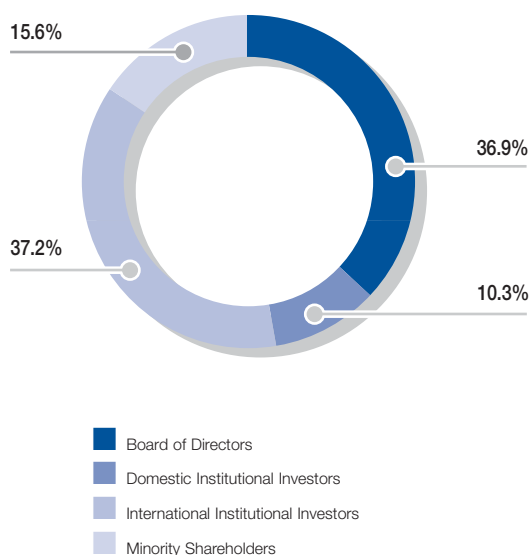
The ACS Stock	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Closing price	€ 1.85	€ 7.39	€ 11.22	€ 7.85	€ 8.37	€ 9.13	€ 10.22	€ 12.90	€ 16.80	€ 27.21
Revaluation of ACS stock	8.20%	300.36%	51.76%	-30.04%	6.58%	9.16%	11.86%	26.26%	30.23%	61.96%
Revaluation of IBEX 35	41.97%	40.75%	35.58%	18.35%	-21.75%	-7.82%	-28.11%	28.27%	17.37%	18.20%
Maximum in period	€ 1.85	€ 7.86	€ 11.46	€ 12.94	€ 10.73	€ 11.15	€ 12.33	€ 13.13	€ 17.13	€ 27.30
Minimum in period	€ 1.50	€ 1.80	€ 7.01	€ 7.09	€ 5.70	€ 7.08	€ 8.86	€ 9.88	€ 12.55	€ 16.80
Average in period	€ 1.67	€ 4.62	€ 9.26	€ 9.39	€ 8.88	€ 9.64	€ 10.20	€ 11.80	€ 14.60	€ 22.39
Total volume of shares (thousands)	17,537	55,721	153,705	149,388	187,860	155,171	190,174	238,933	312,483	401,440
Average daily volume of shares (thousands)	70	226	620	598	751	621	761	956	1,245	1,568
Total effective traded (€ millions)	5	53	239	1,402	2,661	1,496	1,949	2,847	4,563	8,989
Daily average effective (€ millions)	0.02	0.21	0.96	5.61	10.64	5.99	7.80	11.39	18.18	35.11
Number of shares (millions)	140.57	127.46	143.39	164.90	192.18	192.18	192.18	355.58	352.87	352.87
Stock market capitalization at period end (€ millions)	260	942	1,609	1,294	1,608	1,755	1,963	4,587	5,928	9,602



Since the ACS Group's stock is in the form of bearer shares, there is no register of company shareholders. According to the most recent data available, there were 61,288 ACS shareholders in May 2005. The average investment per shareholders in May 2005 was 5,767 shares, which based on the 2005 year-end share price, represents an average of € 156,930. Free-float capital exceeds 67%.

Name of Investee	% Direct Ownership	Number of Shares Directly Owned	% Indirect Ownership	Number of Shares Indirectly Owned	% Total	Number of Controlled Shares
Corporación Financiera ALBA, S.A.	0.00%	0	17.93%	63,266,134	17.93%	63,266,134
Corporación Financiera ALCOR, S.A.	0.26%	932,880	10.35%	36,506,074	10.61%	37,438,954
Inversiones VESAN, S.A.	7.55%	26,624,918	0.00%	0	7.55%	26,624,918
Rest of the Board of Directors	0.46%	1,618,641	0.65%	2,309,550	1.11%	3,928,191
Total Board of Directors	8.27%	29,176,439	28.93%	102,081,758	37.20%	131,258,197
Floating Capital					62.80%	221,614,937
Total					100.00%	352,873,134

Breakdown of the ownership of share capital by type of investor



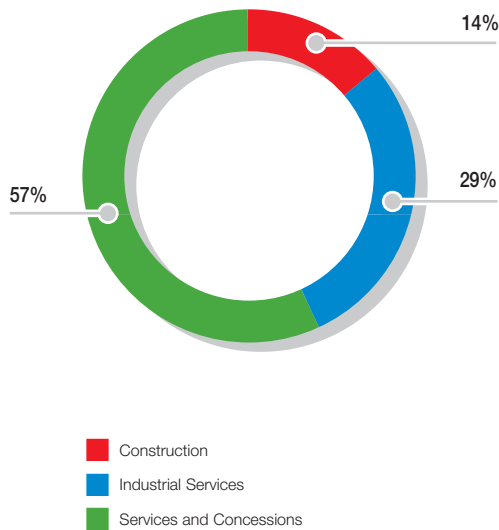


Value for employees

All prevention labour risk policies and ACS Group employee professional and personal development support reflect our acknowledgement that they are the company's principal asset.

At December 31, 2005 the ACS had 113,273 employees, representing 0.6% of the working population of Spain. Of these employees, 17% provided services in the international area. Personnel expenses totalled € 2,214 million. ACS also provides its employees with the highest level of training. The Annual Training Plan comprises over half a million hours of study in courses and studies relating to all its activities.

Breakdown of employees by activity area



In 2005, the ACS Group created over 5,500 net jobs

Breakdown of Staff	2004	2005
Spain	88,387	94,140
Rest of Europe	2,528	2,939
Africa	3,153	2,139
America	13,449	13,883
Rest of the World	231	172
International	19,361	19,133



Value for suppliers

Relying on a strong supply chain is key to the ACS Group's operations in all production areas. The establishment of lasting and firm agreements with its suppliers leads to increased efficiency and the improvement of operations. Therefore, the ACS Group works towards the strengthening of its relationships with suppliers on a daily basis.

As a result of its effort to continually improve its relationship with its suppliers and subcontractors, the ACS Group is acknowledged as one of the most reliable and professional organisations in the sector. This distinction is the Group's ability to quickly and efficiently arrange and organize all internal and external resources needed to take on any type of project.

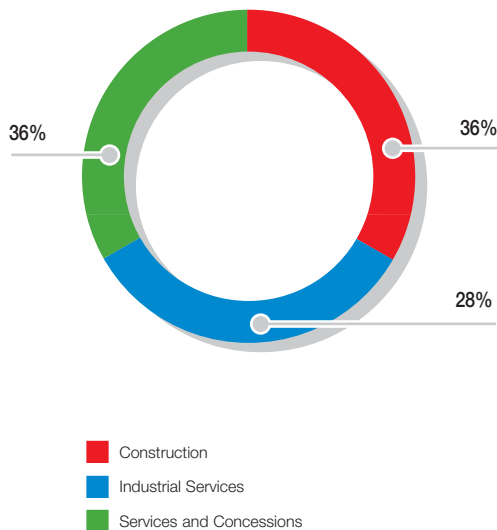
The ACS Group's daily effort to improve its relationship with suppliers is evidenced by the different production areas' decentralisation capacity. The trust placed on the work of its suppliers makes it so that less supervision is required and supports the idea that each Group company should make its own decisions regarding the manner in which to increase efficiency and profitability.

Of the funds managed by the ACS Group, in 2005 almost 53%, € 8,583 million, have been allocated to its suppliers and subcontractors

Management of suppliers

The ACS Group relies on the systems introduced to appropriately manage its relationship with suppliers, in addition to centralized purchasing management systems developed for all areas, as well as the various procedures followed by each of the Group companies and included in its quality management system.

Procurements by activity area



3.3

Commitment to Information Transparency

The ACS Group maintains an information transparency policy whose general objective is to assure that its activity is as open as possible, and that the interest of its clients and the company's other stakeholders is respected. The ACS Group is committed to total rigour in the information transmitted, especially with respect to media.

The value of information transparency

The objectives of the ACS Group's commitment to information transparency are as follows:

- Increasing the value of the ACS brand and of its different companies and businesses.
- Projecting the Group's business reality and assuring that the Group is recognized as being sound and well managed inside and outside of Spain.
- Contributing to the makeup of a positive umbrella corporate image which aids in the achievement of business objectives and commercial activity.
- Transmitting the Companies' overall corporate strategies externally as well as those specific to each of the Companies' business areas.
- Maintenance of a fluent relationship with external agents, particularly with media representatives.

The ACS Group maintains a close relationship with the media representatives who habitually follow the recent developments of the sector. It also maintains several channels of communication for the fluent reporting of the Company's corporate information, both through the department's daily contact with journalists and press releases, and through press conferences held by the Chairman of the ACS Group with journalists in 2005.

In 2005 the Chairman of the ACS Group received the "Premio Tintero" (Tintero Award) given annually by the Asociación de Periodistas de Información Económica (Economic Journalist's Association -APIE). This award acknowledges those business people who most facilitate the reporting work performed by the economic press and who best manage their relationship with the media.

The ACS website: Channel for information transparency

The website www.grupoacs.com is one of the ACS Group's most important channels of external communication. The Group has established the following objectives in regard to the development and maintenance of its website:

- Maintaining a permanent channel of communication with the Group's priority collectives and with any individual or company seeking any type of information on the Group.
- Openly offering all economic and financial information on the Group, its systems of governance and management, and its activities.
- Allowing the search for historical information on the Group for more thorough analysis of its evolution and performance.
- Maintaining up-to-date information on the performance of the Group and the criteria behind its management.
- Opening a window to society through which the company may be analyzed with greater transparency and ease.

ACS website is visited by a daily average of 720 users, with over 14,500 pages viewed

	Total 2005	Daily Average
Visits to www.grupoacs.com webpage	262,699	720
Viewed pages	5,296,472	14,519



Information transparency, the pillar of the ACS Group's excellent reputation

The measures aimed at promoting information transparency affect the Company's reputation, the extension of its corporate values and technical capacities and the broadcasting of its business success. In 2005, this has been reflected in the more than one hundred citations and acknowledgements of the ACS Group in different forms of domestic and international media, of which most noteworthy were the following:

- One of the ten most respected and valued Spanish companies and the leader in this respect in the construction sector, according to a 2005 survey of the most admired companies worldwide conducted by PWC and Financial Times.
- One of three largest European construction companies by stock market capitalization in 2005, according to the survey conducted by the newspaper "Expansion".
- One of the fifteen best companies in terms of corporate governance, according to the first Observatory of Corporate Governance and Information Transparency carried out in 2005 by the Foundation of Financial Studies.
- One of the twenty most reputable Spanish companies, according to the 2005 Monitor Español de la Reputación Corporativa (Spanish Monitor of Corporate Reputation - Merco) on the one hundred most reputable and prestigious Spanish companies.
- Florentino Pérez, Executive Chairman of ACS was considered to be one of the ten most highly valued Spanish chairmen insofar as capacity of leadership, management and prestige, according to the 2005 Merco Report on the one hundred most reputable executives in Spain. Additionally, Florentino Pérez was considered to be one of three European business leaders with the best reputation in 2005, according to the magazine "Business Week".
- One of three best and most profitable European companies, according to the Standard & Poor's Europe 350 index published by the magazine "Business Week".
- One of the four leading contractors worldwide, according to the 2005 survey of the Top Global Contractors conducted by the prestigious US magazine specializing in

engineering and construction, Engineering News-Record (ENR).

- Worldwide leader in the promotion and development of infrastructure-concession projects according to a 2005 survey of the US magazine Public Works Financing, a reference publication in the sector.
- Leader in construction in Spain and one of the few Spanish companies included in the list of the top 400 companies worldwide, according to a 2005 survey of the US magazine "Forbes".
- One of the twenty leading port operators worldwide through the subsidiary Dragados SPL, according to the last annual report published in September 2005 by the firm Drewry, a consultant specializing in port-logistics.
- Award for the Best Business Initiative granted by the newspaper "La Gaceta de Los Negocios" given the investment made by ACS in Unión Fenosa, a transaction that was also acknowledged by the weekly publication "Inversión" as one three best financial transactions made in 2005.





Communication and transparency of information reported to markets

Shareholders' right to information is detailed in several parts of the Shareholders' General Meeting By-laws. Hence, in order for the Shareholders' Meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each Shareholders' Meeting, all information which is legally required to be provided to them, in addition to information, that is not legally required to be provided, reasonably should be made available given the interests of the company and of the shareholders and their desire to develop criteria. In this sense, the Group makes every effort to duly respond to the requests formulated by shareholders for the purposes of the General Shareholders' Meeting, regardless of whether said requests are formulated before or after Shareholders' Meetings, provided that the Company's interests are not jeopardized.

The ACS Group uses different channels to meet its commitment to communication and transparency, in order to foster the flexibility and equality of the information published in an immediate manner and with a higher reach.

Information reported to the market

The main channel used by the ACS Group to provide the market with data on its performance and principal undertakings are the Communications to the Spanish Stock Market Commission.

Throughout 2005, 33 Communications were made, of which 28 were "Relevant Facts" and the rest were "Other Communications". Of all the Communications made, 6 corresponded to the Company's results and publications.

Additionally, in 2005, the Group made over 100 corporate presentations at specialized events held in Europe and the USA, as well as numerous meetings with institutional investors.

Financial information

The ACS Group makes annual, half-yearly or quarterly standardized financial reports and reports on the Group's performance available and also responds to requests for information by holding meetings with other market agents. These meetings are meant to complement the Group's reporting efforts and the objective thereof is to clarify information already published in accordance with investors' and shareholders' needs.



3.4

Commitment to Research, Development and Innovation

Substantial changes are currently being made in most production processes in which the ACS Group is involved. Specialization and technical means have increased, and the projects have become challenges not only financially and logistically, but also in terms of technology. Furthermore, society demands that the companies make an ongoing effort to improve technologically and rewards the companies that do so through social acknowledgement.

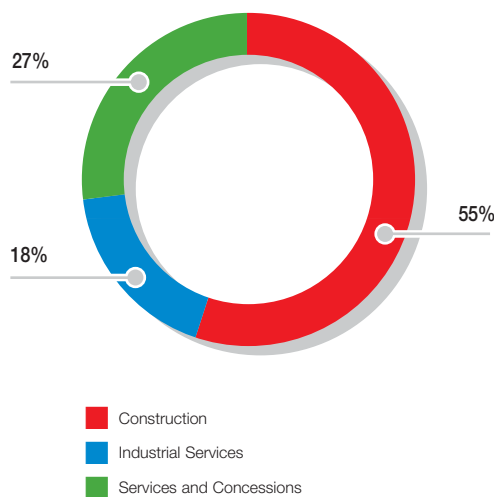
Accordingly, the ACS Group resolutely invests in research, development and innovation to improve its efficiency, productivity, production techniques and the safety of its employees.

Throughout its history, the ACS Group has worked in a planned manner in the fields of Scientific Research, Development and Technologic Innovation. This effort has given rise to tangible results: the obtainment of new and improved materials and products; and the design of more efficient production processes and systems which allow for an improvement in the services provided to the society.

In 2005 the ACS Group invested over 22 million euros in projects relating to research, development and innovation

The ACS Group leads its sector in terms of R&D&i efforts. For each area of activity, the Group has assigned a Technological Development Committee, whose function is to promote and analyse the Group's technological development and innovation initiatives in the field of technology, machinery and equipment, and in the improvement of procedures within the company's different activities.

Investment in R&D&i by business area



Main areas of investment in R+D+i by the ACS Group

Construction	Industrial Services	Services
<ul style="list-style-type: none"> - Analysis of structural behaviour - Measurement and increase in the durability and safety of construction projects - Increase in the safety of employees - Efficiency in logistic and production processes - New construction materials and techniques - Improvement in project design development and presentation techniques 	<ul style="list-style-type: none"> - Improvement of the technology supplier relationship management processes - New control software design and development processes - New technologies in the area of support services to heavy and energy industries - Renewable energies - Efficiency in response processes and methods under situations requiring a rapid response 	<ul style="list-style-type: none"> - Environmental development and quality of life to improve services for citizens - New emerging technologies - Development and management of the transport of goods and passengers



Construction

In 2005, research, development and innovation were focused on areas relating to the structural behaviour of the constructions, with new constructing and design processes, and with the application of new emerging technologies.

Investments in this connection in the construction area amounted to € 12.5 million.

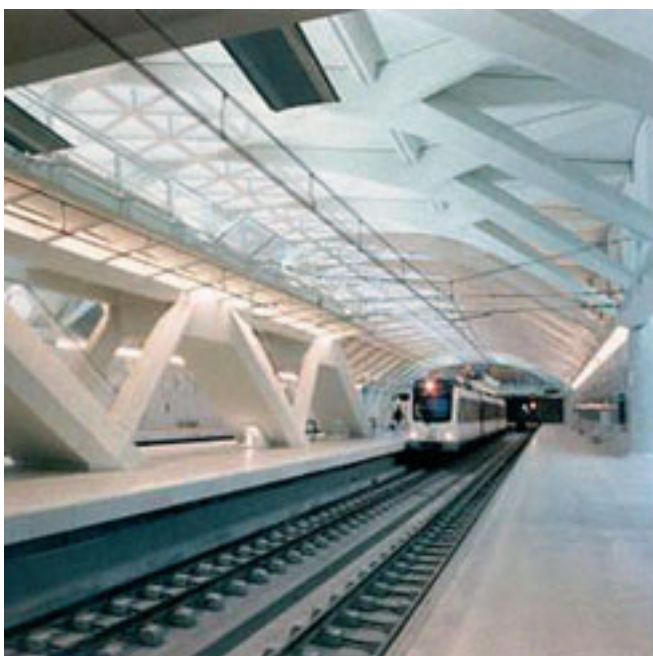
The ACS Group's Commitment to R&D&i guarantees the continuity of its innovative and technologically advanced business model, converting it into a reference for the rest of the sector

Research and Development

37 projects relating to the development of new construction techniques and work methodologies directly applicable to the improvement of efficiency and quality were developed.

Some of these were backed by the European Union as part of its Sixth Research Framework Program or by the Central or Regional Governments, as part of either the National Research Plan or the Autonomous Regions programs for R&D&i.

Noteworthy was the award at the end of 2005 of the integrated European I3CON project for the Industrialised, Intelligent, and Integrated Construction. This is a project led by DRAGADOS, together with 27 other European organizations from 11 countries, which is to last four years. Also notable is the ROBOT@CWE project being developed in collaboration with the US National Aeronautics and Space Administration (NASA) and the National Robotic Laboratory of Japan, whose objective is the application of robots which perform special high technology work in construction.



Main R&D projects undertaken in 2005

- **FUTERESPACIO:** intelligent management of construction processes.
 - **HABITAT 2030:** Building materials and parts
 - Dynamic three-dimensional measurement techniques applied to infrastructures.
-
- **ENABLE:** For awareness in Europe working towards innovation and sustainable development.
 - **MANUBUILD:** Development of open industrialised construction of building systems.
 - **REPCOR:** Strategies for the repair of concrete structures affected by the corrosion of their frames.
 - **DESORCIÓN:** Research on highly efficient techniques for the decontamination of land.
 - **ARFRISOL:** Bioclimatic architecture and solar cooling for building.
 - **VALLE 01:** Project for the research of road design by means of interactive virtual reality technologies.



Innovation

In 2005 various actions aimed at the obtainment of new and technologically improved production products and processes were executed. Noteworthy are the following:

1. Vibration absorption system for slender structures.
2. Moulded glass plates for skylights.
3. Steel mirror façades.
4. New bridge shifting techniques.
5. Optimization of the modulation of façade panels most in line with the pre-existing building and which follow the correct prefabrication techniques
6. Optimal GRC panel solutions, for the purpose of achieving maximum thermal isolation.
7. Definition and design of a new model of railway sleepers.
8. Application of increased reality to the creation of virtual models.
9. Improvement of the total railway dismantling process.
10. System for the unloading and positioning of tracks on railways.
11. Application of light concrete with fibres in the construction of viaducts.
12. New joint system for bridge floors.
13. High quality concrete for slender structural items.
14. New products for the manufacturing of higher quality concrete.

ACS also participates in several of the most innovative domestic and international scientific and technical forums, where experts from the ACS Group, and particularly from DRAGADOS, have an active role. Worthy of mention are the following:

- ENCORD - European Network for Organisations for Research and Development which is chaired by DRAGADOS.
- ECTP - European Construction Technological Platform, in which DRAGADOS led the Strategic Area of Underground Works in 2004 and 2005.
- Spanish Technological Construction Platform (PTEC - Construcción 2030) in which DRAGADOS is an active member of the Strategy Committee, of the Permanent Commission, and is coordinator of the strategic line of Underground Works.
- COTEC Foundation for Innovation, of which ACS is a sponsor.
- AENOR standardization committees and the groups that develop the European standards or Eurocodes.
- Technology and R&D&i Commissions together with SEOPAN, or the Teaching and Research Commission of the School of Civil Engineering.
- Collaboration with various organizations in Spain and other EU countries, such as University Carlos III of Madrid and the University of Cantabria; Industrial Engineering and Civil Engineering Schools of Madrid; Instituto Eduardo Torroja of CSIC; and the Center of the Technological Network of the Autonomous Government of the Basque country (EUVE).
- Several European forum thematic networks: E-CORE, GEOTECHNET, DIFI and SAMCO, within others.



Case Study Underground works: the multidimensional city and Tunconstruct

Current society presents mobility challenges requiring improvements in the transport network and in services for the citizen, and which forces the demand for railways, motorways, channels and urban transport systems resolving the current traffic congestion to be prioritized.

DRAGADOS has actively taken part in the construction of the some of the main domestic and international underground infrastructures, completing over 400 projects in 14 countries on four continents.

The policies of the Spanish and European Union authorities include a revaluation of underground spaces, both for the improvement of connections between urban space, and for the implementation of measures to resolve the complex problems currently affecting the urban areas.

DRAGADOS, the leader in underground construction, is involved in the main innovation initiatives and carries out several types of activities with respect to underground construction. Inter alia, there are currently two R&D projects under development in Spain and Europe: The Multidimensional City and Tunconstruct.



The Multidimensional City, led by DRAGADOS, is the only project within this field approved by the Spanish Ministry of Education and Science in 2005, and groups together 35 organizations in all of Spain. Its four-year budget amounts to more than fifty million. The objective of this project is to develop new underground space construction processes using intelligent materials, integrated highly efficient and sustainable processes with little environmental effect.

The integrated European project TUNCONSTRUCT, backed by the European Union as part of the Sixth Research Framework program groups together organizations and countries from eleven countries, with a budget of 26 million for four years. DRAGADOS leads one of the four sub-projects and several work packages. Its objective is to make European technology the worldwide leader in terms of competitiveness and efficiency for the construction of tunnels, and to offer new generation services from design to operation and maintenance throughout the full life cycle of the infrastructures.

Within these projects, new technologies for construction are being developed. These come from the field of the exploration and production of hydrocarbons and allow for in-depth knowledge of the lands, the development of new customized materials which adapt to the changing circumstance of the surroundings, new environment and land modelling and behaviour simulation systems which allow contract work to be performed under difficult circumstances with greater assurances, and systems providing for the usage of the geothermal energy and residual heat arising from the various activities by recycling the marginal products generated.

These projects aim to develop the technologies required to enable underground works to be undertaken in a competitive profitable and safe manner on any land and under any circumstance, with extensive freedom as to size and shape, minimum consumption of resources, and in the least period of time possible, by automating processes and increasing the efficiency thereof. Lastly, the development of underground works with minimal effect on the environment is sought, thus improving the company's technological level and the satisfaction of clients and users.



Industrial Services

Industrial Services works are related to technological improvements in the electricity area, the technological evolution of offshore platforms and urban control systems.

The total investment in R&D&i by the Industrial Services area exceeded € 4 million in 2005.

Research and Development

In terms of the investment made, noteworthy in 2005 was the research and development relating to oil operations, particularly offshore. These projects were led by the ACS Group through Dragados Offshore, and included the following:

- Development and implementation of a new radiographic inspection process at Dragados Offshore.
- Development and implementation of a new process for the optimization and control of cost management and for the management of documentation in offshore construction projects.
- Development of a new fire prevention system adapted specifically to the yard and construction workshops at Dragados Offshore.

Another significant area of research in 2005 is related to the efficient generation of electricity, and particularly coal boilers, whose improvement was a significant environmental and technological challenge. Noteworthy are the following projects:

- Development of an optimal new sulphur removal technology selection and integration process at coal boilers.
- Design of an optimal boiler model with supercritical vapour parameters using coal as fuel.
- Design and development of an Electrical Area Management System of an engineering project.

- Design and development of a new large industrial project documentary management process.
- Design and development of a system for the improvement of processes involved in the overall management of distributed industrial projects.
- Design and development of a system for the optimization of maintenance in the stoppages at any type of industrial plant.

Lastly, also significant was the ACS Group companies efforts with respect to urban control systems, taking into consideration that in 2005, a total of 39 development and innovation projects were undertaken, most distinguishable of which were the following:

- Consolidation of the basic areas of business in this activity (traffic, transport and access control) through the development of new products and solutions.
- Development of new business areas which are expected to expand in the immediate future such as massive video coding systems and control systems in new urban means of passenger transport.
- Active participation in EU projects, leading technological development projects in all activity areas.

All these activities have resulted in 27 projects invested in by the ACS Group, 4 projects subsidized by the Technical Research Promotion Program (PROFIT) of the Ministry of Industry, Commerce and Tourism and 8 projects backed as part of the European Union's Sixth R&D&i Framework Project.

Innovation

Noteworthy are two technological advances promoted by the ACS Group in order to improve control and safety systems at electricity plants

- Development of a system for the identification, follow-up and maintenance of electrical parts;
- New electricity plant refrigeration system with sea water supply by vacuum.



Case Study Dragados Offshore, “Prototype Oil Platform”

The increasing demand for oil foreseen in upcoming years has led to an increase in the exploration of new deposits. Extracting crude oil in locations with added natural, climatic or orographic complications requires a significant technological effort in relation to prospecting, extraction, transport and storage techniques. Oil and support services companies are required to evolve in accordance with this sector's new challenges.

Dragados Offshore is one of the most advanced companies in the world in terms of oil sector support services. It is present in Spain, Europe, North Africa, the Middle East and South America and dedicates a large amount of resources to the research and development of techniques and equipment to resolve the complex needs of its customers.



The objective of the “Prototype Oil Platform” was to design a normalized modular oil platform adaptable as required for each specific case of usage, including the design, construction, assembly, transport and installation phases thereof.

The project deals with the development of a type of platform and the construction, assembly and installation of this prototype platform. This involves a new oil platform project execution process, on the basis of which different types of platforms can be constructed by adapting them to their location, through the optimization of a series of parameters and functions.



Services and Concessions

Research and development efforts in this area focus on two main activities: the improvement of procedures and technology relating to the management of urban solid wastes and the reduction of CO₂ emissions.

The total investment in this regard exceeded € 6.2 million in 2005.

Research and Development

In 2005 four projects were developed in the areas of urban solid waste and the reduction of CO₂ emissions. These projects were as follows:

1. Pilot plant and demonstration project for the treatment and elimination of derivatives of silicon in dump biogas recovery processes.
2. Design, financing, construction and start-up of a pioneer Plastic Waste Energy Recovery Plant in Spain.
3. Participation in the TEVER project: analysis and state of the art emerging urban waste recovery technologies.
4. Research and development project for new uses of recycled aggregates aimed at reducing CO₂ emissions, recovery of polluted land and re-usage as an aggregate for construction.

Innovation

This initiative resulted in four specific innovations relating to the efficient and clean management of urban solid wastes.

- Research of variables for the acceleration of biogas production in USW dumps and implementation of a pilot experiment.

- Design and development of an innovative anaerobic digestion model in the dry biomethanization of USW.
- Development of a dynamic measurement and control system to improve composting processes in organic waste tunnels.
- Elimination of heavy metals in sludge and in the compost obtained at USW treatment plants.

Technological and innovative effort is the launching point for one of the best companies in the world in terms of environmental and urban services. This company competes for the management of waste in large cities of the developed world where the technological factor is key to the success of its activities.





Case Study "Research for the elimination of siloxanes in dump gases"

The ACS Group is pioneer in a multitude of techniques relating to environmental services, the management of solid urban waste and the transformation of dump gases into energy. These activities developed by Urbaser, require ongoing investments in research and development, which gives rise to advances each year in those areas that increase the efficiency of recycling or the treatment of waste.

In 2005 a project was developed in order to resolve problems relating to the gases emitted in urban waste management processes both at dumps and at treatment plants. Different forms of silicone are currently used to supply silicone to dump gas.

The waste arising from these silicones reach dumps, where they are converted to gas form (siloxanes) during the physical and chemical processes and are detected in small quantities (10-40 mg/Nm³) in dump gas.

The energy recovered from dump gases by means of the combustion thereof in gas motors is complicated when this gas contains organic compounds of silicone, since these gas compounds transform into silicone oxides (SiO₂) in a solid state and dissolve into the oil leading to friction and deposits which may cause considerable damage to valves and pistons. Maintenance and repair costs increase considerably, both due to the costs relating to possible damages, and the increase in the frequency in which oil is changed. This entails a decrease in the availability of the facility which may put the viability of the operation of the plants recovering the biogas produced into danger.

The project undertaken in 2005 commenced with the initial installation of a multipurpose column through which the gas to be treated was passed. This column was designed in such a manner that it versatile when performing various basic operations, and was used to attempt to reduce the concentration of dump gas silicone compounds to appropriate levels.

In 2005, absorption tests were performed in the multipurpose column, and the gas to be treated was put into direct contact with an absorbing liquid. The objective was to transfer the dump gas silicone compounds to the absorbent liquids and for these compounds then to be retained by the liquid.

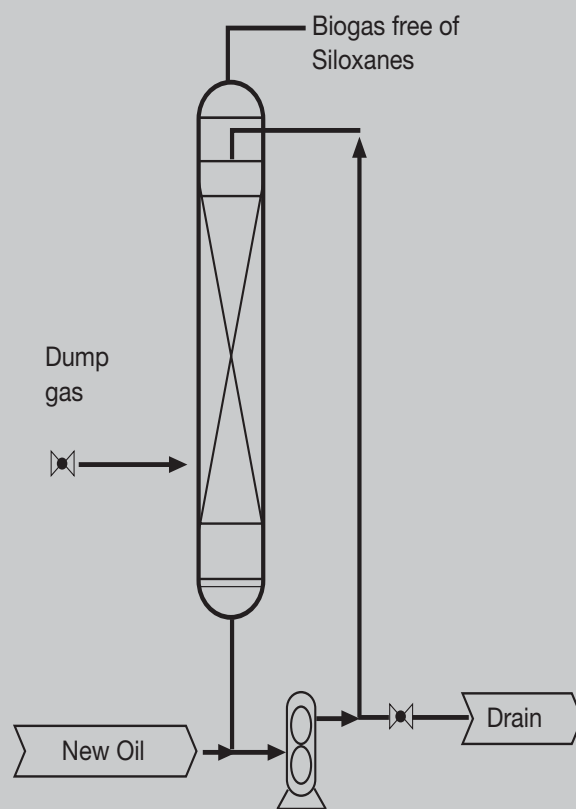
The results obtained showed that the absorber used has the capacity to retain silicone compounds, but the absorption process has not yet been optimized. To achieve this optimization, it is necessary to continue testing both with this absorber and other types of absorbers, varying the process conditions (pressure, temperature, flow, etc.) and the configuration of the multipurpose column.

Given the excellent results of this research, a pilot plant will be constructed which will enable the simultaneous performance of various basic operations (cooling-condensation, absorption, adsorption) which can lead to positive results for the purification of biogas. The new plant will allow for quicker development of the experiments, and consequently, the obtainment of conclusions in a lesser period of time.

This plant is planned to come into operation in 2006 and will involve an investment of over € 300,000.



Diagram of the operation of the column



3.5

Commitment to the Natural Environment

The development and maintenance of infrastructures, the ACS Group's main activity, leads to environmental impacts resulting from the use of materials, of energy (both at the time of construction and over the life of the different infrastructures) or from the generation of waste. It may also give rise to visual effects and effects on the landscape.

Ascertainment of the aforementioned impacts underlie the ACS Group's commitment to innovation and the development of new ideas that lead to the minimization of the environmental impact of its activities while simultaneously improving the quality of its products and services and leading to a positive effect on income.

Given the commitment of ACS to the natural environment, it undertakes specific measures in relation to each of the Group's activities in order to improve overall results, decrease risks and preserve, reuse and reduce the resources used.



In 2005 the ACS Group carried out two main activities related to its environmental policy and management systems

Environmental policy

"The whole world has the right to enjoy an environment appropriate for the development of a person, and the duty to preserve it"

The aforementioned axiom is the point of departure for ACS Group activities. To monitor these activities, an environmental policy has been established whose criteria are well known, shared and put into practice by all the Group companies:

- a) Evaluate the environmental impact of the activity of each area and establish measures to prevent or minimize these impacts.
- b) Propose alternatives to customers which favour the environment.
- c) Communicate, train and make staff and each of the project collaborators aware of environmental matters.
- d) Use natural resources in an efficient manner.
- e) Adequately manage waste, reducing the production thereof, increasing its reuse and fostering the recycling thereof.



Environmental certification by company

ISO 14001 CERTIFICATION	2004	2005
CONSTRUCTION AREA		
DRAGADOS	■	■
GEOCISA	■	■
TECSA	■	■
DRACE	■	■
VÍAS Y CONSTRUCCIONES	■	■
DRAVO	■	■
INDUSTRIAL SERVICES AREA		
COBRA	■	■
MONCOBRA	■	■
ATIL COBRA	■	■
CME	■	■
EYRA	■	■
GRUPO ETRA	■	■
SEMI	■	■
MAESSA	■	■
API	■	■
IMES	■	■
DRAGADOS INDUSTRIAL	■	■
CYMI	■	■
MAKIBER	■	■
INTECSA-UHDE	■	■
INITEC	■	■
MASA	■	■
DRAGADOS OFFSHORE	■	■
SERVICES AND CONCESSIONS AREA		
URBASER	■	■
VERTRESA	■	■
ORTO PARQUES Y JARDINES	■	■
SOCAMEX	■	■
CETRANSA	■	■
CONSENUR	■	■
TRACEMAR	■	■
URBASER INTERNACIONAL	■	■
GESTIÓN DE PROTECCIÓN AMBIENTAL	■	■
VALENCIANA DE PROTECCIÓN AMBIENTAL	■	■
CLECE	■	■
MULTISERVICIOS AEROPORTUARIOS	■	■
TALHER	■	■
PUBLIMEDIA SISTEMAS PUBLICITARIOS	■	■
SINTAX LOGISTICA	■	■
CONTINENTAL AUTO	■	■

- Total Certification
- Partial certification
- In progress
- Under Study

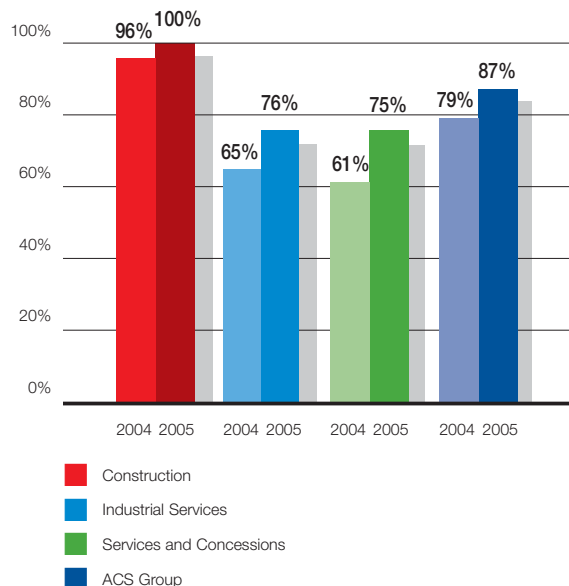
Environmental Management System

The Environmental Management System implemented at ACS requires the preparation of an Environmental Plan at each work centre.

Annually, during the annual review of the environmental management system performed by the management, each Group company establishes its environmental objective in accordance with ACS Environmental Policy. These objectives are determined by taking into account, inter alia, the most significant environmental aspects of its activities and the changes in the law in force.

At the different work centres, these objectives are set forth in the Environmental Management Program which includes the goals to be met, the measures required, the means necessary, the responsible parties and the deadlines. Currently, 79% of the Group's production takes place in companies that are environmentally certified in accordance with ISO 14001 standards.

Production under environmentally certified management systems





Construction

Main Impacts

Generation of inert waste

Excavated soil

Construction and demolition waste

Emissions to the atmosphere

Dust and particles

Gases

The main effect of Construction activities on the environment relate to the **generation of inert waste**, made up of construction and demolition waste, and excavated soil. Whereas the greater part of construction and demolition waste is produced mainly at building works, excavated soil is present in larger volumes at civil works, and mainly at infrastructure works, such as, inter alia, highways and roads.

In accordance with the guidelines of the National Construction and Demolition Waste Plan and Regional Plans, as well as the principles of the European Union's

Sixth Environmental Action Program, the measures of ACS are focused on the "3 R's: Reduce - Reuse - Recycle".

Reduction is aimed at the minimization of waste at the source, by proposing alternatives to customers which favour this reduction.

Reuse is based on the location of sites where the excess waste can be used either in other nearby works, in the restoration of weathered areas, or by third parties: These options are to be exhausted before dumping the water into controlled deposits or specific authorised dumps.

Recycling, applied to several types of construction and demolition waste, such as ceramic, petrous, wood, metal, plastic and cardboard waste is focused on building works. Furthermore, it is increasingly more common to recycle pavement or structures at civil works, by treating the aforementioned waste on-location for its subsequent use in the new infrastructures.

Another environmental impact of special significance in the construction sector is the **emissions to the atmosphere**.

Firstly, dust and particle emissions resulting from, inter alia, the demolition of buildings and structures, the movement of soil, and the circulation of machinery, are of significance. These emissions are minimized by adopting practises such as the watering of lanes, paths, entrances and exits or by limiting the speed of vehicles used on work sites.

Secondly, the use of machinery creates pollutant gas emissions (CO₂, CO, NOX, SO₂) some of which cause the greenhouse effect. To contribute to the commitment arising from the Kyoto Protocol, to reduce or limit greenhouse effect gas emissions, the ACS Group adopts practices such as the appropriate maintenance (preventive and corrective) of machinery and the correct use thereof, which allows for the reduction of emission sources.

Additionally, a number of preventive practices are adopted to eliminate or minimize other possible environmental impacts arising from the performance of works, such as the prevention of the pollution of inland maritime water and sea water; the prevention of the pollution of land resulting from the use of oils and fuels; the protection of natural species, both flora and fauna, and of course, the protection of human beings.





Environmental performance

The Construction area has unique characteristics conditioning the use of environmental indicators, since the heterogeneous nature of the activities gives rise to difficulties in measuring and comparing the data obtained and its evolution.

In the case of Dragados, the most significant impact is the production of inert waste. The results in 2005 were as follows:

Excavated soil	2005	2004	Construction and demolition waste	2005	2004
Reduction of projected	5.78%	5.65%	Reuse to total produced	7.75%	3.56%
Reuse to total produced	71.95%	79.55%	Recycling to total produced	8.18%	5.84%
at own site	86.34%	91.51%	Deposit at dumpsite	84.07%	90.60%
at other sites	7.82%	2.50%			
restoration of degraded	5.85%	6.00%			
Deposit at dumpsite	28.40%	20.45%			

The management of waste is completed with the segregation, storage and treatment of hazardous waste produced at the various work centres. With respect to construction and demolition waste, in 2005 there was a substantial increase in the percentage of waste reused and recycled, leading to a significant drop in the percentage of the waste dumped.

Noteworthy Initiatives in 2005

- Environmental training campaign for on-site technical employees, and covering all branches and contract work in progress.

Number of courses	61
Number of employees attending	1,258
Training hours	10,064
- Measures aimed at the recycling of construction and demolition waste, and the reuse of excavated soil, were maintained.
- In 2005 Dragados initiated contact with the Integral System of Waste Managements established to remove electric and electronic waste, in accordance with the law in force applicable thereto.

Objectives for 2006

- Increase in the recycling of construction and demolition waste in order to reach 20% recycling of total waste in 2006.
- Development of an environmental training and awareness campaign for on-site management.
- Completion of the application on intranet for the gathering of the data required to calculate environmental indicators (waste).



Case Study New Outer Port of A Coruña: A sustainable development

Project characteristics

The construction of the new outer port will lead to the greatest social and economic revolution that has occurred in a century in the city of A Coruña.

The enlargement of the port is required for several reasons:

- **Environmental problems.**

- Dangerous associated with various bulk liquids.
- Possible pollution by various bulk solids.

- **Conflict port-city.**

- **Zero capacity for interior expansion.**

- **Inexistence of land.**

The construction of the new port is essential for the following reasons:

- Given its strategic location in Europe, it will be the Atlantic port for the goods from America.
- It will allow for the attraction of new flows of containers, considered to be the port traffic of the future.
- Furthermore, the lack of space for expansion and enlargement of the port facilities would stop the city's evolution, since 25% of the city's economic activity depends on the port.
- Enlargement is not only compatible with the outer basin of El Ferrol, but rather complementary thereto, making the joint management thereof beneficial.
- It allows for an increase in land safety, since an enormous oil pipeline formed by more than a dozen pipes through which all types of oil products run may be closed off.

- The threat of dangers relating to maritime accidents is eliminated since the dumps may be enclosed in an area far from population nucleuses.
- It eliminates the continual discharge of coal and cereals that affect nearby neighbours to such an extent, give the respiratory infected caused by these discharges.
- It allows for the city to grow due to the release of current port land.
- It will allow for the berthing of large mammoth tankers that transport oil in the future.
- It will allow Galicia to be consolidated among the main port areas.
- It will increase the size of the labour market with the creation of over 15,000 jobs in the first years of operation.

Main Aggregates

- Breakwater: 3,360 m.
- Counterdike: 579 m.
- Liquid bulk cargoes:
 - 4 berths for tankers of up to 300,000 TPM.
 - Water depth: 24.5 m.
- Solid bulk cargoes: 921.5 m. quay:
 - 512 m. of 22 m. water depth. (300,000 TPM)
 - 51 m. of 20 m. water depth. (150,000 TPM)
 - 205 m. of 18 m. water depth. (150,000 TPM)
 - 153.5 m. of 16 m. water depth(100,000 TPM)
- Quay level surface of dock: 143.5 Ha.





Prescriptions	Affected contract work	Protective and corrective measures adopted	
Biological	Flora	<p>Risk of an effect on vegetable formations during the performance of the work tasks, increasing the effect of erosion and the instability of slopes and decreasing the permeability of water.</p>	<p>Re-vegetation of bare areas arising from the contract work, paying special attention to aspects such as:</p> <ul style="list-style-type: none"> - Analysis of land. - Selection of herbaceous and bush species. - Selection of sowing method.
	Fauna	<p>Risk of an effect on towns located in the worksite's area of influence, particularly on bird fauna in the Rosadoiro reservoir located in the industrial park of Sabón and on the colony of Cormorán in Punta Langosteira.</p>	<p>Maximize the protection of the different species with measures such as:</p> <ul style="list-style-type: none"> - The creation of passages for fauna. - Limitation of speed at port entrances. - Placement of visible items on the electrical wiring to prevent the electrocution of birds. - Signalling of protected areas (Rosadoiro Reservoir) - Deposit in closed containers of the organic waste to prevent the attraction of species. - Monitoring of the bird fauna of the Rosadoiro reservoir and the colony of Cormorán in Punta Langosteira
	Biocoenose	<p>Affect on the marine communities and their interaction with abiotic factors as a result of the refilling of the port area.</p>	<p>Minimize the negative effect on marine communities through the following measures:</p> <ul style="list-style-type: none"> - Establishment of an emergency plan to intervene and repair damages. - Prevent the work runoff waters from reaching the sea with a high content of suspended solids. - Granulometry of the material dumped into the sea similar to that of the area selected for dumping. - The formation of a layer of mud on the bottom will be prevented by selecting areas of higher movement where there is lesser deposition.
	Landscape Integration	<p>Effect of the performance of port work on the landscape of the environment.</p>	<p>Adaptation of facilities and structures to the environment through:</p> <ul style="list-style-type: none"> - Maintenance and cleaning of office areas, work shacks, machinery parks, roads, shoulders and ditches. - Appropriate location of material stocks and of the waste generated, and quick management thereof - Auxiliary structures as the entrances will be integrated with the environment to the extent possible. - Rocky slopes will be treated in order to show a natural aspect. - Planting of trees and bushes avoiding perfect lines.



Prescriptions	Affected contract work	Protective and corrective measures adopted	
Physical	Edaphic	Alteration of the natural structure of land.	Conservation and recovery of land by means of the following measures: <ul style="list-style-type: none"> - Delimitation of the work site area. - Creation of slopes to assure stability and balance under any weather conditions. - Removal and piling in optimal conditions to prevent the compacting of vegetal soil, including the sowing and fertilization thereof. - Grubing of the land to make it more permeable and for the airing thereof. - Control of all materials to be buried to prevent the contamination of the edaphic layers
	Atmospheric	Risk of the emission of dust into the atmosphere	Reduction of the emission of dust into the atmosphere for the maintenance of an adequate quality of air through the performance of the following activities: <ul style="list-style-type: none"> - Determination of roads and areas where dust may be emitted. - Maintenance of internal roads in optimal conditions. - During the performance of the contract work, the falling of material from great heights will not be permitted. - Limit on the speed of the vehicles on the worksite. - Watering system to decrease the emission of dust into the atmosphere. - Vehicles transporting materials off the worksite will be required to be covered. - Fitting of areas for the washing of wheels at the worksite exit. - Installation of sprinkler systems in areas where there is a high emission of dust.
	Hydrology	Risk of the effect on water quality of the terrestrial hydric network and in particular, on the Rosadoiro reservoir and Seixedo river.	Minimize possible dumping into the hydric network, and particularly into the Rosadoiro reservoir, through measures such as: <ul style="list-style-type: none"> - Rule out dumping into the network without the express authorization of the competent authorities. - In rainy periods, covering of the stocks of fine material to prevent the entering of solids in suspension into the stream bed. - At the crossings of fluvial streams with infrastructures, water overpasses will be relied on.
Human	Cultural Heritage	Affect on Castro located in Punta Cociñadoiro	Development of an Archaeological Control Project authorized by the Directorate General of Heritage, which will take into account aspects such as: <ul style="list-style-type: none"> - Programming of recovery measurements directed by archaeological technicians in order to conserve the waste found - Presence of an archaeological technician in the caution area of the inventoried deposits. - Study of the recovery of elements that be damaged as the result of the movement of machinery.
	Social and Economic Environment	Negative effect on the towns near to the area of influence of the worksites, with respect to the conception and performance of the contract work.	Minimize the effects on nearby populated areas with measures such as: <ul style="list-style-type: none"> - The assignment of employees with training adequate for the performance of their tasks. - Hiring to the extent possible of local workers. - Appropriate location of the vehicles and machinery to interfere minimally with other vehicles and passer-bys. - Prevent traffic problems and jams through the study of alternative routes. - Conducting of informational campaigns
	Sound level	Risk of sound effects on the towns of Rañobre, Suevos and the port of Suevos.	Performance of noise emission controls. If 65dB (A) is exceeded, work will only be performed during daytime hours



Industrial Services

Main impacts

Consumption of natural resources
Generation of waste

Industrial Services focuses its environmental efforts on two key areas within the company's effort on a whole: the **efficient use of natural resources** and improvements in the **management of waste generated**. In this respect, managers are not only concerned with the reduction of waste, but also the appropriate treatment and recycling of the waste inevitably produced by the environmental management departments of each of the Group companies.

Industrial Services deals with environmental challenges in a unified manner, in its quest to be environmentally certified in accordance with ISO 14001: 2004 standards at all companies

Environmental performance

Dragados Offshore has an Integral Waste Management System. The process begins with the correct identification of wastes at source and their subsequent identification as urban, toxic and hazardous waste, and inert waste. Specific management processes are then applied for each type of waste generated.

Within their facilities, there is a network of containers and tanks distributed among all the work areas for solid waste treated as urban waste. This waste is stored at source and is transferred to a dumpsite daily by authorized waste management companies.

The hazardous waste generated is temporarily stored at source and periodically transferred to the Hazardous Waste Storage Area.

With respect to inert waste, different stocking areas are defined for this waste, such as wood stock piles in assembly areas, and scrap and gas cutting remains. This waste is a sub-product of manufacturing activities, and is sent to recycling plants for its subsequent reuse. Each type of waste has its own network of containers.

In 2005 4,689 tons of waste were treated, of which 1,876 were generated by Dragados Offshore, and 2,813 by subcontractors working within its facilities.

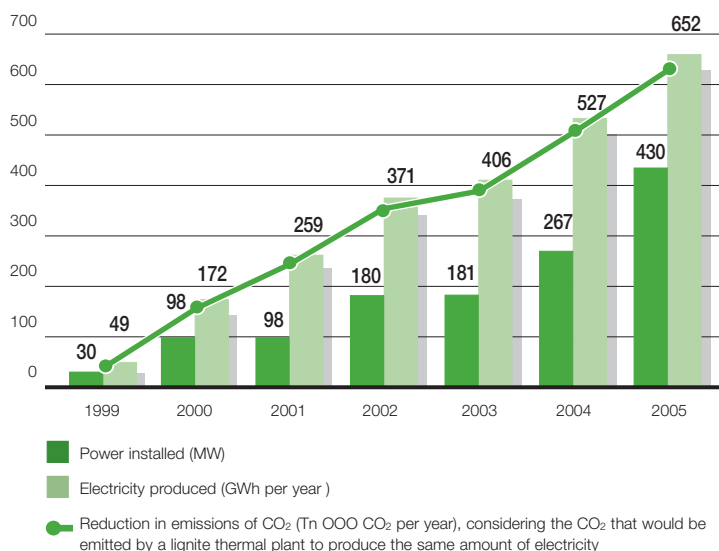




Construction and operation of wind farms

EYRA is the Group company specializing in wind power. It manages the operation of 14 wind farms with total installed power of 430 MW that generated over 652 GWh in 2005 from this renewable energy source. If this electricity had been produced by a coal boiler (e.g. lignite), 611,000 tons of CO₂ would have been emitted as a result of the combustion of this mineral.

Wind power, main figures



Noteworthy initiatives in 2005

- Testing for the replacement of dissolvent based paint processes with water based paint processes.
- Improvement in the selective collection of urban waste in workshops, assembly areas and offices at the installation of a well for the separation of greases and oils was completed at rainwater collection point 7.
- Performance of the Evaluation of the Protection of Port Facilities. Development and implementation of the Dragados Offshore Protection Plan.
- Updating of the Environmental Management System in accordance with the new ISO 14001:2004 standard (NMX-SAA-14001-IMNC-2004) at Dragados Proyectos Industriales in Mexico.
- Implementation of Environmental Management Plans. These plans affect three combined cycle plants of a total 2,400 MW.
- Preparation of a guide for the drafting of On-site Waste Management Plans for the improvement of the control of Intecsa-Uhde on the management of waste generated by subcontractors.
- Implementation of the Environmental Management Plan at MASA Puertollano, S.A.
- Implementation of various environmental initiatives at the ETRA Group including the reduction of the consumption of water and energy, the appropriate separation of waste and the reduction of accidental spills of used mineral oil.

Objectives for 2006

- Savings in the consumption of materials at all Industrial Services companies. Noteworthy were the objectives of CYMI to reduce the use of dissolvent by 50%, and to recycle 40% of rope coils, the reduction at Dragados Offshore of the consumption of water and energy or the reduction of the use of paper at INTECSA and MAKIBER.
- Certification of companies in the process of adaptation to ISO 14001:2004 standards, such as Dragados Proyectos Industriales Mexico, INITEC, MASA Puertollano and SEMI Ferroviaria.
- Definition from the supply phase of the requirements allowing for the management and delimiting of environmental responsibilities of the Industrial Services subcontractors, especially in relation to the hazardous waste generated in the construction phase of the contract works.



Services and Concessions

Main Impacts

Fuel Consumption
CO₂ Emissions
Water Treatment

The main impacts of this activity are related to the **emission of greenhouse effect gases** produced by the fleet of vehicles used for different services, and the **emission of methane from dumps**.

The focus on minimization of consumption and environmental impacts is aimed in both directions. On the one hand, the company aims to reduce fuel consumption and to use bio diesel fuel in transport, as well as the reduction of emissions by treating urban solid waste instead of dumping it. On the other hand, it aims to treat the waste generated safely, both for the environment and for individuals.

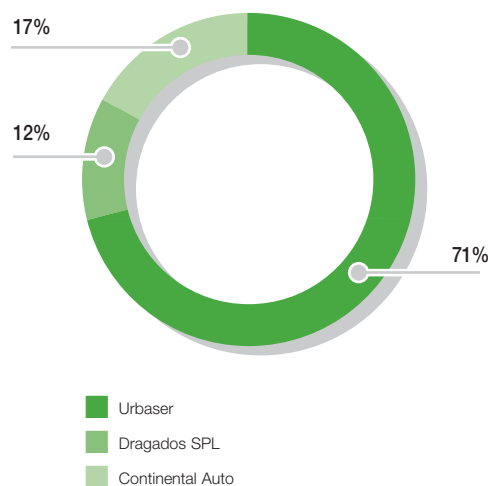
In 2005 special attention was also placed on the integral management of water as a scarce resource. The ACS Group is responsible for the supply of drinking water to over three million people in Spain, Latin America and Morocco and its treatment, and focuses on maximum efficiency and savings in the use of this extremely valuable resource.

Environmental performance

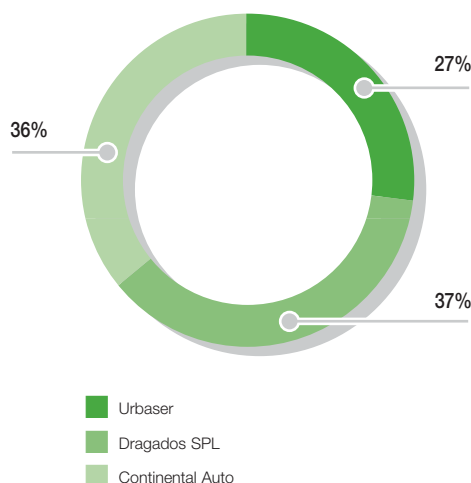
The main environmental impacts in Services and Concessions directly arise from the consumption of fuel by company and subcontracted fleets of vehicles in the collection of urban solid waste, street cleaning, the transport of passengers and integral logistic services.

	2004	2005
Number of vehicles managed	5,720	6,066
Diesel fuel consumed (millions of litres)	85.5	91.1

Breakdown of fleets of vehicles 2005



Breakdown of the consumption of fuel 2005





Additionally, through Urbaser, the ACS Group manages 63 waste treatment and recycling plants with an installed capacity of 9.52 million tons. In 2005 over 7.3 million tons were treated, the equivalent of the use of 77% of the installed capacity.

The following chart indicates consumption and waste generated, as well as the savings in CO₂ emissions achieved upon treating waste instead of directly dumping it.

With respect to the environmental impacts of the treatment of wastes, noteworthy was the reduction in 2005 by 18% of CO₂ emissions per ton of treated waste

Consumption and waste generated in the treatment of waste

	2004	2005	Var.
Consumption			
Electricity (GWh)	109	127	16.5%
Water (Mn. m ³)	1.03	1.17	13.6%
Diesel fuel (Mn. liters)	7.44	8.51	14.4%
Natural gas (Mn. m ³)	11.63	13.47	15.8%
Generation of waste (Mn. Tn) (*)	0.56	0.59	5.4%
Emission of CO ₂ (Mn. Tn)	7.90	8.23	4.2%
Savings in the emission of CO ₂ (Mn. Tn)	2.97	3.63	22.2%
Consumption			
Consumption of electricity per treated ton (kWh/Tn)	19.08	17.35	-9.1%
Consumption of water per treated ton (l/Tn)	180.28	159.88	-11.3%
Consumption of diesel fuel per treated ton (l/Tn)	1.30	1.16	-10.8%
Consumption of gas natural per treated ton (m ³ /Tn)	2.04	1.84	-9.8%
Tons of emission of CO ₂ per ton of treated waste	1.38	1.13	-18.1%
Savings in the emission of CO ₂ upon treatment of USW rather than dumping (%)	27.3	30.62	12.2%
Generation of waste per treated ton (Tn) (*)	0.10	0.08	-20.0%
Total renewable power installed (MW)		177	n.a

(*) Includes rejections of the treatment of USW received



The ACS Group is responsible for the supply and treatment of water consumed by approximately three million people in Spain, Argentina, Colombia and Morocco, i.e. around 270 million cubic metres per year. For the ACS Group, the sustainable management of water is key resource in its commitment to the environment and to sustainability.

Management type	Habitants	Volume managed annually (m ³ /year)
Distribution of drinking water	2,904,206	267,634,970
Treatment/Supply of drinking water	2,841,628	260,492,050
Sanitary Control of drinking water	2,974,206	274,209,350
Maintenance and clearing of the sewage network	3,254,206	267,634,970
Purification of waste water	2,619,665	232,446,111
Management of subscribers	3,086,475	284,753,470





Noteworthy initiatives 2005

- Savings in CO₂ emissions of over 3.6 million tons owing to the management of 63 waste treatment and recycling plants.
- Initiation of studies and commencement of projects to develop clean development mechanisms at dumps in developing countries.
- Participation in the project, construction and operation of a biodiesel plant, with a capacity of 25,000 tons per year, which will come into operation in 2006.
- Increase in the quantity of mineral oil collected from automobiles and ships (Marpol Convention), to 100,000 tons of oil waste recovered per year and 70,000 tons of waste from ports in Spain, in accordance with the Marpol Convention.
- Renewal for Continental Auto of certification according to UNE-EN-ISO 14001:2004 environmental standards and UNE-EN-ISO 9001:2000 quality standards.
- Performance of training and informational activities to reduce the environmental impact of activities carried on by Continental Auto and reach appropriate environmental performance standards.
- Effective integration of former quality, environmental and labour hazard prevention management systems into a single Integrated Management System at Continental Auto.
- Adaptation of Continental Auto's Integrated Management System to comply with the specifications of the OHSAS 18001/1999 standard.

Objectives for 2006

- Increase in the savings of CO₂ emissions by 5%.
- Decrease of 3% in the generation of in-house waste.
- Implementation of Urbaser's Research, Development and Innovation Management System to comply with the requirements of the UNE 16600 - 2: 2002 EX standard
- Implementation of the CENIT project on "Technology for the Maximum Recovery and Minimum Dumping of Urban Solid Waste", in connection with specialized companies and official and technological centres.
- Increase in the generation of energy from renewable sources.



3.6

Commitment to Individuals and the Social Environment

In essence, the ACS Group consists in a group of professionals who share a business objective based on the conviction that success should stem from the building of equal and lasting relationships with the social environment based on trust and mutually beneficial exchanges.

Although the ACS Group's main contributions to the society are the infrastructures it constructs and the services it provides, the role that the Company plays in the professional and personal development of its employees, and its collaboration in social initiatives that improve integration, cultural promotion and the generation of knowledge should also be highlighted.

ACS Employees

These are the individuals who manage the resources, serve clients, innovate and perform research, and accordingly, they hold all the Company's knowledge and possibilities as well as its future in their hands. They represent the Company's talent, and therefore, are the factor which most conditions the ACS Group's ongoing future growth. Accordingly, the ACS Group maintains its commitment to continually improve their skills, capacities, commitment and motivation, always with the highest attention to work and safety conditions.

ACS tries to mould and adapt the talent of its individuals, aiming it towards technical training, commitment, innovation, specialization and customer service capacity. For this purpose, it applies the following principles in relation to its employees:

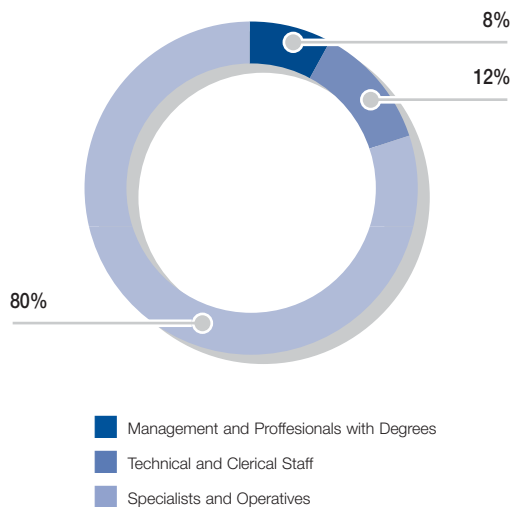
- Attracting, preserving and motivating talented individuals.
- Promoting teamwork and quality control as tools to reinforce the concept of excellence through work well done.
- Acting quickly, with decision-making capacity, promoting the assumption of responsibilities and minimizing bureaucracy.
- Supporting and increasing training and learning.
- Innovating with ideas that allow for the improvement of processes, products and services.

To internally and externally identify the qualities desired in its employees, the ACS Group applies the most modern human resource management techniques in hiring, training, development and risk, fostering the creation of opportunities to hire and retain the best professionals

Recruitment policies

Of the 113,273 employees of the ACS Group at the end of 2005, 9,318 were management or professionals with degrees, 13,317 were technical and clerical staff and 90,638 were specialists and operatives.

Employee breakdown by professional category





ACS Group endeavours to provide staff with a context and prospects in which professionals can develop their talent and reap the rewards of their work as something valuable and desirable. A fundamental part of this strategy is the attraction of young technicians that are able to progress and develop an enriching professional career at the Company.

In this regard, for years the ACS Group has applied a recruitment program in the different companies of the Group based on a rigorous hiring process that allows it to benefit from the best professionals from each sector. Consequently, the Group has offered a program of grants for students amid their final year of university studies in Spain, as well as grants channelled through other educational institutions, such as Fundación Universidad Empresa.

Recruitment policies are established in each of the areas of the ACS Group and are based on the annual workforce planning, which is in line with the areas' strategic objectives. In order to respond to the needs arising in the countries in which the ACS Group is present, local graduates are hired.

At the end of 2005, 30% of the staff of the ACS Group were females. The Group follows an equal-opportunities policy that prohibits all types of discrimination of individuals in hiring or assuming of positions.

Retaining policies

Hiring, training and development policies favour professional loyalty. In this respect, the Group companies have implemented measures aimed at retaining and motivating its employees, especially those displaying high potential.

As an example, all the employees of the Construction area, including on-site staff, receive payment that surpasses the minimum established by provincial collective agreements, and 15% of said employees receive performance-related variable pay. For the whole of the Group, 16% of total staff received last year this type of complementary payment linked to the achievement of objectives.

Another form of incentive offered to employees is the possibility of promotion. The turnover of the ACS Group and the continuous development of the company generate a significant number of annual promotions among the employees that, due to their efforts and efficiency, are nominated for positions of greater responsibility.

The ACS Group prefers internal promotion to external hiring, and only taps the job market when it is not able to find a professional with the desired characteristics within the organization. Periodic performance evaluations guide employees' career development and offer opportunities of promotion.

Initiatives for the reconciliation of family life and employment

The Groups pays special attention to the developments made in relation to the reconciliation of family life and employment. Although contracts are awarded throughout Spain and the rest of the world, and consequently, transfers and travel of staff are inevitable, the Group makes every effort to form work teams for jobs and projects with employees that live relatively nearby, in order to avoid the displacement of families.



Training and career development policies

Another of the principal challenges of the ACS Group is to make full use of and integrate the personal and professional diversity of its work groups in order to improve its capacity of response to the growing needs of its clients. The Group seeks to continuously involve its entire staff in corporate objectives and philosophy, allowing employees to simultaneously develop their professional potential and skills.

The Group's strategy involves an overall approach of ongoing training in the workplace, in classes or by distance. The Group's annual training plan sets forth over half a million hours of study in courses and seminars throughout the range of activities of the Group and, specifically, in areas associated with:

- Training of management.
- Technological specialization in management and production systems.
- Knowledge of products and services developed.
- Policies on quality and the environment.
- Job safety.

In terms of time, dedication and resources, the most effort is placed on labour risk prevention and job safety training. This enables the ACS Group to obtain rates of job-related accidents that are much lower than the sector average.

In all cases, training procedures are internally and externally audited every year, thus guaranteeing an optimum level and an ongoing process of improvement of programs.

Training initiatives in 2005

	Study Hours	Number of Courses	Participants	Investment (mn €)
Construction	123,385	842	15,860	1.9
Industrial Services	212,511	1,567	10,485	2.8
Services and Concessions	222,572	1,627	28,822	1.9

Training initiatives by type of content in 2005

	Production	Safety	Enviroment
Construction	378	177	287
Industrial Services	506	724	66
Services and Concessions	336	1,252	39
Total	1,220	2,153	392



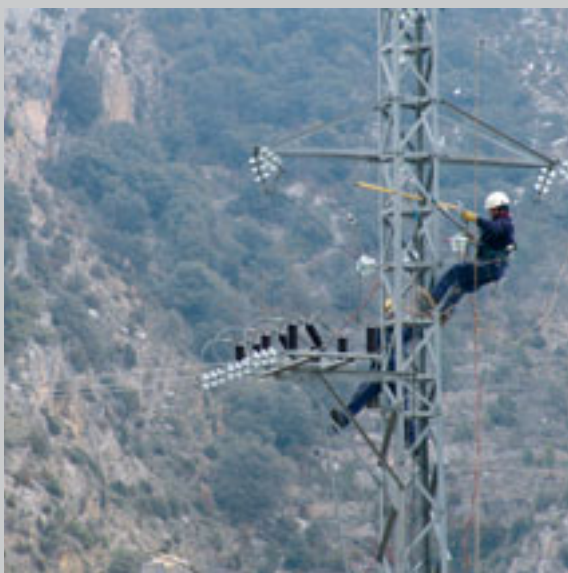
Case Study Specialized training for employees working on live power lines at COBRA

One of the challenges faced by the ACS Group's network activity relates to working on live power lines without cutting off the supply of electricity. Such jobs allow for the maintenance or extension of electrical installations without any interruption in the service provided to subscribers.

These jobs require the use of specific tools and special protection systems. The employees performing this type of work are highly specialized and previously receive specific training.

Once the chosen employees have received basic training on networks and are sufficiently experienced to work on live power lines, they receive specific training on preventive measures to be borne in mind when carrying on its activity.

As a result of the specific courses and annual refresher courses given to the trained employees, the ACS Group currently has a total of 334 operatives trained to work on live power or high power lines.





Safety and risk prevention policies

In 2005 the ACS Group's efforts were focused on the prevention of labour risks and the results were more than satisfactory according to the data on accidents that occurred during the year. They represent one more step in the ongoing interest to continue being one of the companies in the sector who pays the most attention to safety.

The ACS Group is guided by its prevention policy, which is based on the following principles:

- Compliance with current legislation on labour risks prevention and other requirements voluntarily observed.
- Integration of labour risk prevention in the initiatives of the Group and at all levels, implemented through correct planning and practices.
- Adoption of any measures necessary to ensure the protection and well-being of staff.
- Development of human potential through appropriate training and information regarding labour risk prevention, by fostering initiatives and participation in order to achieve ongoing improvement of the system.
- Ensuring the correct control and quality of the monitoring of the staff's health.
- Qualification of staff and application of technological innovations.

As a complement to the labour risk prevention management systems in each activity area in 2005, numerous labour risk prevention campaigns have been conducted, the purpose of which is to make the employees aware of these risks, reduce accidents and improve working conditions.

Orientation towards the creation of a "preventive culture" was evidenced in 2005 by the offering of 2,153 general and specific labour risk prevention courses for 35,000 on-site workers

As a result of these initiatives, the Group continues to obtain job-related accident rates that are significantly lower than the sector average, as seen in the following chart.

Evolution of safety statistics	Construction		Industrial Services		Services		ACS Group	
	2004	2005	2004	2005	2004	2005	2004	2005
Frequency Rate ⁽¹⁾	36	36	40	41	62	50	50	45
Severity Rate ⁽²⁾	1.04	0.95	0.81	1.00	1.12	0.94	1.00	0.96
Incidence Rate ⁽³⁾	62	66	72	74	112	76	89	74

⁽¹⁾ Represents the number of accidents that have occurred during the working day per one million hours worked.

⁽²⁾ Represents the number of working days lost due to accidents per 1,000 hours worked.

⁽³⁾ Represents the number of accidents in relation to which sick leave was requested per 1,000 employees.



Some ACS Group activities require special attention, Construction being one of the main challenges in terms of safety and the prevention of labour risks.

In 2005 an extensive prevention campaign was implemented in order to reduce accidents and was founded on the following initiatives:

- Intensify labour risk prevention training to heads, supervisors and on-site employees.
- Increase communication through the production line, of the prevention method included in the safety plans in order to improve their implementation on-site.
- Apply specific measures to prevent the occurrence of the most frequent accidents, i.e. falls from a high location, being run over or being trapped by machinery.

The implementation of this campaign has led to training initiatives, as a result of which training courses have been provided to employees, including the following:



Formation courses

Basic level labour risk prevention for heads and supervisors	19,620 training hours provided by the Fundación Laboral de la Construcción (Construction Labour Foundation) to a total of 327 employees in 2005
Interactive CD created by DRAGADOS on general labour risk prevention in building and civil works (prevention in various languages)	Provided to 4,896 employees
Generic on-site labour risk prevention courses.	3,788 employees trained
Courses on specific risks by activity	Provided to 12,964 employees.

The training and labour risk prevention campaign conducted by the ACS Group, as well as all safety initiatives and protocols implemented have contributed to reducing the accidents suffered by construction area employees by 35% in 2005

In acknowledgement of the initiatives undertaken in the management and promotion of safety, the ACS Group received Honourable Mention from the XXXVII edition of the DIPLOOS awards, granted by the Asociación para la prevención de accidentes (Accident Prevention Association - APA).

Also, in 2005 Dragados became a member of the Asociación Española de Servicios de Prevención Laboral (Spanish Association of Labour Risk Prevention Services - AESPLA), thereby sharing experiences in the field of labour risk prevention with some of the most important companies operating in Spain.

The ACS Group actively participates in the most important conferences, symposiums and organized events in general on labour risks prevention taking place in Spain and abroad, contributing its experience in this area.



Commitment to society

Each year the ACS Group dedicates notable effort to the collaboration for the development of initiatives of community interest. These are focused on the undertaking of measures which improve integration, cultural promotion and the generation of knowledge. The ACS Group considers that these activities serve to demonstrate the social commitment of one of the most important companies worldwide to the society.

Worthy of mention is the formation of the ACS Foundation, whose objective is to integrate, coordinate and manage all ACS Group efforts relating to patronage of the arts and cultural, institutional, sport or environmental sponsorship as well as the granting of awards and scholarships, training and research, charity and all similar activities on a domestic and international level.





Social initiatives

Awareness and integration of the physically or mentally challenged

Each year the ACS Foundation actively works together with associations and non-profit organizations to improve the mobility and integration of physically or mentally challenged individuals. With this objective, and as part of this activity, in 2005 the Reina Sofía Awards of Universal Accessibility to Municipalities, were created together with the Real Patronato sobre Discapacidad (Royal Board on Disability).

This initiative awards “Improved municipal government solutions for the elimination of physical and architectural barriers for the physically or mentally challenged”, and attempt to encourage municipalities to pay attention to the elimination of barriers in relation to transport, building and local town planning.

In 2005 the different categories of these awards were given to:

- Town Council of Breña Alta, on the island of La Palma (Santa Cruz de Tenerife), honoured in the category of less than 10,000 inhabitants for developing measures working towards integral accessibility in the life of a municipality. It also develops programs designed to provide attention to and the social and labour integration of disabled individuals.
- Town Council of Quart de Poblet (Valencia), in the category of municipalities of between 10,000 and 100,000 inhabitants, for developing a complete program of measures working towards accessibility to the urban environment, and information and communication technologies, as well as the social and labour integration of disabled individuals in educational, occupational, leisure, free time and cultural fields. This town council also participates with the CEDAT Foundation of the Polytechnic University of Valencia in the project to form part of the Network of Cities with greatest accessibility.
- City Council of Málaga, for cities of over 100,000 inhabitants, for efforts based on the principle of universal design, transversal means and measures to improve accessibility. These initiatives are based on every person’s right to be able to move around in his environment with ease, the right to education and employment, and the right to information, which includes a sign language interpreter in Municipal Services and a visual signing research project.



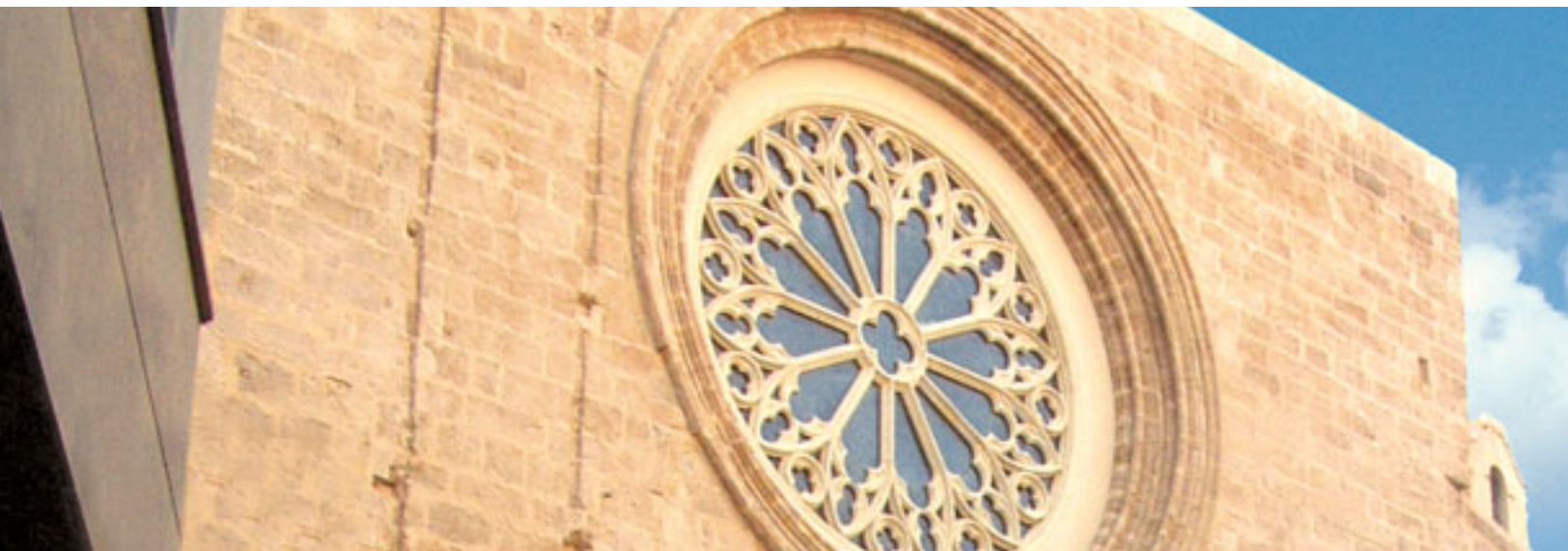


As part of the work of the ACS Foundation in collaboration with associations and non-profit organizations, it is important to highlight specific initiatives and agreements developed in 2005:

1. **Agreement with the State Representative Platform of the Physically Challenged (PREDIF)** to back educational and business awareness initiatives in various regions of Spain.
2. **Agreement with the Cerebral Paralysis Association (ASPACE)**, whose aim is to collaborate with this association in its projects for the improvement of the quality of life of individuals with cerebral paralysis or with similar neurological pathologies.
3. **Development of an agreement with FUNDACIÓN ONCE**, the main objective of which is to develop two pilot accessibility plans at the National Park of Doñana and the Natural Park of Benasque - Monte Perdido. Steps are currently being taken with the body of National Parks and with the Biodiversity Foundation of the Ministry of the Environment, in order to be able to make these pilot plans a reality with the projected investments therein.

4. **Development of an Agreement with the Real Patronato sobre Discapacidad**, chaired by Queen Sofía and dependent on the Ministry of Labour and Social Affairs, for the sponsorship, inter alia, of training on accessibility activities held in different cities of Spain and Havana (Cuba).
5. **Sponsorship and Participation in the National Seminar on Disability: "Universal Accessibility in the XXI Century"**, promoted by the Ministry of Labour and Social Affairs through the Royal Board on the Disabled and held in Ponferrada. Its focus was the contribution of new technologies to the improvement in the quality of life of handicapped individuals.
6. **Agreement with the Universidad Autónoma de Madrid** to carry out research on the "Impact of New Technologies on disabled University students".
7. **Sponsorship of the promotion of the participation of disabled individuals in sports:**
 - **Cooperation Agreement with the Spanish Paralympics Committee**, in order to collaborate in the project of Aid to Paralympics Sports.
 - **Sponsorship of the Young Sports Foundation**, whose fundamental objective is to encourage sports and the values intrinsic thereto in order to lead to habits favouring social reinsertion and the fostering of solidarity by the population as a whole, and particularly young people.
 - **Agreement with the Alcobendas Sports Foundation (FUNDAL)**, particularly aimed at the integration of disabled individuals in sports.
8. **Extraordinary Sponsorship, at the request of the Spanish University at a Distance**, for the hiring of a Spanish sign language interpreter making it possible for a deaf student (who does not speak and has no remaining hearing) to complete psycho-pedagogy studies at the UNED, given the merits she has accumulated in previous studies which resulted in a degree in Psychology.





Cultural and educational promotion

Promotion, conservation and spreading of Spanish historical heritage

The ACS Group develops numerous projects aimed at contributing to the enrichment of cultural life.

These programs are mainly channelled through the ACS Foundation, whose objectives include the promotion, preservation and restoration of Spanish historical artistic heritage assets, and collaborating in their spreading:

- **Sponsorship of the Bishopric in Cartagena (Murcia)** for the purpose of performing construction work on the XI phase of the Palacio Episcopal de Murcia.
- **Sponsorship of Four Summer Courses on Sustainable Development**, held in Burgo de Osma (Soria), the subject matter of which is the "Recovery of the Historical Heritage: the Management of cultural routes".
- **Foundation's intervention in the Course on Accessibility and Heritage "Archaeological deposits, historical city centres, gardens and buildings"**, held in Leon in November and organized by the Directorate-General of Cultural Heritage under the Council of Culture and Tourism of the Regional Government of Castilla y Leon.

With respect to the spreading of Spanish historical heritage, the Collection of monographic books on restoration was continued with the publication of:

- **Restoration of the Canal Isabel II Facilities in the Plaza de Castilla in Madrid**, which is monographic restoration book number 25.

In relation to the collection "The Art of Restoring" the following book was written:

- "El Arte de Rehabilitar II", with 51 experiences relating to the restoration of heritage assets.
- "El Arte de Rehabilitar" was also republished.

Generation and dissemination of knowledge on sustainable development

The ACS Foundation also carries on activities supporting the broadcast and awareness of sustainable development matters, mainly the forums, courses and seminars listed below:

- **Sponsorship for the Asociación Foro Soria 21 for the Sustainable Development** of the International fair "Foro Mundial Soria 21: energy, climate change and sustainable development", held in Soria on January 31 and February 1, 2005.
- **Sponsorship of the Master "Waste Management and Treatment"**, organized by the Department of Agricultural Chemistry, Geology and Geochemistry of the Autonomous University of Madrid.
- **Sponsorship of the Course "Waste Management"** with the School of Environment and Technology at the Universidad Complutense de Madrid.
- **Sponsorship of the Course "Corporate Social Responsibility as an Instrument of Sustainability"** with the University Foundation San Pablo CEU.
- **Sponsorship of the course "Environment and Materials: Life Cycle and Sustainable Development in the Society Today"** with the School of Environment and Technology at the Universidad Complutense de Madrid.
- **Sponsorship of the course "Treatment and Management of Waste Water"**, with the School of Environment and Technology at the Universidad Complutense de Madrid.
- **Sponsorship of the course "Renewable Energies"** with the Universidad Complutense de Madrid, as part of the summer course at the El Escorial.
- **Sponsorship of the summer course "Large Scale Energy Problems: Hydrogen, Myth or solution?"**, with the University Foundation Rey Juan Carlos.
- **Sponsorship of the seminar "Climate Change: a Challenge for Cooperation with Development"** with Casa de América and the collaboration of IPADE, Foundation for Development, OECC, Spanish Office of Climate Change, and the Ministry of Environment.



- **III “Sustainable Development” Award** given by the University Antonio de Nebrija.
- **Collaboration with the Foundation for the Research of Environmental Development, FIDA, for the publication of the book “Desarrollo urbano sostenible en España”(Sustainable Urban Development in Spain),** together with the Council of Environment and Territory Planning and the Foundation San Pablo CEU.

Art and Culture

The ACS Group maintains its support and patronage of the Spanish arts and culture, and collaborates in the development of cultural activities 2005 was particularly prolific and a good example are the numerous sponsorships in which the ACS Foundation has participated:

- **Sponsorship of the XXXII Ciclo de Grandes Autores e Intérpretes de la Música (Cycle of Great Authors and Interpreters of Music)** of the Autonomous University of Madrid, and specifically the tribute to the Professor Francisco Tomás y Valiente, held at the Auditorio Nacional de Música (National Music Auditorium).
- **Sponsorship of the Festival Jardins de Cap Roig,** promoted by the Caixa Foundation of Girona and held at Jardín Botánico de Caixa Girona in Calella de Palafrugell (Gerona).
- **Sponsorship of the symphonic orchestra of Galicia.**
- **Sponsorship of the Asociación Bilbaína de Amigos de la Opera (Bilbaina Association of the Friends of the Opera)** for the dissemination of art in general, and of the Opera in particular.
- **Sponsorship of the Foundation San Millán de la Cogolla** for the research, documentation and dissemination of the origins of the Castellana language and the use of modern technology for the updating of castellano in the world
- **Sponsorship of the Fundació Catalunya i Territori** for the development of cultural, social and research initiatives.
- **Sponsorship of the Cervantes Institute of Tel Aviv** for the performance of several cultural events in Israel.

- **Sponsorship of the 51st Edition of the Classical Theatre Festival of Mérida,** a cultural event of unequalled national and international prominence and importance.
- **Sponsorship of the Foundation “Españoles en el Mundo” (Spaniards in the World),** for the performance of training and cultural activities.
- **Sponsorship of the Foundation Juan de Oñate,** backing the organization of the II Tribunal Lecture of Juan de Oñate with the assistance of Miguel Ángel Fernández Ordóñez, Mexican Secretary of State of the Tax and Budget Authorities, and Mr. Eduardo Sojo, Head of the Presidential Office for the public politics of the Mexican Government.
- **Sponsorship for the establishment and operation of the Cátedra Andrés Bello of the University of Salamanca.**
- **Organization and performance of the Extraordinary Lyrical Recital held at Teatro Real of Madrid.**

Support of sports

An important part of contemporary culture are sports and each year the ACS Group collaborates through its foundation in the development and sport competitions, or through its associations relating to this activity. Noteworthy in 2005 were the following:

- **Sponsorship of the XV Mediterranean Games in Almería 2005.**
- **Support for the Laureus Sport for Good Foundation.**
- **Cooperation Agreement with the Real Madrid foundation,** the purpose of which is to foster the practicing of sports and its broadcasting and to procure that the practice of sports is united with the integral education of individuals.



Lastly, but without straying from cultural matters, following are the notable activities in which the ACS Foundation has taken part as sponsor or organizer:

- **Sponsorship of the meeting “The Performance Of European R&D and Innovation”**, held at Palacio de la Magdalena in Santander, with the International University Menéndez Pelayo.
- **Sponsorship of the conferences “European Union - Israel, perspectives and problems”**, held in Sevilla, with the Association of European Journalists.
- **Sponsorship of the Course “Real Estate Management”** with the School of Economy and Finances of the Universidad Complutense de Madrid.
- **Sponsorship of the Course “Real Estate Appraisals: Urban, Rural and Land Value”** with the School of Economy and Finances of the Universidad Complutense de Madrid.
- **Sponsorship of the Master in Management of Building, Refurbishment and Technical Control** of the Centro Superior de Edificación (CSE).
- **Sponsorship of the “Second Technical Conferences of the Work Inspectors and Social Security Trade Union”**.
- **Sponsorship of the African Medicine and Research Foundation (AMREF) Flyng Doctors**, for the performance of activities and projects aimed at cooperation in the development of the African continent and health education at different schools in Uganda.
- **Sponsorship of the Foundation “Pro Rebus Academiae”**, in order to promote the quality of engineering in Spain, by fostering the development of all initiative contributing to its promotion and dissemination, and particularly its application the business world and society in general.
- **Sponsorship of the Town Council of San Sebastián de los Reyes (Madrid)**, in the performance and promotion of social orientation campaigns.

In 2005 and through the ACS Foundations, sponsorship agreements have been entered into for the fulfilment of the its foundational purposes with the following foundations and institutions:

- Spanish Association of Foundations
- Town Council of San Sebastián de los Reyes (Madrid)
- Casa de América
- Centro Nacional de Arte Reina Sofía
- Amigos del Museo del Prado Foundation
- Carolina Foundation
- COTEC Foundation
- Príncipe de Asturias Foundation
- Teatro Real Foundation
- Universidad Autónoma de Madrid Foundation
- Universidad Rey Juan Carlos Foundation
- San Pablo – CEU University Foundation
- Terrorism Victims Foundation
- Universidad Antonio de Nebrija de Madrid.
- Universidad Complutense de Madrid
- Universidad Internacional Menéndez Pelayo
- Fundació Catalunya i Territori
- Hispania Nostra
- Juan de Oñate Foundation
- Royal Patronage on Disabled
- Pro Rebus Academiae Foundation
- Foundation for Analysis and Social Studies
- Españoles en el Mundo Foundation

Commitment to the United Nations

The ACS Group Adheres to the Global Compact Initiative of the United Nations



In 2002, the ACS Group began to form part of the Spanish companies adhering to the Global Compact Initiative of the United Nations led by its Secretary-General. This initiative is aimed at the incorporation by companies as part of their strategies and operations of ten principles of conduct and action in relation to Human and Labour Rights, Environment and the Fight against Corruption. In this manner, and as a company adhering to this initiative, the ACS has committed to implementing measures aimed at integrating these principles of conduct in the whole of its operations. This Corporate Responsibility Report details the activities performed by the ACS Group to promote each of these principles in 2005.



Chapter

Human Rights

- | | |
|--|--|
| 1. Companies should support and respect the protection of internationally proclaimed human rights through their influence scope. | The ACS Group and Corporate Responsibility |
| 2. Companies should make sure that they are not complicit in human rights abuses. | The ACS Group and Corporate Responsibility |

Work

- | | |
|--|--|
| 3. Companies should uphold the freedom of association and the effective recognition of the right to collective bargaining. | Commitment to Individuals and the Social Environment |
| 4. Companies should eliminate all forms of forced and compulsory labour. | Commitment to Individuals and the Social Environment |
| 5. Companies should effectively eradicate child labour. | Commitment to Individuals and the Social Environment |
| 6. Companies should eliminate discrimination in respect of employment and occupation. | Commitment to Individuals and the Social Environment |

Environment

- | | |
|---|---------------------------------------|
| 7. Companies should support a precautionary approach to environmental challenges. | Commitment to the Natural Environment |
| 8. Companies should undertake initiatives to promote greater environmental responsibility. | Commitment to the Natural Environment |
| 9. Companies should encourage the development and diffusion of environmentally friendly technologies. | Commitment to the Natural Environment |

Fighting Corruption

- | | |
|---|--|
| 10. Companies should work against all forms of corruption, including extortion and bribery. | The ACS Group and Corporate Responsibility |
|---|--|

We would like to hear your opinion

As can be observed on the previous pages of this report, at the ACS Group, it is to our understanding that corporate responsibility is a commitment determining the Company's relationship with the environment and with each of its stakeholders.

This Corporate Responsibility Report aims to include the main milestones and programs developed by the ACS Group leading to the improvement of relationships with its different stakeholders.

The ACS Group considers the assumption of corporate responsibility principles to be a continual improvement process, in which it is crucial to rely on the opinion of the different stakeholders. Therefore, we would appreciate your sending us your opinions on this report to:

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4

Corporate Governance Report



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trust



A

Ownership Structure

A.1. Complete the following table on the company's share capital:

Date of last amendment	Share capital (€)	Number of shares
05-20-2004	176,436,567.00	352,873,134

If there are different classes of shares, identify them in the following table:

Class	Number of shares	Par value
Single	352,873,134	0.50

A.2. Detail the direct or indirect holders of significant shareholdings of the company at the close of the financial year, excluding the board members:

Name or corporate name of shareholder	Number of direct shares	Number of indirect shares ⁽¹⁾	Total share capital %
Corporación Financiera Alba, S.A.	0	63,266,134	17.929
Corporación Financiera Alcor, S.A.	932,880	36,506,074	10.610
Inversiones Vesán, S.A.	26,624,918	0	7.545

⁽¹⁾ Held through:

Name or corporate name of shareholder	Number of direct shares	Total share capital %
Alba Participaciones, S.A.	63,266,134	17.929
Comercio y Finanzas, S.A.	1,031,814	0.292
Mr. Alberto Cortina de Alcocer	4,828	0.001
Mr. Alberto de Alcocer Torra	3,273	0.001
Imvernelín Patrimonio, S.L.	34,380,000	9.743
Percacer, S.A.	1,086,159	0.308
TOTAL	99,772,208	

Indicate the most significant changes in the shareholding structure occurring during the financial year:

Name or corporate name of shareholder	Transaction date	Description of the operation

A.3. Complete the following table on the members of the company's board of directors that hold shares in the company:

Name or corporate name of the shareholder	Date first appointment	Date last appointment	Number of direct shares	Number of indirect shares ⁽¹⁾	Total share capital %
Mr. Florentino Pérez Rodríguez	06-28-1989	10-14-2003	0	26,624,918	7.545
Mr. Pablo Vallbona Vadell	09-05-1997	10-14-2003	56,560	0	0.016
Mr. Antonio García Ferrer	10-14-2003	10-14-2003	7,920	0	0.002
Mr. José María Aguirre González	06-29-1995	06-12-2001	421,500	0	0.119
Mr. Agustín Batuecas Torrego	06-29-1999	10-14-2003	833,088	0	0.236
Mr. Álvaro Cuervo García	09-05-1997	06-19-2003	0	42,000	0.012
Mr. Manuel Delgado Solís	05-20-2004	05-20-2004	0	0	0.000
Mr. Javier Echenique Landiribar	05-20-2004	05-20-2004	24,438	0	0.007
Mr. Isidro Fernández Barreiro	09-05-1997	10-14-2003	14,046	40,000	0.015
Mr. Joan David Grimà Terré	10-14-2003	10-14-2003	0	2,550	0.001
Mr. José María Loizaga Viguri	06-28-1989	10-14-2003	128,313	225,000	0.100
Mr. Pedro-José López Jiménez	06-28-1989	10-14-2003	0	2,000,000	0.567
Mr. Santos Martínez-Conde Gutiérrez Barquín	06-19-2002	06-19-2003	6,208	0	0.002
Mr. Javier Monzón de Cáceres	05-20-2004	05-20-2004	4,200	0	0.001
Mr. Miguel Roca i Junyent	10-14-2003	10-14-2003	12	0	0.000
Mr. Julio Sacristán Fidalgo	06-24-1998	06-19-2003	1,356	0	0.000
Mr. José Luis del Valle Pérez	06-28-1989	10-14-2003	121,000	0	0.034

⁽¹⁾ Held through:

Name or corporate name of the direct shareholder	Number of direct shares
Fidwei Inversiones, S.L.	1,420,000
Lynx Capital, S.A.	580,000
Grial Inversiones Sicav, S.A.	2,550
Inversiones Europeas, S.L.	225,000
Inversiones Vesan, S.A.	26,624,918
Sociedad de Estudios de Estrategia Empresarial S.A.	42,000
Scm Correduría de Seguros, S.A.	40,000
TOTAL	28,934,468

% Total share capital in power of the Board of Directors **8.657**

Complete the following table on the members of the board of directors of the company that hold rights over shares in the company:

Name or corporate name of the Board Member	Number of option rights held directly	Number of option rights held indirectly	Equivalent number of shares	% of share capital
Mr. Florentino Pérez Rodríguez	3,110,000	1	3,110,000	0.881
Mr. Agustín Batuecas Torrego	178,000	1	178,000	0.050
Mr. Antonio García Ferrer	840,000	1	840,000	0.238
Mr. José Luis del Valle Pérez	650,000	1	650,000	0.184

A.4. Indicate any relationships of a family, commercial, contractual or corporate nature existing between holders of significant shareholdings, to the extent that they are known by the company, unless they are of little significance or derive from the ordinary course of business or trade:

Names or corporate names related	Type of relationship	Brief description
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A.5. Indicate the relationships of a commercial, contractual or corporate nature existing between holders of significant shareholdings and the company, unless they are of little significance or derive from the ordinary course of business or trade:

Names or corporate names related	Type of relationship	Brief description

A.6. Indicate the shareholders' agreements executed between shareholders and reported to the company:

Parties involved in side agreement	% of share capital affected	Brief description of agreement

Indicate the concerted actions existing between shareholders of the corporation that are known by the company:

Parties involved in side agreement	% of share capital affected	Brief description of concerted action

If there has been any modification or termination of said pacts or agreements or concerted actions during the financial year, indicate them expressly.

A.7. Indicate if there is any individual or legal entity that exercises or could exercise control over the company under the terms of article 4 of the Stock Exchange Law:

Name or corporate name

Comments

A.8. Complete the following tables on the company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares ⁽¹⁾	Total share capital %
0	0	0.000

⁽¹⁾ Held through:

Name or corporate name of the direct shareholder	Number of direct shares
TOTAL	

In accordance with the provisions set forth in Royal Decree 377/1991, detail the significant variations carried out during the financial year:

Date	Number of direct shares	Number of indirect shares	Total share capital %
02-22-2005	4,548,682	0	1.289
07-27-2005	3,820,762	0	1.083
09-13-2005	3,543,579	0	1.004
10-26-2005	4,268,947	0	1.210
12-05-2005	4,176,154	0	1.183

Results obtained in the financial year on treasury stock transactions (thousand euros)	44,814
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A.9. Detail conditions and mandate from the shareholders' meeting to the board of directors for engaging in acquisitions or transfers of treasury stock described in section A.8.

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 05/19/05:

"Render the previous authorization granted by means of Resolution adopted by the General Shareholders' Meeting held on 05.20.04 null and void, and under the conditions and requirements set forth in Article 75 and related provisions of the Spanish Corporations Law, authorize both the Company's Board of Directors as well as those of subsidiary companies to acquire shares in the company for valuable consideration, the par value of which does not exceed 5% of the issued share capital. Such authorization shall be granted for a period of 18 months from the date of the aforementioned meeting. The minimum and maximum price shall be, respectively, the par value of the shares and the price at which they are traded on the stock market on the day of the purchase, or the price authorized by the competent body of the Stock Exchange or by the Spanish Stock Market Commission.

A.10. Indicate the legal and statutory restrictions on the exercise of voting rights, as well as the statutory restrictions on the acquisition or sale of holdings in the share capital:

Apart from legal restrictions, there are no statutory restrictions regarding the exercising of voting rights or to the acquisition or transfer of shares. Articles 11, 23 and 26 of the Company By-laws provide for these issues:

Article 11.

(...) The shares shall be transferable between Spanish physical individuals or legal personalities without any restriction whatsoever; and to foreign physical individuals or legal personalities with the legal restrictions that may apply in each case.

Article 23.

The General Meeting comprises all those that hold at least one hundred shares, either present or represented. The owners or holders of less than one hundred shares may group together in order to reach this number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting.

Article 26.

(...) Each shareholder shall have the right to the number of votes that corresponds to the number of shares held or represented. Said votes may be cast by postal correspondence or telegraph or any other means, providing that a full guarantee exists as to the identity of the person casting their vote(s) in this manner. Shareholders with attendance rights may be represented at the Meeting by any person. The right of representation granted to shareholders who only have voting right by grouping themselves together can fall to any of them.

B

Structure of the Company Administration

B.1. Board of directors

B.1.1. Outline the maximum and minimum number of board members provided for in the Company By-laws:

Maximum number of Board Members	21
Minimum number of Board Members	11

B.1.2. Complete the following table with the board members:

Name or corporate name of the Board member	Position	Date first appointment	Date last appointment	Election procedure
Mr. Florentino Pérez Rodríguez	Chairman and CEO	06-28-1989	10-14-2003	General Meeting
Mr. Pablo Vallbona Vadell	Vice Chairman	09-05-1997	10-14-2003	General Meeting
Mr. Antonio García Ferrer	Executive Vice Chairman	10-14-2003	10-14-2003	General Meeting
Mr. José María Aguirre González	Board Member	06-29-1995	06-12-2001	General Meeting
Mr. Agustín Batuecas Torrego	Board Member	06-29-1999	10-14-2003	General Meeting
Mr. Alvaro Cuervo García	Board Member	09-05-1997	06-19-2003	General Meeting
Mr. Manuel Delgado Solís	Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Javier Echenique Landiribar	Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Isidro Fernández Barreiro	Board Member	09-05-1997	10-14-2003	General Meeting
Mr. Joan David Grima Terré	Board Member	10-14-2003	10-14-2003	General Meeting
Mr. José María Loizaga Viguri	Board Member	06-28-1989	10-14-2003	General Meeting
Mr. Pedro-José López Jiménez	Board Member	06-28-1989	10-14-2003	General Meeting
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Board Member	06-19-2002	06-19-2003	General Meeting
Mr. Javier Monzón de Cáceres	Board Member	05-20-2004	05-20-2004	General Meeting
Mr. Miguel Roca i Junyent	Board Member	10-14-2003	10-14-2003	General Meeting
Mr. Julio Sacristán Fidalgo	Board Member	06-24-1998	06-19-2003	General Meeting
Mr. José Luis del Valle Pérez	Secretary Board Member	06-28-1989	10-14-2003	General Meeting

Name or corporate name of the Board member	17
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Indicate the resignations from the board of directors that occurred during the period:

Name or corporate name of the Board member	Date of resignation
Mr. Miguel Blesa de la Parra	10-03-2005

B.1.3. Complete the following tables on the board members and their position:

Executive Directors

Name or corporate name of the Board member	Committee which proposed appointment	Position in the company's organizational chart
Mr. Agustín Batuecas Torrego	None	Board Member
Mr. José Luis del Valle Pérez	None	Secretary General and Member of the Board of Directors
Mr. Antonio García Ferrer	None	Executive Vice Chairman
Mr. Florentino Pérez Rodríguez	None	Chairman and CEO

Proprietary & External Directors

Name or corporate name of the Board member	Committee which proposed appointment	Name or corporate name of significant shareholder represented or that proposed his appointment
Mr. Manuel Delgado Solís	None	Corporación Financiera Alcor, S.A.
Mr. Javier Echenique Landiribar	None	Corporación Financiera Alcor, S.A.
Mr. Isidro Fernández Barreiro	None	Corporación Financiera Alba, S.A.
Mr. Pedro-José López Jiménez	None	Mr. Pedro José López Jiménez
Mr. Santos Martínez-Conde Gutiérrez Barquín	None	Corporación Financiera Alba, S.A.
Mr. Javier Monzón de Cáceres	None	Corporación Financiera Alcor, S.A.
Mr. Julio Sacristán Fidalgo	None	Inversiones Vesán, S.A.
Mr. Pablo Vallbona Vadell	None	Corporación Financiera Alba, S.A.

Independent Non Executive Directors

Name or corporate name of the Board member	Committee which proposed appointment	Profile
Mr. José María Aguirre González	None	Businessman
Mr. Alvaro Cuervo García	None	Businessman
Mr. Joan David Grimà Terré	None	Businessman
Mr. José María Loizaga Víguri	None	Businessman
Mr. Miguel Roca Junyent	None	Lawyer

Other Non Executive Directors

Name or corporate name of the Board member	Committee which proposed the appointment

Indicate the reasons why they cannot be considered proprietary or independent:

Indicate any variations that have occurred in the type of each board member during the period:

Name or corporate name of the Board member	Date of Change	Previous status	Current status

B.1.4. Indicate whether the classification of board members in the above section corresponds with the provisions of the Rules of the Board of Directors:

The rating of the Directors carried out in the foregoing point corresponds with the provisions set forth in article 3 of the Rules of the Board of Directors.

B.1.5. If applicable, indicate any powers delegated to the board members or chief executive officers:

Name or corporate name of Board Member	Brief description
Mr. Florentino Pérez Rodríguez	All Powers corresponding to the board except those that cannot be transferred

B.1.6. If applicable, identify the members of the board that hold the positions of administrators or directors of other companies that form part of the listed company:

Name or corporate name of Board Member	Corporate name of the Group Entity	Position
Mr. José María Aguirre González	Cobra, Instalaciones y Servicios, S.A. ACS Servicios, Comunicaciones y Energía, S.L.	Chairman Vice Chairman
Mr. Agustín Batuecas Torrego	Compañía Navarra de Autobuses, S.A. Jiménez Lopera, S.A. Autedia, S.A. Intercambiador de Transportes Príncipe Pío, S.A. Continental Auto, S.L. Alsina Graells de Auto Transporte Movelia Tecnologías, S.L. Autocares Discrecionales del Norte, S.L. Servicios Generales de Automoción, S.A. Consturrail, S.A. Continental Rail, S.A. Transportes Alsina Graells Sur, S.A. Hijos de Simón Maestra García, S.A. Setra Ventas y Servicios, S.A. Autobuses García, S.L. Intercambiador de Transportes Avenida de América, S.A. Intercambiador de Transportes Plaza de Castilla, S.A. Explotación Comercial de Intercambiadores, S.A.	Secretary General and Member of the Board Of Directors Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Board Member Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO Individual representing Continental Auto, S.L., Chairman and CEO
Mr. José Luis del Valle Pérez	ACS ervicios y Concesiones, S.L. ACS Servicios. Comunicaciones y Energía, S.L. Dragados, S.A. Iberpistas, S.A.C.E Cobra. Instalaciones y Servicios, S.A. Sociedad Española de Montajes Industriales, S.A. Dragados Concesiones de Infraestructuras, S.A. Clece, S.A. Continental Auto, S.L. Xfera Moviles, S.A. Dragados Servicios Portuarios y Logísticos, S.L. Saba Aparcamientos, S.A. Urbaser, S.A. Dragados Industrial, S.A.	Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Secretary General and Member Of The Board Of Directors Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member
Mr. Manuel Delgado Solís	Dragados, S.A. Unión Fenosa, S.A.	Board Member Board Member
Mr. Javier Echenique Landiribar	ACS Servicios. Comunicaciones y Energía, S.L.	Board Member
Mr. Isidro Fernández Barreiro	Xfera Moviles, S.A.	Board Member
Mr. Antonio García Ferrer	ACS Servicios y Concesiones, S.L. Inmobiliaria Urbis, S.A. Acs Servicios. Comunicaciones y Energía, S.L. Dragados, S.A. Abertis Infraestructuras, S.A.	Board Member Board Member Board Member Board Member Board Member
Mr. Pedro-José López Jiménez	ACS Servicios y Concesiones, S.L. Dragados, S.A. Unión Fenosa, S.A.	Board Member Vice Chairman Chairman
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Unión Fenosa, S.A.	Board Member
Mr. Javier Monzón de Cáceres	ACS Servicios y Concesiones, S.L.	Board Member
Mr. Julio Sacristán Fidalgo	Autopistas Aumar, S.A.C.E	Board Member
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	Vice Chairman

B.1.7. Detail, if applicable, the board members of the company who are members of the board of directors of other companies that are listed on official stock exchanges in Spain and which do not form part of the company's group and of which the company is aware:

Name or corporate name of Board Member	Listed Company	Position
Mr. José María Aguirre González	Acerinox, S.A.	Board Member
Mr. José María Aguirre González	Banco Guipuzcoano, S.A.	Chairman
Mr. Alvaro Cuervo García	Tafisa. Tableros de Fibras, S.A.	Vice Chairman
Mr. Javier Echenique Landiribar	Uralita, S.A.	Board Member
Mr. Javier Echenique Landiribar	Ence, S.A.	Board Member
Mr. Javier Echenique Landiribar	Telefónica Móviles, S.A.	Board Member
Mr. Isidro Fernández Barreiro	Prosegur, S.A.	Board Member
Mr. Joan David Grimà Terré	Antena 3, Tv, S.A.	Board Member
Mr. José María Loizaga Víguri	Zardoya Otis, S.A.	Vice Chairman
Mr. Pedro-José López Jiménez	Lingotes Especiales, S.A.	Board Member
Mr. Pedro-José López Jiménez	Compañía Española de Petróleos, S.A. (CEPSA)	Board Member
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Acerinox, S.A.	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	Chairman

B.1.8. Complete the following tables showing the total remuneration of the Board Members accrued during the financial year:

a) In the company object of the present report

Nature of remuneration	Figures in thousand euros
Fixed salary	2,353
Variable remuneration	2,834
Expenses	0
Statutory dues	1,700
Stock options and/or financial instruments	1,463
Others	0
TOTAL	8,350

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Funds and Pension Plans: Contributions	2,035
Pension Plans: Contracted Obligations	2,035
Life Insurance Premiums	11
Guarantees constituted by the Company in favour of Board Members	0

b) Received by board members of the company for belonging to other boards of directors and/or senior management of companies of the group:

Nature of remuneration	Figures in thousand euros
Fixed salary	308
Variable remuneration	0
Expenses	0
Statutory dues	523
Stock options and/or financial instruments	59
Others	60
TOTAL	950

Other benefits	Figures in thousand euros
Advances	0
Loans	0
Funds and Pension Plans: Contributions	0
Pension Plans: Contracted Obligations	0
Life Insurance Premiums	0
Guarantees constituted by the Company in favour of Board Members	0

c) Total compensation per type of board member:

Classes of board members	By company	By group
Executive Directors	7,155	543
Proprietary & External Directors	747	341
Independent Non Executive Directors	448	66
Other Non Executive Directors	0	0
TOTAL	8.350	950

d) Respect to profit due to the parent company:

Total board member remuneration (thousands of euros)	9,300
Total board member remuneration/ profit due to parent company (expressed as %)	1.528

B.1.9. Identify the members of senior management that are not in turn executive directors, and indicate the total remuneration accrued in their favour during the financial year

Name or corporate name	Position
Mr. Ángel García Altozano	Corporate General Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. Marcelino Fernandez Verdes	Chairman and CEO of Dragados, S.A. (Head of the Construction and Concessions Area)
Mr. Juan Ernesto Pérez Moreno	Assistant to the Chairman of Dragados, S.A.
Mr. Maximiliano Navascués Redondo	Director of Contracts of Dragados, S.A.
Mr. Alfonso Costa Cuadrench	Director of Technical Services of Dragados, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	Director of Building of Dragados, S.A.
Mr. Ignacio Segura Suriñach	Director of Building of Dragados, S.A.
Mr. Jose María López Piñol	Director of Civil Work of Dragados, S.A.
Mr. Luis Nogueira Miguelsanz	Secretary General of dragados, S.A.
Mr. Antonio Cortes Sanchez	International Director of Dragados, S.A.
Mr. Ricardo Martín de Bustamante Vega	Director of Civil Works of Dragados, S.A.
Mr. Octavio del Real Sanchez	Director of Investees of Dragados, S.A.
Mr. Manuel Perez Beato	Chairman and CEO of Vias y Construcciones, S.A.
Mr. Antonio Alfonso Sanchez	Board Member and General Manager of Vias y Construcciones, S.A.
Mr. Manuel Alvarez Muñoz	Director de Producción de Vias y Construcciones, S.A.
Mr. Rafael Valero Sin	Sole Administrator of Tecsa. Empresa Constructora, S.A.
Mr. Enrique Perez Rodriguez	Sole Administrator of Comunidades Gestionadas, S.A.
Mr. Jose Luis Sarabia Centeno	Sole Administrator of Dragados y Construcciones Especiales, S.A.
Mr. Francisco Javier Asencio Marchante	Sole Administrator of Geotecnia y Cimientos, S.A.
Mr. Eugenio Llorente Gómez	CEO of Cobra Instalaciones y Servicios, S.A.
Mr. Jose Reis Costa	Chairman of Procme, Ltd
Mr. Daniel Vega Baladrón	CEO of Sociedad Española de Montajes Industriales, S.A.
Mr. Juan Agustín Sanchez Bernal	Chairman of Aplicacion de Pinturas Api, S.A.
Mr. Lorenzo Diaz Revenga	Chairman and CEO of Dragados Industrial, S.A.
Mr. Mateo Rodriguez Sanchez Del Moral	General Manager of Ingenieria Industrial y Plantas
Mr. Carlos Rodriguez Mendez	General Manager of Control y Montajes Industriales, S.A.
Mr. Pedro Ascorbe Trián	General Manager of Dragados Off-Shore, S.A.
Mr. Juan Enrique Ruiz Gonzalez	General Manager of Dragados Sistemas, S.A.
Mr. Antonio Benítez Vilches	General Manager of Mantenimiento y Montajes Industriales, S.A.
Mr. Demetrio Ullastres Llorente	Chairman and CEO of ACS Servicios y Concesiones, S.L. (Head of the Services Area)
Mr. Ignacio Perez Rodriguez	Executive Chairman of ACS Servicios, Comunicaciones y Energía, S.L. (Head of the Industrial Services Area)
Mr. Jose Alfonso Nebreira García	General Manager of ACS, Servicios, Comunicaciones y Energía, S.L.
Mr. Jose Romero de Ávila González-Albo	General Manager of ACS Servicios, Comunicaciones y Energía, S.L.
Mr. Juan Galvañ Morante	Secretary General of ACS Servicios y Concesiones, S.L.
Mr. Javier Polanco Gómez-Lavín	CEO of Urbaser, S.A.
Mr. Jose Naranjo Hiraldo	General Manager of Urbaser, S.A.
Mr. Juan Carlos Pery Paredes	CEO of Dragados Servicios Portuarios y Logísticos, S.L.
Mr. Cristóbal Valderas Alvarado	CEO of Clece, S.A.
Mr. Victor Revuelta García	General Manager of Dragados Concesiones de Infraestructuras, S.A.
Mr. Manuel García Buey	General Manager of Dragados Concesiones de Infraestructuras, S.A.
Mr. Francisco Fernández Lafuente	General Manager of Offers of Dragados Concesiones de Infraestructuras, S.A.
Mr. Carlos Gerez Pascual	Director of Machinery of Dragados, S.A.
Mr. Epifanio Lozano Pueyo	Administration Manager of ACS Servicios Comunicaciones y Energía, S.A.
Mr. Pablo García Arenal	General Manager of Plants of Cobra Instalaciones y Servicios, S.A.
Mr. Andrés Sanz Carro	Secretary General of Semi/Maessa
Mr. Manuel Andrés Martínez	General Manager of Services of Urbaser, S.A.
Mr. José Ontañón Carrera	General Manager of Waste Treatment of Urbaser, S.A.
Mr. Javier San Millán Pérezagua	General Manager of Clece, S.A.

Total board member remuneration (thousands of euros)	23,723
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B.1.10. Indicate on an aggregate basis if there are guarantee or protection clauses, in the case of dismissal or changes of control in favour of members of senior management, including the executive directors, of the company or its group. Indicate if these contracts have to be notified and/or approved by the bodies of the company or its group:

Number of beneficiaries	16	
	Board of directors	General meeting
Body authorising the clauses	X	
	YES	NO
Is the General Meeting informed about the clauses?		X

B.1.11. Indicate the process to determine the compensation of members of the board of directors and the related clauses of the Company By-laws:

The remuneration of the different board members for statutory dues was proposed by this board at the proposal of the Remuneration Committee. Every year, the global amount is submitted to the approval of the company Shareholders' Meeting within the agreement regarding the allocation of profits.

This matter is regulated through the last three paragraphs of article 34 of the Company By-laws which set forth: "In addition to the allowances and expenses agreed by the General Meeting, for statutory participation, the Board of Directors shall also be entitled to remuneration that does not exceed ten percent of the distributable net profit. This can only be allocated once the legal reserves and, if applicable, the statutory reserve have been made and the shareholders have been paid a dividend of at least four percent of the paid-up capital for each share.

Express authorisation is hereby given to allow remuneration to all or any of the members of the Board of Directors, as well as executive staff of the company and the companies that belong to the same Group, which consists in the surrender of company shares or of stock option rights or through a reference to the value of said shares, in the manner, terms and conditions set by the General Shareholders' Meeting through the opportune agreement with the legally established requirements.

The Board of Directors shall decide on the manner of distributing the remuneration due through the application of this article, including the different amounts".

B.1.12. Indicate the identity of any board members that are, at the same time, board members or executives at companies that hold significant shareholdings in the listed company and/or entities in the group:

Name or corporate name of Board Member	Name or corporate name of the significant shareholder	Position
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	CEO
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	General Manager
Mr. Florentino Pérez Rodríguez	Inversiones Vesan, S.A.	Administrator
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba S.A.	Vice Chairman

Detail of any relevant relationships, other than those contemplated in the chart above, which could bind any board members with significant shareholders and/or their group companies:

Name or corporate name of Board Member	Name or corporate name of the significant shareholder	Description of Relationship
Mr. Manuel Delgado Solís	Imvernelín Patrimonio, S.L.	Lawyer
Mr. Manuel Delgado Solís	Percacer, S.A.	Lawyer
Mr. Isidro Fernández Barreiro	Corporación Financiera Alba, S.A.	Director of Banca March S.A., main shareholder of Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Inversiones Vesán, S.A.	Brother In Law of Mr. Florentino Pérez, Administrator of Inversiones Vesán, S.A.
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Executive Vice Chairman of Banca March, S.A., main shareholder of Corporación Financiera Alba, S.A.

B.1.13. Indicate any amendments made to the Rules of the Board of Directors during the financial year.

B.1.14. Indicate the procedures for appointment, re-election, evaluation and removal of the board members. Detail the competent bodies, the steps to follow and the criteria to use in each of the procedures.

The issue is regulated in the Rules of the Board of Directors, in the following articles, the literal content of which is the following:

[Article 3. Composition and appointment](#)

Within the limits set forth in article 13 of the Company By-laws in force and without prejudice to the powers of proposal which, in accordance with current legislation, corresponds to the shareholders, it shall fall to the Board of Directors to propose to the General Shareholders' Meeting both the number of Directors as well as the individuals or legal entities that must be appointed. The appointment proposal shall record the executive, external and proprietary or external and independent status of the proposed Board members.

In addition, in the event of vacancies, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place

[Article 4. Duties](#)

(...) In particular, the Board of Directors shall be responsible for:

Accept the resignation of Board Members.

To appoint, revoke and accept the resignation of the Chairman, Vice chairman and Secretary of the Board.

To appoint, revoke and accept the resignation of the Board members that are to form part of the Committees and Commissions set forth in these Regulations.

[Article 11. Period of appointment of the Directors](#)

The Directors shall exercise their role for the period for which they are elected. Under no circumstances may this exceed a period of five years. They may be re-elected one or more times for terms of an equal duration. The foregoing is without prejudice to the Directors continuing to exercise their position until the next General Shareholders' Meeting takes place once their term has expired.

The Directors elected through co-optation shall exercise their role until the next General Shareholders' Meeting, when the definitive election to cover the vacancy shall take place.

[Article 17. The Chairman](#)

The Board shall elect a Chairman from among its members. The chairman, in addition to the duties that correspond to him by virtue of current legislation, the Company By-laws and these Rules, shall undertake duties that befit the status of the top executive post of the company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall have the widest possible powers for the purpose of carrying out his duties and, unless lawfully prohibited, may totally or partially replace same in favour of other members of the Board and executive personnel of the company and, in general, to whoever he deems fit and proper.

[Article 18. The Vice Chairmen](#)

The Board may likewise elect one or two Vice Chairmen from among its Directors: The Vice Chairmen shall deputise for the Chairman in those instances of delegation, absence or illness and, in general, shall exercise all those duties that fall to the Chairman, the Executive Committee and the Board of Directors.

The replacement of the Chairmen by the Vice Chairmen shall be carried out in accordance with the order of their appointment or, in the absence of this, through the order of their seniority and, finally, in order of age from eldest to youngest.

[Article 19. The Chief Executive Officer](#)

The Board may appoint a Chief Executive Officer (CEO) and award him the powers required unless these are prohibited from being delegated through the Law or through the Company By-laws.

[Article 20. The Secretary](#)

The Board of Directors shall appoint a Secretary. The Secretary which is not required to be a Board Member and must be a practising Lawyer. In addition to the duties for which the Secretary is responsible under current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts that emanate from the company bodies that it forms part of, providing the due warnings and taking minutes of the same.

B.1.15. Indicate the events in which Board Members are obliged to resign.

This is not expressly considered.

B.1.16. State whether the function of the chief executive officer of the company rests with the chairman of the board. If this is the case, indicate the measures that have been taken to limit the risks of accumulation of powers in a single person:

YES	NO
X	

Measures to limit risks

The Chairman of the Board, Mr. Florentino Pérez Rodríguez, is also CEO, and has delegated all the powers of the Board, except those that cannot be transferred. His duty is not only delimited by this scope of powers that cannot be transferred, but also by the duties that he carries out as Chairman of the Executive Committee. There is no other specific risk limitation of the accumulation of these duties.

B.1.17. Are higher majorities required, different from the legal majority, in any type of decision?:

YES	NO
	X

Indicate how resolutions are adopted in the board of directors, identifying at least, the minimum quorum of attendance and the type of majority to adopt resolutions:

Adoption of resolutions

Description of agreement	Quorum	Type of Majority

B.1.18. State whether there are specific requisites, different from those related to board members, to be nominated chairman.

YES	NO
	X

Description of requisites

B.1.19. Indicate if the chairman has a casting vote:

YES	NO
	X

Matters where the casting vote exists

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B.1.20. Indicate if the Company By-laws or the Rules of the Board of Directors establish any limit on the age of board members:

YES	NO
	X

Age limit of chairman

Age limit of chief executive officer

Age limit of board member

B.1.21 Indicate if the Company By-laws or the Rules of the Board of Directors establish a limited mandate for independent board members:

YES	NO
	X

Maximum number of mandate years 0

B.1.22. Indicate if there are formal processes for the delegation of votes in the board of directors. If so, explain them briefly.

Without prejudice to the obligation to attend, the Directors that cannot attend a meeting in person may be represented and cast a vote through another Director. This delegation must be made in writing to the Chairman and must in the form of a letter, telegram, telex or fax or any other written means that acknowledges receipt by the addressee.

B.1.23. Indicate the number of meetings that the board of directors has held during the year. In addition, indicate the number of time the board has meet without the presence of the chairman, if applicable:

Number of board meetings	6
Number of board meetings without the presence of the Chairman	0

Indicate the number of meetings held during the year by the different board committees:

Number of meetings of the Executive Committee or Representative	12
Number of meetings of the Audit Committee	5
Number of meetings of the Appointment and Remuneration Committee	4
Number of meetings of the Strategy and Investments Committee	0
Number of meetings of the Committee	0

B.1.24. Indicate whether the parent company and consolidated accounts that are presented to the board of directors for their approval are previously certified:

YES	NO
X	

Identify, if applicable, the person/people that has/have certified the company's individual and consolidated financial statements, for their preparation by the board:

Name	Position
Mr. Ángel García Altozano	Corporate General Manager

B.1.25. Explain the mechanisms established by the board of directors, if there are any, to avoid the parent company and consolidated accounts that it prepares being presented in the Shareholders' Meeting with a qualified auditor's report.

In this regard, in accordance with article 20 b of the Company By-laws, routine meetings are held between the Accounts Auditor and the Audit Committee to analyse any differences between the accounting criteria followed by the Company and its group of companies and the auditor's interpretation of the accounts. It is considered that the 2005 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2003 and 2004.

B.1.26. Outline the measures adopted so that the information released to the stock exchange is transmitted in a symmetrical and equitable manner.

We try to ensure that knowledge of relevant facts for the market is restricted to the minimum number of identified persons, until the public in general is made aware of the corresponding relevant fact through the dissemination of same.

B.1.27. Is the Secretary of the Board of Directors a board member?:

YES	NO
X	

B.1.28. Indicate the mechanisms established by the company, if any, to preserve the independence of the auditor, of the financial analysts, of the investment banks and the rating agencies.

With regard to the auditor, Article 23 of the Rules of the Board of Directors expressly sets forth that in addition to the appointment proposal, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing. Elsewhere, both article 20 b of the Company By-laws as well as article 23 of the Rules of the Board of Directors set forth that the appointment of the members of the Audit Committee cannot fall to anybody that is currently performing this task or who had carried out tasks of an executive or work nature in the Company during the three immediately preceding years. Moreover, the appointment of the Chairman must fall to a non-executive board member of the Company who cannot remain in this post for a period greater than four years. He can, however, be re-elected once a period of one year has elapsed from his stepping down.

B.1.29. Indicate if the auditing firm undertook other work for the company and/or its group other than the audit and in this case indicate the amount paid in fees for said work and the percentage that it represents of the total fees invoiced to the company and/or group.

YES	NO
X	

	Company	Group	Total
Amount from work other than the audit (thousand euros)	153	300	453
Amount from work other than audit / Total amount invoiced by auditing firm (in %)	5,188	10,173	15,361

B.1.30. Indicate the number of uninterrupted years that the current auditing firm has carried out the audit of the annual accounts of the company and/or its group. Also indicate the percentage that the number of years audited by the current auditing firm represents of the total number of years which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	16	16

	Company	Group
Number of years audited by current auditing firm / Number of years that the company has been audited (in %)	100,000	100,000

B.1.31. Indicate the shareholdings of members of the board of directors of the company in entities that have the same, analogous or complementary kind of activity to the business purpose of both the company and its group, which have been notified to the company. Also indicate the positions or duties that they perform in these companies:

Name or corporate name of the Board member	Name of the object company	% shareholding	Position or function
Mr. José María Aguirre González	Inmobiliaria Urbis, S.A.	0.000	
Mr. José Luis del Valle Pérez	Sagital, S.A. Inmobiliaria Paredes, S.A. Inversiones Montecarmelo, S.A. Del Valle Inversiones, S.A.	5.100 14.902 23.490 33.330	Sole Administrator Joint and Several Administrator
Mr. Manuel Delgado Solís	Cintra, S.A. Unión Fenosa, S.A.	0.000 0.000	
Mr. Isidro Fernández Barreiro	Iberdrola Endesa, S.A. Fadesa Grupo Ferrovial, S.A. FCC	0.002 0.004 0.013 0.004 0.001	
Mr. Antonio García Ferrer	Inmobiliaria Urbis, S.A.	0.000	Board Member
Mr. José María Loizaga Viguri	Inversiones Europeas, S.L. Capital Stock Mercapital, S.L.	99.970 99.990 20.224	Vice Chairman Chairman Chairman
Mr. Pedro-José López Jiménez	Unión Fenosa, S.A. Atlas Copco, SE Terratest Técnicas Especiales, S.A.	0.098 0.000 45.000	Chairman Board Member Chairman (Held through Fapindus, S.L.)
Mr. Santos Martínez-Conde Gutiérrez Barquín	Unión Fenosa, S.A. Metrovacesa, S.A. Gas Natural SGD, S.A. S.G. Aguas de Barcelona, S.A. Inmobiliaria Urbis, S.A. Endesa, S.A. Iberdrola Abengoa Gamesa Corporación Tecnológica, S.A. FCC Abertis Infraestructuras, S.A. Enagas, S.A. Grupo Ferrovial, S.A. Telefónica Móviles, S.A.	0.001 0.001 0.001 0.003 0.002 0.001 0.001 0.002 0.001 0.003 0.000 0.001 0.001 0.000 0.000 0.001	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A. YPF, S.A. Banco Inversis Net, S.A.	0.044 0.000 0.000	Chairman Board Member Individual representing Board Member Indra Sistemas S.A.
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	0.001	Non-Executive Vice-Chairman

B.1.32. Indicate and detail, if applicable, if there is any procedure for the board members to obtain external advice:

YES	NO
	X

Detail of procedure

B.1.33. Indicate and if applicable provide details of any procedure for board members to obtain the information required to prepare for the meetings of the administrative bodies with sufficient time:

YES	NO
X	

Detail of procedure

In article 15, the Rules of the Board of Directors expressly consider the right of the board members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the chairman or the secretary of the board.

B.1.34. Indicate if there is a liability insurance policy that covers the company's board members:

YES	NO
X	

B.2. Committees of the board of directors

B.2.1. Identify the administrative bodies:

Name of body	Number of members	Functions
Board of Directors	17	The representation of the company and the administration of its businesses and the carrying-out of as many operations as form the corporate purpose or are related thereto.
Executive Committee	7	Through delegation from the board of directors, this committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the company by-laws. That notwithstanding, the board of directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the executive committee may submit any matter to the decision of the board of directors when, although the matter could be dealt with by the committee, this body believes it is necessary for the board to take the appropriate decision
Audit Committee	4	<p>A) To inform the general meeting on matters raised by the shareholders.</p> <p>B) To propose the appointment of the external accounts auditor to the board of directors of the company in order that the latter can present this proposal to the general meeting, in accordance with article 204 of the revised text of the public limited corporations law.</p> <p>C) To review and approve any significant changes to the accounting policies of the company and the subsidiary companies that form the group of companies. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardise their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.</p> <p>D) To supervise the internal audit services if this body exists within the business organisation.</p> <p>E) To be aware of the financial information process and the internal control systems of the company.</p> <p>F) To review and provide information on the estimates made by the company management and those that are integrated into its group of companies on possible tax and legal contingencies of a significant nature.</p> <p>G) To be aware of the results of inspections carried out by official authorities.</p> <p>H) To be aware of the information regarding the company's accounts that is periodically supplied to the stock market.</p> <p>I) Any other special issues that are referred to the board of directors.</p>
Remuneration Committee	4	<p>The remuneration committee will report to the board of directors on the following matters:</p> <ol style="list-style-type: none"> 1. The remuneration scheme of the chairman of the board of directors and other top executives. 2. Remuneration of the Board members. 3. Any long-term plans based on share value, such as stock options.

B.2.2. Detail of all the committees of the board of directors and its members:

Executive Committee

Name	Position
Mr. Florentino Pérez Rodríguez	Chairman
Mr. José María Loizaga Viguri	Member
Mr. Javier Echenique Landiribar	Member
Mr. Isidro Fernández Barreiro	Member
Mr. Antonio García Ferrer	Member
Mr. Pedro-José López Jiménez	Member
Mr. Pablo Vallbona Vadell	Member
Mr. José Luis del Valle Pérez	Secretary (Non Member)

Audit Committee

Name	Position
Mr. Santos Martínez-Conde Gutiérrez Barquín	Chairman
Mr. Alvaro Cuervo García	Member
Mr. Manuel Delgado Solís	Member
Mr. Julio Sacristán Fidalgo	Member
Mr. José Luis del Valle Pérez	Secretary (Non Member)

Remuneration and Appointment Committee

Name	Position
Mr. Pablo Vallbona Vadell	Chairman
Mr. José María Aguirre González	Member
Mr. Javier Echenique Landiribar	Member
Mr. José María Loizaga Viguri	Member
Mr. José Luis del Valle Pérez	Secretary (Non Member)

Strategy and Investments Committee

Name	Position
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B.2.3. Provide a description of the organisation and operating rules, along with the responsibilities that are attributed to each board committee.

These are included in articles 21 to 24 of the Rules of the Board of Directors, the contents of which are the following:

[Article 21. The Committees](#)

For greater efficiency in the exercise of its duties and without prejudice to the statutory powers that correspond to the Board for the creation of the Committees that it deems necessary, an Executive Committee shall be formed, with delegated powers from the board, an Audit Committee and a Remuneration Committee, with the functions that are set forth in these Rules within the framework of current legislation and the Company By-laws

[Article 22. The Executive Committee](#)

The Executive Committee shall comprise the Chairman of the Board, who shall be its Chairman, and by the one or two Vice Chairmen, if these positions have been designated, by the Board Members designated by the Board of Directors, and by the Secretary of the Board, with voice but without vote, who shall act as Secretary.

The Executive Committee shall meet as often as it is convened by the Chairman, either on his own initiative or when at least two members request same. The Committee is understood to be validly constituted when the majority of its elements are either present or represented and, save any other provision set forth in current legislation, in the Company By-laws or in these Rules, shall adopt its resolutions through a majority of attendees, either present or represented.

Through delegation of the Board of Directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision

of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied as necessary and with the natural adaptations.

Article 23. The Audit Committee

In accordance with the provisions set forth in article 20 b of the Company By-laws, there shall be an Audit Committee that shall comprise a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. This appointment cannot fall to anyone who currently occupies this post, or who has carried out tasks of an executive or work nature in the company during the three immediately preceding years. The appointment of the Chairman, also to be made by the Board of Directors, must fall on one of the non-executive directors of the Company. The chairman cannot hold this post for a period of more than four years, although he may be re-elected once a period of one year has elapsed from his stepping down. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year, coinciding with the initial and final stages of the auditing of the Company's financial statements and the consolidated accounts of the Group of Companies and always prior to the issue of the audit reports. The Company's Auditor may attend these meetings, whenever especially convened, for the purpose of explaining the most significant aspects of the audit.

The Audit Committee shall be responsible for the following functions:

- a) To inform the General Shareholders Meeting on issues of its competence raised by shareholders.
- b) To propose the appointment of the external auditors referred to in Section 204 of the Revised Text of the Corporations Law to the Board of Directors of the Company for submittal to the General Shareholders' Meeting.
- c) To revise and approve any significant changes to accounting policies of the Company and the subsidiaries in the Corporate Group, as well as the Corporate Group itself. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardize their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting.
- d) To supervise the internal audit services if this body exists within the business organisation.
- e) To be aware of the financial information process and the internal control systems of the company.
- f) To review and provide information on the estimates made by the Company management and those that are integrated into its Group of Companies on possible tax and legal contingencies of a significant nature.
- g) To be aware of the results of inspections carried out by official authorities.
- h) To be aware of the information regarding the company's accounts that is periodically supplied to the Stock Market.
- i) Any other special issues that are referred to the Board of Directors.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Audit Committee as necessary and with the natural adaptations.

Article 24. The Remuneration Committee

Likewise, the Board of Directors shall set up a Remuneration Committee to be made up of a Chairman and a minimum of two Board members who shall be freely elected and moved from among its members, by the Board of Directors. Furthermore, it shall perform their functions during the term for which they were appointed. This period cannot exceed four years. The Secretary of the Board of Directors of the Company shall attend these meetings in the capacity of Secretary, with voice but without vote.

This shall only be understood to be validly constituted when the majority of its members are present and shall adopt its resolutions through a majority of attendees. In the event of a tie, the Chairman shall have the casting vote. It shall meet whenever the Chairman convenes a meeting and at least twice a year

The Remuneration Committee is responsible for providing the Board of Directors with information on:

- 1.- The remuneration scheme of the Chairman of the Board of Directors and other top executives.
- 2.- Remuneration of the Board Members.
- 3.- Long-term plans that may be established in accordance with the value of the share, such as stock option plans.

The provisions set forth in these rules regarding the operation of the Board of Directors shall be applied to the Remuneration Committee as necessary and with the natural adaptations.

B.2.4. Indicate the powers of assessment, consultation and, if applicable, the delegations held by each of the committees:

Committee Name	Brief description
Executive Committee	The executive committee has all the powers that correspond to the board of directors except for those that cannot be transferred by law or because of the company by-laws.
Audit committee	The audit committee is responsible for the following functions of advice and consultancy, as well as those that the board of directors may entrust to it: <ul style="list-style-type: none"> - To inform the general meeting on matters raised by the shareholders. - To propose the appointment of the external accounts auditor to the board of directors in order that the latter can present this proposal to the general meeting, in accordance with article 204 of the revised text of the public limited corporations law. - To review and approve any significant changes to the accounting policies of the company and the subsidiary companies that form the group of companies. Likewise, in general, all dealings with the external auditors in order to receive information on those issues that could jeopardise their independence as well as any others related to the process of implementation of accounts auditing and any other communications set forth in legislation governing accounts auditing and the technical rules of accounting. - To review and provide information on the estimates made by the company management and those that are integrated into its group of companies on possible tax and legal contingencies of a significant nature.
Remuneration Committee	All of the functions of the compensation committee may be considered to be advice or consultancy tasks on behalf of the board of directors.

B.2.5. Indicate, if applicable, if there are regulations of the board committees, where they can be consulted, and amendments made during the year. In addition, indicate on a voluntary basis if any annual report has been prepared on the activities of each committee.

The Board Committees are regulated through the Rules of the Board of Directors and the activity of each committee is set forth in minutes that are sent to each and every one of its members. In addition, the Audit Committee issued the corresponding report for the General Shareholders' Meeting with regard to the accounts for the 2004 financial year and must do the same in 2006 for the 2005 accounts.

B.2.6. In the event that there is an executive committee, explain the level of delegation and autonomy that it has in carrying out its functions, in passing resolutions on the administration and management of the company.

Through delegation of the board of directors, this Committee shall hold all the powers that correspond to this body, except those that cannot be transferred by law or through a provision in the Company By-laws. That notwithstanding, the board of directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the executive committee may submit any matter to the decision of the board of directors when, although the matter could be dealt with by the committee, this body believes it is necessary for the board to take the appropriate decision.

B.2.7. Indicate if the members of the executive committee reflect the shareholding in the board of the different board members based on their status:

YES	NO
	X

If no, please explain the composition of its executive committee:

The Executive Committee comprises an independent board member, two executive board members and four proprietary board members as well as a Secretary with voice but without vote.

B.2.8. If there is an Appointment Committee, indicate if all its members are non-executive board members:

YES	NO
	X

C

Associated Operations

C.1. Detail the relevant operations that involved a transfer of resources or obligations between the company or entities of the group and significant shareholders of the company:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its group entity	Nature of relationship	Description of the operation	Amount (thousands of euros)
Banca March, S.A.	ACS Group companies	Commercial	Finance lease agreements	8,340
Banca March, S.A.	ACS Group companies	Commercial	Financing agreements: loans	11,430
Banca March, S.A.	ACS Group companies	Commercial	Financing agreements: others (specify)	101,520
Banca March, S.A.	ACS Group companies	Commercial	Guarantees and underwriting	34,940
Rosan Inversiones, S.L.	Dragados S.A.	Commercial	Reception of services	2,369

C.2. Detail of the relevant operations that involved a transfer of resources or obligations between the company and entities of its group and the administrators or executives of the company:

Name or corporate name of the significant shareholder	Name or corporate name of the Company or its Group Entity	Nature of relationship	Description of the operation	Amount (thousands of euros)
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C.3. Detail the relevant operations made by the company with other companies belonging to the same group, provided that they are not eliminated in the process of preparing the consolidated financial statements and do not form part of the normal business of the company in terms of its business purpose and conditions:

Corporate name of its group entity	Brief description of the operation	Amount (thousands of euros)
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C.4. Identify, if applicable, the existence of any conflicts of interest faced by the board members of the company, as established under article 127 of the Corporations Law.

C.5. Mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, board members, executives or significant shareholders.

1st - There are several standards included in the Rules of the Board of Directors. Article 13 specifically regulates conflicts of interest. With regard to the duty of loyalty, this article stipulates that the board members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Likewise, on regulating the non-competition and the use of information, article 14 sets forth that the board members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the company or of any of the group companies or provide representation services on behalf of same.

The board members cannot use restricted information that they have become aware of through the exercise of their position as a board member for any private purpose. More specifically, unless expressly authorised by the board of directors, the board members cannot benefit from commercial transactions that they have become aware of in their capacity as a board member.

Unless it is a duly authorised payment in kind, board members cannot make use of company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

2nd - Likewise, there are Rules of Conduct in the Stock Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the Company and/or its group, its board members, directors or significant shareholders.

In its meeting of July 17, 2003, the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., by virtue of the powers vested in it by the Board of Directors, approved the Rules of Conduct in the Stock Markets, informing the Spanish Stock Market Commission (CNMV) of this on July 31, 2003. On the other hand the Board of Directors, in its meeting of July 1, 2004, unanimously resolved to approve a series of amendments to the Rules of Conduct in the Stock Exchange which was notified to the CNMV on July 2, 2004.

In general, the Rules apply to the members of the Board of Directors, members of the Group Management Committee as well as, in general, those representatives and personnel of the Company that carry out activities that could fundamentally influence the Company's share listing. Likewise, those representatives or personnel of the Company as well as external consultants who hold privileged or inside information regarding the Company's shares, with regard to a specific operation, shall also be specifically bound by these rules.

The Monitoring Unit provided for in the Rules shall have an updated list of the Board Members, representatives and personnel of the Company as well as external consultants bound by the same regulations. This list shall be made available to all supervising authorities of the stock markets. Both the inclusion on this list as well as exclusion from same shall be communicated in writing by the Chairman of the Monitoring Unit to all those affected.

The Regulations are applied with regard to shares, stock options and similar contracts that grant the right to subscribe to or acquire Company shares, convertible or non-convertible securities, bonds, promissory notes, junior debt and, in general, any kind of financial instrument issued by the Company or, if applicable, by Group entities. The Regulations shall also apply to cases of conflicts of interest pursuant to article 7 of same.

All persons to whom the Regulations apply must abstain from carrying out, or preparing to carry out, any kind of acts that falsify the free formation of prices on the stock market. Moreover, they must abstain from using all manner of privileged information, whether for personal gain or on behalf of third parties, which they have gained through the exercise of their functions at the Company or on behalf of the Company.

All members of the board of directors, representatives and personnel of the Company that possess privileged information regarding the negotiable securities and financial instruments issued by the Company or Group entities, are bound to safeguard same. This is without prejudice to their duty to communicate this information and to collaborate with the legal and administrative authorities in the terms legally set forth.

During the study or negotiation stages of any kind of legal or financial operation that could have an appreciable influence on the listing of the securities to which the Regulations refer, the Company personnel that are in charge of these operations shall be obliged:

- a) Inform only those people about the transaction, whether inside or outside the organisation, whose involvement is indispensable.
- b) Maintain, for each transaction, a register of the names of the people referred to in paragraph a), stating the date on which each had access to the information.
- c) Clearly inform the persons listed on the register of the nature of the information, their duty to keep it confidential and the prohibition from using it.
- d) Establish security measures for maintaining, filing, accessing, copying and distributing the information.

- e) Monitor the performance of the negotiable securities or financial instruments related to the transaction in process as well as the information made public in any specialised and ordinary media that could affect the process.
- f) In the event of unusual corporate volumes or prices, and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the transaction, the individuals responsible for the transaction shall immediately inform the Secretary of the Board of Directors, who shall then report a relevant occurrence, providing clear and precise information on the status of the transaction underway or containing advanced notice of the information to be made public.

Persons subject to the Regulations who carry out any kind of operation on negotiable securities or financial instruments issued by the Company must observe the following duties:

- a) To provide the Company, via the Chairman of the Monitoring Unit, with written information on any kind of purchase or sale or acquisition of option rights operation, carried out on their own behalf and which is related to the securities that constitute the target scope of these Regulations. Also considered on the same level as operations carried out on their own behalf are those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules, by children under legal age or disabled under paternal powers of the obligee or by companies that are directly or indirectly controlled, or by intervening persons. Those operations that have not involved intervention by the person that is subject to these Regulations because they were ordered by the entities that the affected person has entrusted their securities portfolio management to on a stable basis are excluded from this information obligation. In this case it shall be sufficient to inform the Chairman of the Monitoring Unit of the existence of the portfolio management contract and the name of the managing agent.
- b) At the request of the Chairman of the Monitoring Unit, to provide full details of the operations carried out on their own behalf that are related to the securities that constitute the objective sphere of application of these Regulations.
- c) To communicate in writing to the Chairman of the Monitoring Unit, at the time of acquiring the status of Board Member, representative or staff member of the Company that is subject to these regulations, the list of the securities of the Company or the Group entities of which they are the holder, directly or indirectly via controlled companies or through intervening persons or entities or persons and entities that act jointly, as well as those that are owned by their children under the legal age or disabled under paternal powers of the obligee or those carried out by the spouse, unless this only affects their private or exclusive wealth in accordance with the financial marriage rules. In addition, written notification of the existence of the portfolio management contract and the name of the managing agent must be given.
- d) Submit to the Monitoring Unit, via its Chairman, any doubts regarding the application of these Rules, abstaining from any action until a response to the query has been received.

Without prejudice to the foregoing, when the operations on securities or financial instruments issued by the Company are carried out by Board Members, these must also be notified to the Stock Exchanges where the shares are listed and the Stock Market Committee, in the legally determined manner.

The Secretary of the Monitoring Unit shall maintain the communications, notifications and anything else related to the Regulations duly filed and organised. Moreover, the Secretary shall maintain said file confidential and may, at any time, request confirmation from persons that are bound by the Regulations of balances of securities and financial instruments that derive from the file.

The Monitoring Unit, through its Chairman, is responsible for formulating and maintaining an updated list of all persons subject to these Rules. The Monitoring Unit shall comprise the Secretary of the Board of Directors, who shall chair, the Corporate Director General and the Director of Administration, who shall act as Secretary.

Breach of the rules of conduct contained herein with regard to the provisions set forth in the Stock Market regulations may give rise to the corresponding administrative sanctions and other consequences that derive from applicable legislation. This shall be considered to be a work misdemeanour in so far as it affects Company staff.

D

Risk Control Systems

D.1. General description of the risk policies of the company and/or its group, detailing and evaluating the risks covered by the system, along with the justification of the appropriateness of these systems for the profile of each type of risk.

The diversity and complexity of the markets in which the Group carries out its activities imply a variety of risks that can be grouped into the following categories:

Client risks, derived from their quality of credit, default, concentration of risks and executed works pending certification.

Operating risks, stemming from the businesses that the Group develops and which vary depending on the area of activity, but which can be summarised into risks for changes to deadlines and costs, risks for quality deficiencies, labour risks, environmental risks and risks for third party damages.

Financial risks, as a consequence of borrowing levels, working capital, exposure to different currencies and rates of interest, guarantees and underwriting. The intrinsic risks of new investments are also the object of analysis and control, as are the risks derived from the deterioration of the Group's assets

Market risks, both regulatory as well as structural, inherent to the diverse markets where the Group has a presence, as well as the risk concentration levels of each country.

The risk control systems of the Group are based on a set of strategic and operational strategies targeted at the compliance with the risk policies by each area of the Group's activity. These assume a decentralised model that allows each business unit to exercise its control and risk evaluation policies under a few basic principles. These principles are the following:

Definition of the maximum limits of risk that can be assumed by each business in accordance with the characteristics and expected returns of same.
Setting up of the identification, approval, analysis, control and information procedures of the different risks for each business area.

Coordination and communication to ensure that the risk policies and procedures of the areas of activity are consistent with the Group's global risk policy.

The systems supply the information necessary to enable the supervision of exposure to risk of each business area and due assessment of same. It also allows the corresponding management information to be prepared for decision taking. The control systems implemented in each business area may be classified into the following categories:

Quality management systems.

These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction.

The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different areas are organised, in order to plan them and track them accordingly.

The periodic review of the systems by the management and the setting of targets allows for ongoing improvements to be made to same.

Environmental management systems.

The implantation of these systems to the different business areas of the Group allows the corresponding activities to be implemented, thus ensuring maximum respect of the environment.

The systems, standardised in accordance with the ISO 14001 international standard, are based on the identification and evaluation of the environmental aspects on which they could have an impact. The actions required to prevent or minimise this impact are planned and suitable control measures are put in place, in accordance with current legal requirements that are in force and with the environmental code of conduct for each area of activity. The basic criteria of this code of conduct are:

Incorporation of the most advanced technologies in environmental issues, such as:

- Conservation of energy and raw materials.
- Using recyclable and biodegradable materials.
- Minimising waste production and a respectful treatment with the environment
- Promoting the reforestation and landscaping of construction sites.

Development of specific actions for activities that so require, depending on the effect of the impact and the means.

Ongoing information to the client with regard to the environmental risks and possible measures of prevention.

Technical-economic management systems.

The Group has diverse economic and productive control systems designed to find out the economic forecasts and associated deadlines as well as the information regarding the real situation of the project during both the tender stage as well as the execution of the project.

These systems are integrated into a global budgetary and economic control system for each business, and are adapted to the characteristics of each area of activity in order to provide the information required to those in charge of the business operation and allow them to control the risks derived from any changes and to adopt the most suitable decisions to optimise the management of same.

All the information is considered in a single Economic Information System which permits the tracking and control of all the consolidated criteria in a swift, dynamic and rigorous way. This allows the Group management to have in-depth awareness of the financial situation, of the potential and assumed risks, thus becoming an essential element in the decision-making process.

Labour risk prevention management systems.

The ACS Group has developed a labour risk prevention policy that fully complies with current legislation. The policy is based on specific management systems for each business area. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions.

The systems are adapted to the particular characteristics of each area of activity. Labour risk prevention plans are designed and implanted based on the identification of the existing risks for the purpose of removing them and on the evaluation of existing risks in order to minimise them and put in place the necessary protection measures.

As with all management systems adopted by the Group, it is based on initial specific planning for each business which is tracked and updated during the development of same in order to provide ongoing improvement with regard to the efficiency.

Financial risk control systems.

Essentially targeted at identifying, evaluating and covering the risks derived through:

Non-payment or default with certain types of clients. The procedures are based on:

Analysis of the client's financial solvency and of the proposed contract conditions by the risk committee of each activity at its periodic meetings. This evaluation of the clients' solvency continues to be performed throughout the term of the contract.

Decision on the go-ahead or, if appropriate, the establishing of specific conditions in the contract targeted at ensuring payment.

Individualised negotiation with the client with legal support.

Centralised signing of contracts.

The management of the risk relating to variations in exchange rates is performed by arranging the debt in the same functional currency as the currency of the assets financed by the Group abroad. To hedge net positions in currencies other than the euro in the execution of contracts currently in force or which the Group has already committed to, the Group uses several financial instruments for the purpose of reducing its exposure to exchange rate risk.

Interest rates in cash flows, which depend on fluctuations in market interest rates and which subsequently give rise to alterations in debt-related cash flows, are managed by insuring the rate to a great extent using financing instruments referenced to values reducing its fluctuation.

To manage the liquidity risk arising due to temporary difference between fund needs and the generation thereof, a balance is maintained between the term and the flexibility of the debt arrangements, through the use of staggered financing in line with the Group's fund needs.

The new investments, which require rigorous analysis and evaluation of the risks that are inherent to same.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

D.2. Indicate the control systems established to evaluate, mitigate or reduce the main risks of the company and its group.

Nothing other than those described in the foregoing section D.1 and D.4.

D.3. In the event that any of the risks that affect the company and/or its group had occurred, indicate the circumstances that caused them and whether the control systems established have worked.

D.4. Indicate if there is a committee or any other governing body responsible for establishing and supervising the control mechanisms and outline its functions.

Specific procedures and different organisational levels to manage the risks indicated in sections D1 and D2 have been set up. These have been established for each business and ensure that the adopted risk profiles adapt to the performance criteria established by the Board of Directors for each activity. These procedures work with the global policy of risks that is structured as follows:

The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels.

The Board of Directors entrusts the Audit Committee with the task of monitoring compliance with the established procedures and effective supervision of compliance with the established risk levels for each business activity.

The risk control systems according with the established policies are developed in the corresponding management systems.

Actions taken with risk levels that are greater than those set forth in the global risk policy must have the prior approval of the Management Committee.

D.5. Identification and description of the processes of compliance with the different regulations that affect the company and/or its group.

Throughout this report, direct or indirect reference has been made to the processes for complying with the various regulations to which the Company is subject, such as those included in the following sections:

A.9. On the conditions and the deadline/s for the authorisation/s required from the board of directors for the purchase or transfer of treasury stock described in section A.8.

A.10. On the legal and statutory restrictions on exercising voting rights, as well as the legal restrictions on the purchase or transfer of investments in the share capital.

B.1.11. on the process to be established for the remuneration of members of the Board of Directors and the and the relevant By-law clauses in this connection.

B.1.14. On appointment, re-election, evaluation and movement of the board members and competent bodies, as well as the steps to be followed and the criteria to be used in each one of the procedures.

B.1.25. On the mechanisms established by the Board of Directors to prevent opinions which are qualified in the audit report on the individual and consolidated financial statements they have prepared when submitted to the General Shareholders' Meeting.

B.1.28. On the mechanisms established by the company to conserve the independence of the auditor, financial analysts, investment banks and rating agencies.

B.2.1. On the different functions of the Company's management bodies.

B.2.3. On the organization and operating rules, as well as the responsibilities attributed to each of the Board committees.

B.2.4. On the authority to advise and consult, and if appropriate on the powers held by each of the committees.

C.5. On the mechanisms established to detect and regulate possible conflicts of interest between the company and/or the group, board members, executives or significant shareholders.

E.1. On the quorum established in the By-laws which is required for the General Shareholders' Meeting to be held. Describe how it differs from the minimum provided in the Spanish Corporations Law.

E.2. On the system of adoption of shareholders' agreements.

E.3. On the rights of the shareholders in relation to general shareholders' meeting, where these differ from those established under Spanish corporation law.

E.4. On the measures adopted to encourage the shareholders' participation at General Shareholders' Meetings.

Notwithstanding the above, together with the information relating to risk control systems described earlier in this section, reference should be made to the following issues:

1. Technological innovation and protection of the environment.

ACS, Actividades de Construcción y Servicios, S.A. believes that sustainable growth, its vocation of respect and care for the environment and the fulfilment of its expectations should influence decisively on its strategy and on each of its actions. This commitment is identifiable in each of the activities in which the Group is present, as well as all the investments that it promotes and in the decisions it takes, in order to satisfy its clients and its shareholders, fostering profitable growth, quality and technological development. Equally important is the growing demand for the respect of the environment by implementing measures which prevent or minimize the effect on the environment of Group's infrastructure development and services activities.

1.1. Research and development activities.

The Company, considered individually, is not carrying out any research and development activities. However, the ACS Group is committed to a policy of the continued improvement of its processes and of technology applied to its activity area. In view of this objective, it has its own research program to develop new technological knowledge applied to the design of processes, systems and new materials, etc. in each activity which it manages.

1.2. Environmental protection.

As in the case of the previous section, the Company does not individually engage in any activity relating to the environment. However, the construction of infrastructures, the main activity of ACS, inevitably involves several different types of environmental effects, including the use of materials deriving from natural resources, the use of energy during the construction stage and subsequently throughout the life of the infrastructure, the generation of waste, and visual and landscape effects. Given the Group's vocations to protect the environment ever since it was created, in 2005 the Group carried out two main actions: it continued promoting the main criteria of its environmental policy, the main objective of which is to minimize the effect of its activity on the environment. Also, once again this year, the Environmental Management System continued to be used to gather detailed information by the actions taken by each Group company within the scope of the protection of the environment.

2. Information and transparency.

Shareholders' right to information is detailed in several parts of the regulations of the shareholders' meeting. Hence, in order for the shareholders' meeting to properly serve the function for which it was designed, the Board of Directors of the Group makes available to all shareholders, prior to each shareholders' meeting, all information to which shareholders are entitled or that to which they are not entitled but should be made available to them given the nature of said information and the desire of shareholders to develop criteria. Accordingly, the Board of Directors shall process any requests made by shareholders either before or during the General Meeting with maximum diligence, providing that the information is not detrimental to Company interests.

In line with the firm commitment of ACS Group to transparently, fairly and symmetrically report the information needed to evaluate the performance of the Group, more efficient and flexible channels of reporting have been established in order for said information to reach shareholders, potential investors and the general public in a consistent, immediate and fluent manner.

3. Financial information.

The ACS Group has taken the necessary measures to ensure that the information provided in the quarterly, half-yearly and annual reports is made available to shareholders in a clear, rigorous and timely manner. To this end, the Audit Committee reviews this information before it is made public, to verify that it has been drawn up in accordance with the same professional principles, criteria and practices as the accounts, and that it is just as reliable.

The individual and consolidated annual accounts are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the company depends.

The section on "Listed Company Obligations" of the Rules of the Board of Directors establishes that the Board of Directors shall adopt or promote any measures deemed necessary or advisable to ensure the transparency of Company's operations on the financial markets and the exercise of any duties inherent in its status as a listed company.

To this regard, the relevant occurrences reported to the Spanish Stock Market Commission (CNMV) shall be disclosed to the fewest people possible, who will be duly identified, until they are made public.

4. Website.

The Group has progressively updated the contents of the corporate website (<http://www.grupoacs.com>) throughout 2005, with special emphasis on the Shareholder and Investor Information pages, offering timely information on the performance of stock, the economic and financial progress of the Company in general, corporate activity in the Group and the Investor's Agenda, making all reports and documents of their interest available to ACS shareholders in order to facilitate accessibility.

In addition to this Annual Report, other information that can be consulted on our website includes:

- The Company By-laws.
- The Shareholders' General Meeting By-laws.
- The Rules of the Board of Directors.
- The Annual Corporate Governance Report.
- The Audit Committee Report.
- The Rules of Conduct in the Stock Market.
- The notice of the General Shareholders Meeting of May 18 and 19 along with the documents and information for this Meeting.

E

General Meeting

E.1. State the quorum for the constitution of the general shareholders' meeting established in the Company By-laws. Describe how it differs from the minimum levels established in the Corporations Law.

The Company By-laws do not differ in any way from the Revised Text of the Corporations Law in force, where articles 26 and 29 set forth the following:

The resolutions shall be adopted by a majority vote of shareholders present or represented, except where the law demands a qualified majority.

The Ordinary or Extraordinary General Meeting shall be valid at first call when the shareholders present or represented possess at least twenty-five percent of the subscribed capital with a right to vote; the second call shall be validly constituted whatever the amount of capital is represented.

However, in order that the Ordinary or Extraordinary General Shareholders' Meeting can resolve to issue securities, increase or decrease capital, transfer, merge or divide the company and, in general, any amendment of the Company By-laws, shareholders with a minimum of fifty percent of the capital subscribed and with a right to vote must be present or represented at the first call. The second call only requires that shareholders with twenty-five percent of said capital be present or represented.

When shareholders with less than fifty per cent of the capital subscribed and with a right to vote are present or represented, the resolutions referred to in the aforementioned paragraph can only be validly adopted with the favourable vote of two thirds of the capital either present or represented at the Meeting.

E.2. Explain the regime for the adoption of resolutions. Describe how it differs from the regime envisaged in the Corporations Law.

This has been explained in the foregoing section E.1 which also states that the regime does not differ in any way from the Corporations Law.

E.3. Detail the rights of shareholders with respect to the shareholders' meetings that are different from those established in the Corporations Law.

There are no rights that are different to those set forth in the Corporations Law.

E.4. Indicate, if applicable, the measures adopted to encourage the participation of shareholders in the General Meetings.

Implantation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the company with its shareholders.

To provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the shareholder that are complementary to the right to question at the general Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, article 26 of the Company By-laws expressly includes the possibility of shareholders casting their vote from outside the General Meeting. For the first time, at the Ordinary Shareholders' Meeting hold in May 19, 2005, this method of voting was disseminated and the necessary rules and procedures for the remote voting via internet or fax were detailed at the corporate website of the company.

E.5. Indicate if the position of chairman of the shareholders' meeting coincides with the chairman of the Board of Directors. Detail, in this event, the measures adopted to guarantee the independence of the shareholders' meeting and that it functions correctly:

YES	NO
X	

Detail of measures

E.6. Indicate, if applicable, the amendments made to the regulations of the shareholders' meeting during the year.

E.7. Indicate attendance figures for the Shareholders' Meetings held in the year that the present annual report refers to:

Attendance information

Date of the General Meeting	% attending in person	% by proxy	% remote voting	Total %
05-19-2005	39.475	17.897	0.001	57.373

E.8. Indicate briefly the resolutions adopted in the Shareholders' Meetings held during the year that the present annual report refers to and voting percentage by which each resolution was adopted.

ORDINARY GENERAL MEETING. MAY 19, 2005

The proposals of the Board regarding item 1 on the agenda, read by the Secretary under letters a) b) and c) (approval of the individual and consolidated accounts, approval of the proposal for the allocation of profits and approval of the Annual Corporate Governance Report for the 2004 financial year), were approved by a majority with 200,771,627 votes in favour (representing 99.170% of the shares present or represented), 1,678,211 abstentions (representing 0.829% of the shares present or represented) and 2,775 votes against (representing 0.001% of the shares present or represented).

The proposal of the Board regarding item 2 on the agenda, read by the Secretary under letter d) (approval of the management of the Board of Directors), was approved by a majority with 199,963,337 votes in favour (representing 98.770% of the shares present or represented), 2,470,738 abstentions (representing 1.220% of the shares present or represented) and 18,538 votes against (representing 0.009% of the shares present or represented).

The proposal of the Board regarding item 4 on the agenda, read by the Secretary under letter e) (authorisation for the share derivative acquisition), was approved by a majority with 65,041,156 votes in favour (representing 99.212% of the shares present or represented), 516,341 abstentions (representing 0.788% of the shares present or represented) and 468 votes against (representing 0.000% of the shares present or represented).

The proposal of the Board regarding item 5 on the agenda, read by the Secretary under letter g) (designation of the auditors for the 2006 financial year), was approved by a majority with 202,346,252 votes in favour (representing 99.947% of the shares present or represented), 96,091 abstentions (representing 0.047% of the shares present or represented) and 10,270 votes against (representing 0.005% of the shares present or represented).

The proposal of the Board regarding item 6 on the Agenda, read by the Secretary under letter g) (modification of the share option plan approved at the past General Shareholders' Meeting to increase the maximum number of shares affected to 4% of the share capital) was approved by a majority vote with 202,297,853 votes in favour (representing 99.924% of the shares present or represented), 135,528 abstentions (representing 0.067%) and 19,232 votes against (representing 0.009% of the shares present or represented).

The proposal of the Board regarding point 7 of the Agenda, read by the Secretary under letter h) (delegation of power of attorney to execute and formalise resolutions), was approved by a majority with 202,377,601 votes in favour (representing 99.963% of the shares present or represented), 72,237 abstentions (representing 0.036% of the shares present or represented) and 2,775 votes against (representing 0.001% of the shares present or represented).

The Board's proposal to approve the minutes of the General Meeting was approved by a majority of 202,315,768 votes in favour (representing 99.932% of the shares present or represented), 134,070 abstentions (representing 0.066% of the shares present or represented) and 2,775 votes against (representing 0.001% of the shares present or represented).

E.9. Indicate, if applicable, the number of shares required to attend the shareholders' meeting and if there is any limitation in the Company By-laws in this respect.

In this respect, article 23 of the Company By-laws and article 1.3 of the Regulations of the General Meeting, state that this is made up of shareholders that possess at least one hundred shares, either present or represented. The owners or holders of less than one hundred shares may group together in order to reach this number and may be represented either by one of them or by another shareholder who alone possesses the requisite number of shares required to form part of the General Meeting.

E.10. Outline and justify the policies followed by the company regarding voting by proxy in the General Meeting.

The company does not pursue any policy with regard to the vote delegation at the General Meeting.

E.11. Indicate if the company is aware of the policy of institutional investors regarding whether they participate or not in company decisions:

YES	NO
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Describe the policy

E.12. Indicate the Internet address and procedure to access to the information on corporate governance at the company's website.

The address is www.grupoacs.com / Corporate Governance.

Access is very simple: once at the web page you choose the language (Spanish or English). A presentation of the Group appears which you can skip by clicking "skip intro"; a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab the following sub-sections appear: "Company By-laws", "Shareholders' General Meeting By-laws", "Annual Corporate Governance Report", "Board of Directors", "Shareholders' Agreements" and "Rules of Conduct of the Stock Market"; Each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there is a specific instruction to click on it and download the 2003 or 2004 annual report as a PDF.

F

Degree of compliance with the Corporate Governance Recommendations

Indicate the company's degree of compliance with the corporate governance recommendations, or, if applicable, the decision not to adopt these recommendations.

In the event that any recommendations are not complied with, explain the recommendations, rules, practices or criteria that the company follows.

Should the single document referred to in ORDER ECO/3722/2003, dated December 26 not been prepared, the recommendations of the Good Corporate Governance and the Aldama Report should be used as references to complete this section

Section F lists the most relevant aspects with regard to compliance with the recommendation of Corporate Governance included in the Good Corporate Governance Code ("Olivencia Code") which have been updated and, wherever appropriate, amended by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies ("Aldama Committee").

Recommendation 1. Functions of Board of Directors:

"The Board of Directors should expressly undertake, as a core aspect of its role, the general duty of supervision, exercising the responsibilities that this involves without delegation and establishing a formal catalogue of matters reserved thereto."

The recommendation is widely considered in the Rules of the Board of Directors, where article 4 states for these purposes:

"In accordance with the provisions of article 18 of the Company By-laws in force, the Board of Directors is responsible for the representation of the Company and the administration of its businesses as well as whatsoever other operations make up the Company's corporate purpose or are related thereto.

The Board of Directors, in the exercise of its duties, shall act in accordance with company interest and in benefit of the shareholders' interest

More specifically, it shall fall to the Board of Directors to:

Accept the resignation of Board Members.

Appoint, revoke and accept the resignation of the Chairman, Vice chairman and Secretary of the Board.

Appoint, revoke and accept the resignation of the Board members that are to form part of the Committees and Commissions set forth in these Rules.

Delegate the powers that correspond to the Board Member to any members, either totally or partially, except those that cannot be transferred.

Prepare the individual and consolidated annual accounts and management reports and submit them for approval at the General Shareholders' Meeting.

Prepare the reports, including the Annual Corporate Governance Report, and the proposals which, in accordance with current legislation and the Company By-laws, the Board of Directors has to adopt.

The approval of annual budgets.

Approval of any mergers, spin-offs or concentration transactions concerning the main subsidiaries of the Group in which the Company is the controlling company.

Approval of the issue of series of bonds, promissory notes, debentures or similar titles by the main companies of the Group in which the Company is controlling company.

Approve the assignment of rights over the trade name, brands and other rights of industrial and intellectual property that belong to the Company of Group companies, providing these are of financial relevance.

To modify these Rules.

Carry out, in general, all of the functions that correspond legally, statutorily and in accordance with these regulations and to perform whatsoever other function delegated by the General Shareholders' Meeting. The Board may, in turn, only delegate those that are expressly able to be transferred through the delegation resolution of the General Shareholders' Meeting."

Recommendation 2. Independent Board Members:

“The Board of Directors should include a reasonable number of Independent Non-Executive Directors, who are professionally-renowned people not associated with Senior management and the major shareholders.”

In compliance with the recommendations of Corporate Governance included in the Good Corporate Governance Code (“Olivencia Code”), and the report issued by the Special Commission for the Promotion of Transparency and Security on the Markets and in Listed Companies (“Aldama Committee”), ACS Actividades de Construcción y Servicios S.A. gives special relevance to the Independent Board Member, a professional of note who can contribute their experience and knowledge to the corporate governance and who, as they are neither executive nor proprietary, is elected as such and satisfies the conditions that ensure their impartiality and criteria objectivity.

At 12.31.05. the Board of Directors of the Company, comprising seventeen members, has the following Independent Board Members: Mr. José María Aguirre González, Mr. Alvaro Cuervo García, Mr. Joan David Grimà Terré, Mr. José María Loizaga Viguri and Mr. Miguel Roca Junyent, a total of five, of a Board consisting of 17 members (29.41% of the total number of Board Members).

Recommendation 3. Composition of the Board of Directors:

“The composition of the Board of Directors should be such that the Non-Executive Members (Proprietary and Independent Members) comprise a clear majority over the Executive Members, and the proportion between proprietary Members and Independent Members shall be set in consideration of the relationship between majority shareholders and the others.”

This recommendation has been updated by the Aldama Report, by stating:

“The establishment of rules, criteria or recommendations of corporate governance and, in particular, the composition of the Board of Directors and its Committees, must take into account the structure of ownership in order to comply with the general objectives of protecting minority shareholders.

The Committee recommends that the Board of Directors, through its board members, represent the largest percentage of capital possible.

We have also looked at the difficulty of setting up a rule of a general nature to define the number and proportion that the Independent Non Executive Directors should reach: one possibility that could be applied, by updating the Good Corporate Governance report, would be to have a large majority of External Directors on the board and, within these, a very significant participation of independent Directors, taking into account the ownership structure of the company and the capital represented by the Board”.

As indicated previously, the Board of Directors is made up of 17 member, of which: 4 are Executive Board Members, 8 are External and Proprietary Board Members and 5 are Independent Board Members.

Recommendation 4. Number of Board Members:

“The Board of Directors should be the appropriate size to achieve more efficient and participatory operations. In theory, the appropriate size could range between five and fifteen members.”

The current number of Members of the Board of Directors is 17, within the 11 - 21 range established in the Company By-laws. This number is considered appropriate for the volume of the share structure and the Company’s main financial magnitudes.

Recommendation 5. Chairman of the Board of Directors:

“That should the board opt for the formula of accumulation in the Chairman as chief executive of the company, it takes the precautions necessary to reduce the concentration of power in a single person. One of the topics that the Committee has paid special attention to, is whether or not it is advisable to recommend the separation of the position of Chairman of the Board and the function of chief executive of the company. The Commission has been very sensitive to the argument of the separation of positions and functions but at the same time has been unable to stop weighing up the disadvantages of the dualist alternative, namely: it may deprive the company of clear leadership; it may make the transfer of information between the company management and the Board notably more difficult; and it may generate coordination costs in the organisation. In view of the foregoing, the Commission has finally decided not to vote in favour of the separation of positions and that, in summary, it must reiterate the criteria of the Good Corporate Governance Committee, including the precautions therein. In the last analysis, this criteria is justified through the conviction that the option of a leadership structure of one kind or another -dual or unitary- cannot be formulated as a general rule, but rather that this depends crucially on the circumstances of each company”.

The Chairman and CEO of ACS, Actividades de Construcción y Servicios S.A. is vested with all the transferable powers of the Board of Directors, which were listed in the analysis of the degree of observance in Recommendation 1. His duties are defined not only by the scope of those non-transferable powers, but by his duties as Chairman of other Board Committees as well, most notably the Executive Committee, as well as the Audit and Remuneration Committees.

Recommendation 6. Secretary of the Board:

“Major importance should be given to the Secretary of the Board, reinforcing his independence and stability and stressing his duty to safeguard the formal and material legality of Board actions.”

This recommendation is broadly observed by the Company through the figure of the Secretary-Board Member, who has acted as Secretary since 1991. The figure is regulated in Article 20 of the Rules of the Board of Directors. “The Board of Directors shall appoint a Secretary, who may or may not be a Board Member, and who must be a practising lawyer. In addition to the duties that the Secretary is responsible for through current legislation, the Company By-laws and these Rules, the Secretary of the Board of Directors must also oversee the legality of the acts that emanate from the company bodies that it forms part of, providing the due warnings and taking minutes of same.”

Recommendation 7. Executive Committee Composition:

“The composition of the Executive Committee, when there is one, should reflect the same balance among the different types of Board Members, and the relations between the two bodies should be based on the principle of transparency, so the Board is fully aware of the matters addressed and the resolutions passed by the Committee.”

In addition to the Secretary of the board, with voice but without vote, the Executive Committee is made up of 7 Board Members, two of which are Executive Board Members, one is an External and Independent Board Member. The remaining 4 are External and Proprietary Board Members. Through delegation from the Board of Directors, the Executive Committee exercises all the corresponding powers except those that cannot be transferred by law or because of the Company By-laws. That notwithstanding, the Board of Directors may discuss the knowledge and decision of any issue that falls under its terms of reference, and the Executive Committee may submit any matter to the decision of the Board of Directors when, although the matter could be dealt with by the Committee, this body believes it is necessary for the Board to take the appropriate decision.

Recommendation 8. Delegated Control Committees:

“The Board of Directors should set up delegated control Committees, comprised exclusively of non-executive Board Members, covering information and accounting control (audit); appointment of Board Members and senior managers (appointment); determining and reviewing the remuneration policy (compensation); and assessing the governance system (compliance).”

The Board of Directors of the Company has two Committees in place: the Audit Committee and the Remuneration Committee. In addition to the Secretary-Board Member without voting rights, the Audit Committee is comprised of three Proprietary Non-Executive Board Members and an Independent Board Member; the Remuneration Committee is comprised, in addition to the Secretary-Board Member without voting rights, of two Proprietary Non-Executive Members and two Independent Board Members. Each Committee has the responsibilities established in the Rules of the Board of Directors

Recommendation 9. Information to Board Members:

“The necessary measures should be taken to ensure that the Board Members receive sufficient information, adequately in advance, specifically drawn up for the preparation of board meetings, without the significance or reserved nature of such information serving as grounds for its omission, with the exception of special circumstances.”

Article 15 of the Rules of the Board of Directors includes the right of the Board Members to request the documentation that they require in order to carry out their functions. This request is to be made through the Chairman or the Secretary of the Board of Directors.

Recommendation 10. Functioning of the Board of Directors:

“In order to ensure the suitable operation of the Board, its meetings should be held as often as necessary for the performance of its tasks; the Chairman should encourage all Board Members to contribute and freely take positions; particular care should be taken with the formulation of the minutes and the quality and efficiency of their work should be evaluated at least once a year”.

Article 16 of the Company By-laws sets forth that the Board shall meet whenever the interests of the Company are at stake. It shall be convened by its Chairman or, in his absence, a Vice chairman, either through his own initiative or when requested to do so by at least two Board Members. Article 8 of the Rules of the Board of Directors also provides for the foregoing. Under all circumstances, the Board shall meet at least four times a year in order to monitor the progress of the Group in comparison with the budgets and the previous financial year.

The notification of the meeting shall be sent by letter, telex, telegram, fax or any written procedure that requires acknowledgement of receipt by the different Board members. Said notification shall include the agenda and shall be sent at three days prior to the meeting unless reasons of urgency prevent this.

Elsewhere, there is a yearly calendar of pre-set sessions, which facilitates the tasks of the Board Members. The Board Members shall be provided with whatsoever information or clarification that they require in relation to the points included in the Agenda. This shall be provided either during the meeting or afterwards.

The Board of Directors met 6 times during the 2005 financial year.

Recommendation 11. Appointment and Reappointment of Board Members:

“The Board's involvement in the appointment and reappointment of its members should follow a formal, transparent procedure, based on a reasoned proposal by the Appointment Committee.”

The Board does not have an Appointments Committee. The Rules of the Board of Directors set forth that within the limits established in article 13 of the Company By-laws and without prejudice to the powers of proposal that correspond to the shareholders in accordance with current legislation, it shall fall to the Board of Directors to propose to the General Shareholders' Meeting both the number of Board Members as well as the type of persons, natural or legal, who should be nominated. The appointment proposal shall record the executive, external and proprietary or external and independent status of the proposed Board members.

In addition, in the event of vacancies, the Board of Directors may provisionally fill them from among the shareholders until the next General Shareholders' Meeting, when the definitive election shall take place.

Recommendation 12. Resignation of Board Members:

“Company regulations should include the obligation of Board Members to resign in those cases in which they could have a negative effect on the operation of the Board or the Company's credit and reputation.”

This is not expressly considered.

Recommendation 13. Age of Board Members:

"There should be an age limit on the position of Director, which could be from sixty-five to seventy for executive Directors and the Chairman and somewhat more flexible for the rest of the members."

The Aldama Report has reviewed the criteria of the Good Corporate Governance Report with regard to this point and it does not set an age limit, rather it requires the company that adopts a policy in this respect to clearly establish same in its internal regulations. The Rules of the Board of Directors do not set forth an age limit to be appointed Board Member or for the exercise of this position.

Recommendation 14. Information Facilities for Board Members:

"The right of all Board Members to collect and obtain the necessary information and counsel to perform their supervisory tasks should be formally recognised, and suitable channels should be provided to exercise that right, with recourse to external experts in special circumstances."

Article 15 of the Rules expressly consider the right of the Board Members to request and obtain the information and advice required to carry out their functions. The information that they consider necessary is to be requested through the Chairman or the Secretary of the Board.

Recommendation 15. Remuneration of Board Members:

"The Policy for the remuneration of Board Members, which must be proposed, assessed and reviewed by the Remuneration Committee, should follow the criteria of moderation, and should correspond to Company profits and detailed and individualised information."

The total remuneration of the Board of Directors during the 2005 financial year in return for statutory duties was € 1,699,986.77. The distribution of this amount was approved by the Board at the proposal of the Remuneration Committee.

Recommendation 16. General Duties of the Board Members and Conflicts of Interest:

"The Company's internal regulations should establish the obligations resulting from the general obligations of diligence and loyalty of the Members of the Board. In particular, they should include conflicts of interest, the duty of confidentiality, exploitation of business opportunities and the use of Company assets."

Articles 13 and 14 of the Rules of the Board of Directors specifically regulate conflicts of interest. With regard to the duty of loyalty, these articles stipulate that the Board Members shall avoid conflicts of interest between themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, this must be notified to the Board of Directors and recorded in the Minutes of the first Board meeting that takes place. Shares, stock or derivative options that refer to the value of the share of which they are holders, either directly or indirectly, must also be notified to the Company as soon as possible, and under all circumstances within the five days that follow. This applies both to the Board Members as well as their most immediate relatives.

The Board Members must also notify the Company of any significant changes in their professional capacity and, specifically, those changes that affect their designation as a board member. They shall likewise inform the Company of any legal or administrative procedure that could have a negative affect on the reputation of the Company.

The Board Members shall abstain from intervening in the deliberations and of taking part in the voting on those matters in which they have a particular interest. This shall also be expressly recorded in the Minutes.

Board Members cannot, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on behalf of same.

The Board Members cannot use restricted information that they have become aware of through the exercise of their position as a Board Member for any private purpose. More specifically, unless expressly authorised by the Board of Directors, the Board Members cannot benefit from commercial transactions that they have become aware of in their capacity as a Board Member.

Unless it is a duly authorised payment in kind, Board Members cannot make use of Company assets or use these assets to obtain a patrimonial advantage without paying the adequate consideration.

Recommendation 17. Transactions with significant shareholders:

"The Board of Directors should promote appropriate measures to extend the obligation of loyalty to significant shareholders, in particular establishing precautions on the transactions performed between them and the Company."

Section C.5.2) of this Annual Corporate Governance Report recognises the Rules of Conduct in the Stock Market, made up of a set of rules designed to detect and regulate possible conflicts of interest between the company and/or its group, and its board members, directors or core shareholders.

This report also contains detailed information regarding the transactions performed by the company with its significant shareholders.

Recommendation 18. Communication with Shareholders:

"Measures should be undertaken to make the mechanism for delegating votes by proxy more transparent and improve Company communication with its shareholders, particularly with institutional investors."

Both the Company By-laws and the Shareholders' General Meeting By-laws envisage the right to information, representation and voting by electronic or other telematics means, thus favouring the participation of shareholders in Company management.

Without prejudice to the foregoing, article 5 of the By-laws of the Board stipulates that:

“In order for the General Shareholders Meeting to function properly, the Board of Directors shall make all legally-required information available to the shareholders before the General Meeting as well as any information that should be reasonably furnished on the basis of corporate interest and on the basis of which shareholders may form an opinion. Following this line, the Board of Directors shall be obliged to deal with shareholders’ requests either before or after the Meeting, with the maximum diligence, providing the company’s interest are not harmed.

For the purposes of transparency and maximum dissemination of the corresponding information as well as the promotion of immediate access to same by the shareholders and investors in general, the Board of Directors shall have a Company web page that includes all those documents that are for general dissemination and, especially, the Company By-laws; the Rules of the Board of Directors; the reports which, in accordance with legislation in force, must be given to the Stock Markets; the calls to the General Shareholders’ Meetings and the proposals that are submitted for deliberation and approval as well as the resolutions adopted at the last General Shareholders’ Meeting”

Recommendation 19. Transparency on the Markets:

“The Board of Directors, beyond the requirements imposed by current legislation, should take responsibility for providing markets with rapid, accurate and reliable information, especially with regard to the structure of the shareholder body and substantial changes to governance regulations, in particular associated transactions of particular significance or those regarding treasury stock.”

Article 7 of the Rules of the Board of Directors, entitled “Listed Company Obligations”, provides that “the Board of Directors shall adopt or promote any necessary or advisable measures to ensure the transparency of the Company’s operations on the financial markets and the performance of those duties inherent in its condition as a listed company in the stock markets”.

Recommendation 20. Financial information:

“All periodic financial information, in addition to the annual information provided to the markets, should be formulated in accordance with the same professional practices and principles as the annual accounts, and should be verified by the Audit Committee before being published.”

The financial information that, in accordance with the legislation currently in force is given to the markets, is verified beforehand by the Audit Committee of the Company.

Recommendation 21. External Auditors:

“The Board of Directors and the Audit Committee should monitor situations that could jeopardise the independence of the Company’s external auditors. In particular, they should verify the fees paid for all items in proportion to the auditing firm’s total income, and all fees for non-auditing professional services should be published.”

Included in the functions set forth in article 20 b of the Company By-laws for the Audit Committee is “To revise and approve significant changes in the accounting policies of the Company and its subsidiaries that form part of the Group of Companies. Also, in general, the Audit Committee shall be responsible for dealing with the external auditors in order to receive information on those matters that could jeopardise their independence and any others related to the process of implementation of the accounts auditing as well as those other communications provided for in accounts auditing legislation and technical standards of auditing.”

Recommendation 22. Qualified opinions in Auditor’s Report:

“The Board of Directors should prevent the accounts from being submitted to the General Shareholders Meeting with qualified opinions and provisos in the Auditors’ report. When this is not possible, the Board and the auditors should clearly explain the contents and scope of the discrepancies to the shareholders and the markets.”

In this regard, periodic agreements are entered into by the account auditor and the Audit Committee. These agreements allow any differences in accounting criteria between the accounting policies of the Company, its group companies and the auditor’s interpretation of same to be checked beforehand. The foregoing is in accordance with article 20 b of the Company By-laws. It is thought that the audit report, both for ACS Actividades de Construcción y Servicios, S.A. as well as ACS Group for the 2005 financial year shall be issued with a favourable opinion, as were the opinions that corresponded to the 2003 and 2004 financial years.

G

Other Information of Interest

If it is considered that there is some principle or matter that is relevant with respect to the practices of corporate governance applied by the company that has not been covered by the present report, include it below and explain its content.

This section may include any information, clarification or detail related to the above sections of the report, so far as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the company is required to supply and which is different to that required in this report.

We include hereunder information and clarification regarding the following sections of the Report:

A. Ownership Structure.

A.2. Detail the direct or indirect holders of significant shareholdings, of their importance at the close of the financial year, excluding the Board Members:

IMVERNELIN PATRIMONIO, S.L. is controlled by CORPORACION FINANCIERA, ALCOR, S.A., which in turn does not have a controlling shareholder; There is considered to be a tacit agreement between the parties. adopting a long-standing common policy in the Company through the agreed exercise of the voting rights that it is entitled to. Actividades de Construcción y Servicios, S.A. 1. IMVERNELIN PATRIMONIO, S.L. owns 34,380,000 shares of ACS, Actividades de Construcción y Servicios, S.A. representing 9.743% of the company's share capital. The partners of IMVERNELIN PATRIMONIO, S.L. are the following companies (with their respective shareholding percentages): a) COMERCIO Y FINANZAS, S.A. 15.734% b) PERCACER, S.A. 15.734% c) CORPORACION FINANCIERA ALCOR, S.A. 68.532% 2. CORPORACION FINANCIERA ALCOR, S.A. owns 932,880 shares of ACS, Actividades de Construcción y Servicios S.A. representing 0.264% of this company's share capital. The partners of CORPORACION FINANCIERA ALCOR, S.A. are the following: a) COMERCIO Y FINANZAS, S.A. (40.832%). 99.99% of the shares of this company are held by Mr Alberto de Alcocer Torra. b) PERCACER, S.A. (40.832%). 95% of the shares of this company are held by Mr Alberto Cortina de Alcocer. c) Mr Alberto de Alcocer Torra (5.465%) d) Mr Alberto Cortina de Alcocer (5.465%). The aforementioned shareholders of IMVERNELIN PATRIMONIO, SL and CORPORACION FINANCIERA ALCOR, SA. directly hold the following Company securities - PERCACER, S.A. 1,086,159 - COMERCIO Y FINANZAS, S.A. 1,031,814 - Mr. Alberto Cortina de Alcocer 4,828 - Mr. Alberto de Alcocer Torra 3,273.

A.8. Company's treasury stock.

At the end of 2005, the company had no treasury stock. As discussed in section A.9. of this report, in view of the authorization granted by the General Shareholders' Meeting held on may 19, 2005, ACS Actividades de Construcción y Servicios, S.A.. acquired 25,534,111 own shares for 532,828 thousand euros in 2005. It also disposed of 25,261,080 own shares for 606,773 thousand euros.

B. Company's Management Structure.

B.1. Board of Directors.

B.1.3. The Board Member Mr. Agustín Batuecas Torrego is considered to be an Executive Board member, given that he is the CEO of Continental Auto, S.L., a 100% subsidiary of ACS, Actividades de Construcción y Servicios, S.A.

B.1.6. If applicable, identify the members of the Board that hold the positions of administrators or directors of other companies that form part of the listed company:

The companies IBERPISTAS, S.A.C.E. SABA APARCAMIENTOS, S.A., XFERA MÓVILES, S.A., ABERTIS INFRAESTRUCTURAS, S.A., INMOBILIARIA URBIS, S.A., AUTOPISTAS CONCESIONARIA ESPAÑOLA, S.A.U., AUTOPISTAS AUMAR, S.A.C.E. are held, directly or indirectly, by ACS Actividades de Construcción y Servicios, S.A. although they do not form part of the ACS Group of Companies. Mr Isidro Fernández Barreiro is a Board Member of Xfera Móviles, S.A. through the shareholding block that Corporación Financiera Alba, S.A. has in this company.

B.1.7. Detail, if applicable, the Board members of the Company who are members of the Board of Directors of other companies that are listed on official Stock Exchange in Spain and which do not form part of the Company's group and of which the company is aware: Mr. Pedro López Jiménez is a Board Member of Lingotes Especiales, S.A. through Fapindus, S.L.

B.1.8 a) and b) and B.1.9. The benefits to be compensated with its own financial instruments relate to share option plans which management has a right to exercise. In accordance with IFRS, these options are considered may be paid with equity instruments but not in cash. Accordingly, they were measured at their reasonable value on the day they were granted and charged income over the period in which they accrued on the basis of the different periods of irrevocability of the options. Since there are no comparable market values, the reasonable value of the share options was determined using valuation techniques considering all the factors and conditions which would have been taken into account by independent and perfectly informed parties when determining the transaction value thereof. These costs do not imply the recognition of income for the beneficiaries until the date on which the options are exercised, as set forth in the different plans and in the law in force. The total remuneration for management amounts to 2,993 thousand euros and the total remuneration for administrators with management functions is 1,522 thousand euros (1463 thousand euros plus 59 thousand), which were included remuneration headings. The amount corresponding to the entry "Pension Funds and Plans: Contributions" includes the payments made by the Company in the financial year. The amount corresponding to the entry "Pension Funds and Plans: Obligations Acquired" additionally includes the obligations that may be imputed to the year for this concept, even though they may have been paid earlier. In 2005, both amounts were the same.

B.1.21. There is no limit to the term of Independent Non-Executive Directors. Article 11 of the Rules of the Board of Directors sets forth for the Board Members, in general, that they shall exercise their role for the period for which they are elected. Under no circumstances may this exceed a period of five years. They may be re-elected one or more times for terms of an equal duration. The foregoing is without prejudice to the Directors continuing to exercise their position until the next General Shareholders' Meeting takes place once their term has expired.

B.1.23. The committee called "Appointment and Remuneration committee" in this report is the Remuneration Committee at ACS, Actividades de Construcción y Servicios, S.A.

B.1.24. The individual and consolidated annual accounts are presented to the Board of Directors by the Chairman and the Secretary of the Board following the preparation of same by the Corporate General Management on which the Financial Management of the company depends.

B.1.31. YPF, S.A. is an Argentine company whose taxpayer identification number is 30-54668997-9.

B.2.2. Mr. José-María Loizaga Viguri is the Vice-Chairman of the Executive Committee.

The committee called "Appointment and Remuneration committee" in this report is the Remuneration Committee at ACS, Actividades de Construcción y Servicios, S.A.

C. Associated Transactions.

C.1. With respect to transactions with the Company's significant shareholders, it is important to point out that in the Meeting of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. held on May 29, 2005, it was reported that a construction contract was entered into by Rosan Inversiones, S.L., a company controlled by the Chairman of ACS, Actividades de Construcción y Servicios, S.A. with the subsidiary Dragados, S.A. under market conditions both legally and economically. Of this amount, 2,293 thousand euros was executed at December 31, 2005.

These commercial transactions were carried out in the normal course of business, under market conditions, and are habitual operations of Group companies.

C.2. With respect to this section, the only transactions performed between the company's management and administrators relate to the remunerations already disclosed in the different sections of the Annual Corporate Governance Report, and specifically in B.1.8 and B.1.9. In any case, in 2005, the ACS Group has maintained business relations with companies in which some of its board members perform functions of responsibility. All of these commercial dealings have been carried out in the normal course of business under market conditions and correspond to the habitual operations of the Group Companies. These relations are detailed as follows:

Description of Transaction	Thousands of Euros	Related Party
Financing agreements: loans	5,919	Banco Guipuzcoano
Guarantees	11,536	Banco Guipuzcoano
Provision of services	163	Indra Sistemas, S.A.
Sale of goods	82	Indra Sistemas, S.A.
Others ⁽¹⁾	50,886	Unipsa, Correduría de Seguros, S.A.
Cooperation agreements	1,091	Terratest Técnicas Especiales, S.A.
Dividends and other benefits paid	554	Fidwei Inversiones, S.L.
Dividends and other benefits paid	85	Lynx Capital, S.A.
Provision of services	11,311	Terratest Técnicas Especiales, S.A.
Operating lease agreements	647	Fidalsar, S.L.
Reception of services	694	Indra Sistemas, S.A.
Provision of services	1,948	Indra Sistemas, S.A.
Finance lease agreements	4,242	Banco Santander Central Hispano
Finance lease agreements	3,154	Banesto
Finance lease agreements	48	Hispamer
Financing agreements: loans	191,340	Banco Santander Central Hispano
Financing agreements: loans	56,665	Banesto
Financing agreements: loans	5,787	Banespa
Financing agreements: loans	2,319	Banco Santander Brasil
Financing: mainly confirming	313,000	Banco Santander Central Hispano
Financing: mainly confirming	122,997	Banesto
Financing: mainly confirming	2,032	Banco Santander Serfin
Guarantees	931,366	Banco Santander Central Hispano
Guarantees	461,229	Banesto
Long-term financing agreements: loans	375,862	Banco Santander Central Hispano
Long-term financing agreements: loans	451,431	Banesto
Purchase of 22.07% of Union Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Bridge loan repaid on November 11, 2005 for the acquisition of 22.07% of Unión Fenosa, S.A.	2,219,286	Banco Santander Central Hispano
Provision of services	524	Grupo Zardoya

⁽¹⁾ 50,886 thousand euros with Unipsa, Correduría de Seguros, S.A. (company related to Banca March, S.A.) corresponding to "intermediate premiums" and not to considerations for insurance broker services

The transactions performed with Banco Guipuzcoano are indicated due to the fact that Mr. José María Aguirre González acts as Chairman of its Board of Directors.

The transactions performed with Indra Sistemas, S.A. are indicated due to the fact that Mr. Javier Monzón de Cáceres is the Chairman of this company.

The transactions performed with Terratest Técnicas Especiales, S.A., Fidalsar, S.L., Fidwei Inversiones, S.L., Lynx Capital, S.A. and Atlas Copco, S.A.E. are indicated due to relationship of Mr. Pedro José López Jiménez with these companies.

The transactions performed with Banco Santander Central Hispano and its group companies are indicated due to the relationship of Board Member Mr. D. Joan-David Grimà Terré with these companies.

The transactions performed with Grupo Zardoya se are indicated due to the relationship of Board Member Mr. Jose María Loizaga with this company. The transactions performed in 2005 related to the execution of contracts entered into amounting to 2,301 thousand euros.

Specifically, indicate whether the company is subject to legislation other than Spanish legislation in matters of corporate governance and, if applicable, include information that the company is required to supply and which is different to that required in this report.

The company is not subject to legislation that is different to Spanish legislation in matters of corporate governance.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at it session held on 03-30-2006.

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

Ordinary General Shareholders' Meeting

At its meeting held on March 31, 2006 the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to call an Ordinary General Shareholders' Meeting, to be held in Madrid, at the Palacio Municipal de Congresos, Avenida de la Capital de España, Madrid, s/n. Campo de las Naciones, at 12:30 p.m. on May 18, 2006, at the first call, and on the following day, May 19, 2006, at the second call, with the following:

Agenda

1. Approval of the Company's Individual 2005 Reports, Balance Sheets, Income Statements and Management Reports, and of the consolidated accounts of the group of companies of which ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company. Distribution of results. Annual Corporate Governance Report.
2. Approval of the management of the Board of Directors in 2005.
3. Ratification, dismissal and appointment, if applicable, of Board members.
4. Authorisation for the derivative acquisition of treasury stock.
5. Appointment of Company and Group Auditors.
6. Amendment of Articles 14 and 25 of the By-laws.
7. Amendment of Article 5 of the Shareholders' General Meeting By-laws
8. Report on the amendment of Articles 11, 21, and 25 of the Rules of the Board of Directors.
9. Delegation of powers for the execution and formalisation of resolutions.
10. Reading and approval, if applicable of the minutes of the General Meeting.



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