



the FCC Group's areas of activity



27 services



45 construction



73 cement



83 real estate



services

Street cleaning, Barcelona



- 27 Turnover
- 28 City sanitation
- 30 Technological innovation
- 32 Water management
- 35 Industrial waste
- 37 Versia
 - 37 Logistics
 - 38 Airport handling
 - 39 Urban furniture
 - 40 Parking
 - 41 Conservation and systems
 - 42 Technical vehicle inspections
 - 42 Transport
 - 43 Industrial vehicle sales

FCC buys the US's second-biggest oil waste treatment operator from Siemens



Park and garden maintenance, San Lorenzo de El Escorial. Madrid

Turnover

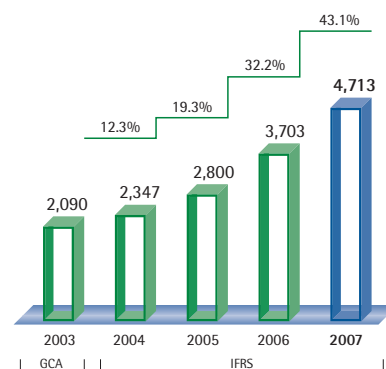
The provision of public services is one of FCC's core activities. It accounts for 34% of net revenues and 41% of gross operating income (Ebitda).

It is divided into two main activities: environmental, which includes sanitation services (garbage collection, street-cleaning, treatment of solid urban waste, building maintenance and maintenance of parks and gardens...), comprehensive water management and treatment of industrial waste, and those grouped around Versia (logistics, airport handling urban furniture, parking, conservation and systems, vehicle inspection, passenger transport and industrial vehicle sales).

The portfolio of pending work at 31 December was 23,723 million euro, 4.7% more than on the same date the year before.

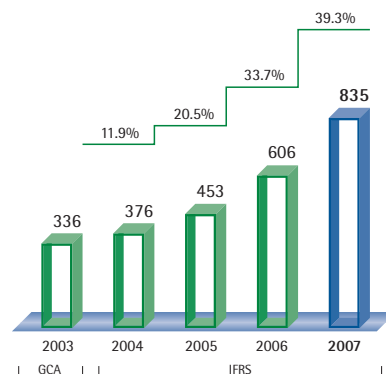
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros



city sanitation

Turnover:
2,725 million euro

Analysis of the sector

188 tenders were put out to bid in Spain in 2007 for sanitation services, which included the collection and treatment of solid urban waste, street-cleaning and sewer system maintenance. This number was significantly lower than those put out to bid in 2006 (287), in compliance with forecasts for this fiscal year. The contracts awarded in relation to those tenders totalled 670 million euro. This represents a 42% decrease over the year before. This was due primarily to the regional and municipal elections held in the spring of 2007.

The activities were focused in the maintenance and cleaning of office buildings, commercial space and department stores and the maintenance and conservation of parks and gardens, where contracts valued at 500 million euro per year were awarded up 25% from the year before (400), on 306 tenders, which is fewer than the year before (386).

The forecasts for the 2008 fiscal year call for increases in these figures.

FCC's activity

FCC started out in the trash collection business in 1915 in Barcelona. This was followed by other city sanitation contracts in Spain and international expansion at the end of 1980. It is now present in more than 5,000 cities and towns in Europe, Africa and Latin America. In Latin America, it is part of a 50%-50% joint venture with the French company Veolia Environnement which provides these services.

In Spain alone it services a population of more than 26 million people. In 2007, the company won new contracts valued at 2,664 million euro. Some of the most noteworthy of these include the following:

Alzira (Valencia). Eight-year contract for trash collection, street-cleaning and ecopark management.

Bogotá. Treatment and use of the biogas from the Doña Juana landfill, where 6,000 Tm of solid urban waste are deposited daily. The goal is to reduce biogas emissions by more than 14 million Tm of equivalent CO₂ over the next twenty years.

Cheshire County (United Kingdom). Four-year contract to manage the county's solid urban waste. 250,000 Tm are handled annually at the Gowry, Danes Moss and Maw Green landfills. A population of 975,000 is served.

El Campello (Alicante). Ten-year contract for trash collection, street-cleaning and beach-cleaning management.

Kikinda (Serbia). Residential and commercial trash collection and construction and operation of a controlled landfill for the city of Kikinda and the surrounding area for 25 years.



Upkeep at Moore Nature Reserve. United Kingdom



The services are rendered through the company ASA Kikinda, in which Asa holds an 80% interest and the other 20% is held by the City of Kikinda. A population of 140,000 is served.

Lapovo (Serbia). Trash collection in the Lapovo region and construction and operation of a landfill for 25 years. A population of more than 100,000 is served.

Las Palmas de Gran Canaria. Two-year maintenance agreement for 78 public school buildings.

London. Three-year contract to manage solid urban waste in six municipalities to the west of London. 180,000 Tm of waste will be eliminated per year. A population of 1,437,000 is served. Includes rail transport to the Calvert landfill.

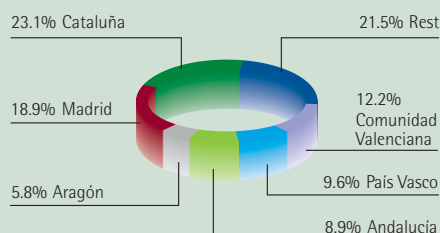
San Marcos Consortium (Guipúzcoa). Collection of recyclable paper-cardboard and plastics for this association which includes the municipalities of San Sebastián, Renteria, Pasajes, Oiartzun, Lezo, Astigarraga, Lasarte-Oria, Usurbil, Urnieta and Hernani, for five years.

Ponteareas (Pontevedra). Sixteen-year contract for indirect management of solid urban waste collection and management, management of municipal clean point and street-cleaning.

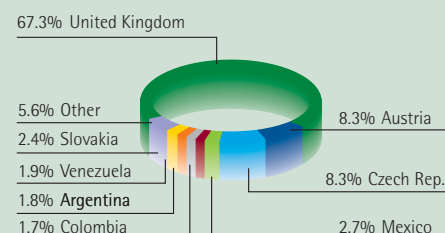
Puerto de Santa María (Cádiz). Nine-year contract for street-cleaning, trash collection and complementary services. The entire fleet of vehicles is being renovated and equipped with gas engines. A water treatment system is being built to be used for street-cleaning and washing vehicles.

Geographical area

Contracts in Spain

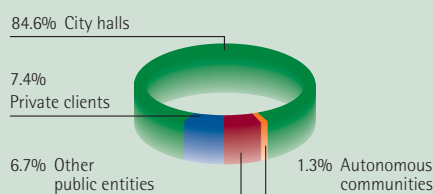


Contracts abroad



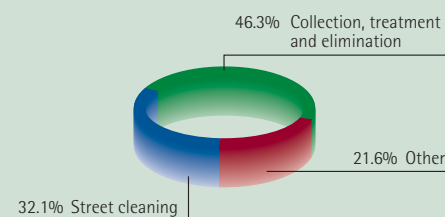
Breakdown by client type

Contracts in Spain



Breakdown by service type

Contracts in Spain



Veracruz (México). 15-year concession to operate the Veracruz Landfill, serving a population of 540,000 and processing 216,000 Tm per year.

Wrexham, (United Kingdom). 25-year solid urban waste management agreement. A population of 130,000 inhabitants will be served and 87,000 Tm of waste will be processed per year. WRG will invest 34 million euro in the construction of a recycling plant where the city's recyclable waste will be received, two clean points, a transfer plant and a tunnel composting plant.

Wychavon (United Kingdom). Seven-year contract to provide residential/commercial trash collection and street-cleaning. A population of 110,000 is served.

Zaragoza. Cleaning of the Expoagua 2008 International Exhibit to be held from 13 June to 14 September 2008.

Zaragoza. Two-year contract to maintain part of the city's parks and gardens.

Zistersdorf (Austria). Construction and operation of an incineration plant for urban waste with the capacity to treat 130,000 Tm of domestic, commercial and non-hazardous industrial waste. The total investment is almost 100 million euro.

technological innovation

Hybrid sweeper/scrubber

When it comes to street-cleaning machinery, street sweepers and scrubbers are indispensable in all cities, regardless of their size.

Scrubbers are machines that spray water under pressure to sweep away the dirt. Tangential sweeping is the system whereby the machine sprays the water out of the front against the curbs using specially designed devices; there are also mixed systems in which an operator on the ground uses a hose to clean the pavements, spaces between parked vehicles, curbs, etc. In the first case the quality of the cleaning is only sufficient for work on roadways. Mixed sweeping requires high cleaning quality since the areas in question are pedestrian walkways and wide pavements. This system requires the use of three operators and the quality

of the cleaning is sufficient except in hard-to-reach areas. In short, it is an expensive alternative.

Work has been in progress for years on the design and creation of the first hybrid system that combines the features of a water propulsion machine and those of an aspirating sweeper. This combination would make it possible to sweep and scrub using one machine and three operators rather than the two machines and six operators that are needed today.

The sweeper-scrubber machine offers the same features as a self-propelled street sweeper but with the possibility of using a manual scrubbing system consisting of two revolving water guns that spray the water at a pressure which is sufficient to drag the waste

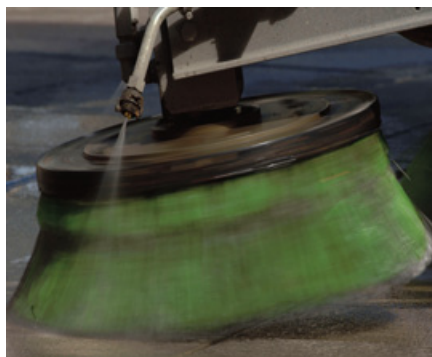
to the suctioning mouth of the machine. A single spray gun can be used or both at once. The water is sprayed from a high-pressure pump that provides water at a pressure of 50 bar with a flow rate of 116 l/min.

The results obtained on roads and pavements with the hybrid machine are very good and they use considerably less water than a conventional scrubber.

The machine has an overall capacity of 4 m³, of which 2.5 m³ are used for sweeping and 1.5 m³ for the scrubbing tank. The sweeper performs so well because of the high aspiration flow of 14,000 m³/h, with a maximum sweeping width of 3,600 mm thanks to the third brush.



Street cleaning. Ávila



Solid urban waste pick-up from containers installed below street level. Tarragona

Side-loading garbage trucks

In recent years there has been a notable increase in trash collection using side-loading systems. The trash collection systems had reached a level of development and implementation where new designs and technologies which would enhance their performance and emission levels were required to improve upon, innovate and adapt them to the services rendered by FCC.

The first milestone successfully reached consisted of equipping these machines with natural gas engines by renovating the chassis. These vehicles can currently be seen operating in Tarragona, Reus, Vitoria, Puerto de Santa María and Salamanca.

Next, structural changes were made to the body of the vehicles to enhance the collection performance levels and make them quieter. Thanks to this important innovation, the containers can be emptied in much less time and with a different emptying geometry which cuts down on dirt build-up inside the containers. The entire hydraulic activation

and control system was modified which made it possible to reduce the noise levels by also modifying the equipment's structure and kinematics.

The innovation designed and implemented exclusively for FCC is due primarily to the following actions:

- The compacting press can empty its contents before the container lift is in a position to unload again, due to the installation of an extraordinarily large hopper which is unique on the market with a capacity of more 5 m³.
- The hydraulic activation system of the collector has been modified so that, the flows which the pumps can provide, reduce the compacting cycles to just 13 seconds.
- The complete cycles of the container lift has been reduced to just 36 seconds which offers a speed of movement not previously available in this type of side-loading equipment.
- The container lift is prepared and adapted for a final turn when unloading with an angle close to 60° with regard to the horizontal which is an increase of more than 40% over other products available on the market. This makes it faster to empty the waste into the hopper, cutting down on dirt inside the container and reducing the time and noise emissions.
- Substantial improvements have been made as far as soundproofing both the chassis and the lift device. We have managed to reduce the noise produced by the side-loading equipment by 3-4 dBA when lifting, dumping and lowering containers, which is in addition to the noise reductions previously achieved.

water management

Turnover:
828 million euro

Analysis of the sector

The challenges of water management can only be understood within the context of the role played by water in the world. The pressures and complexities faced by water administrators are enormous. The management framework is constantly changing and the resources can vary considerably in time and space. Therefore, the different agents involved must incorporate social, environmental and technical aspects into their comprehensive water management policies, always with a view towards the long term.

Water resources must respond to multiple demands: Water for drinking, for washing, for food production, for energy and industrial goods and for the maintenance of natural ecosystems. However, global water resources are limited and are not always easily accessible.

This complicates water management, and particularly the work of those responsible for making decisions, who are faced with the challenge of sustainably managing and developing the water resources that are affected by the pressures of economic growth, a growing and increasingly transient population and climate change.

In this setting, the comprehensive water management sector in Spain, which was the principal market of Aqualia in 2007, was marked by the spirit of the European Commission's Framework Directive on Water which calls for a clear commitment to sustainable development and effective management by all agents involved in the process. In addition, and given that this is a concession-based market, the municipal elections clearly had an influence on the business. As decision-making by the public institutions and organisations involved came to almost a standstill, this resulted in a certain decrease in commercial activity in this sector.

Internationally, Aqualia continued to promote its business model in order to grow in the areas where it is already present and break into new markets.

Activity in the FCC Group

The turnover in the water business in 2007, led by Aqualia as the branch of FCC specialising in comprehensive water management, was 828 million euro, which represents a 16.3% increase over 2006 and double the figure for 2006 as far as international business was concerned. Throughout 2007, Aqualia won 219 contracts including new awards, renewals and acquisitions, which amounts to a portfolio of nearly 11,000 million euro.

Particularly noteworthy was the award for the world's best water management company in 2007 which Aqualia received from the prestigious publication, Global Water Intelligence (GWI), an award that recognises the company's progress in recent years and international expansion.

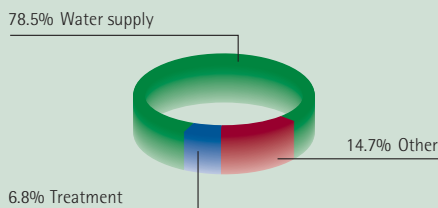


In addition, Aqualia was the only Spanish company to receive the Customer Service Leadership award as part of the Best Practice programme of the British consulting firm, Frost&Sullivan, an award which recognises business excellence in the international arena. This award recognises Aqualia's ongoing efforts to stand out and position itself in the market with an aggressive customer care policy based on excellence, branding and the implementation of initiatives that represent a milestone in the sector.

Aqualia Infraestructuras, the descendent of the now defunct SPA, was created to take advantage of the synergies derived from Aqualia's position as a global company and brand specialising in water management.

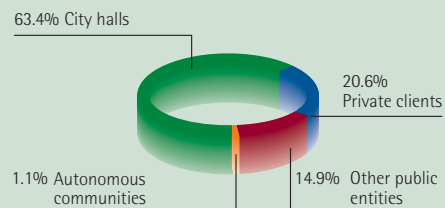
Breakdown by service type

Contracts in Spain



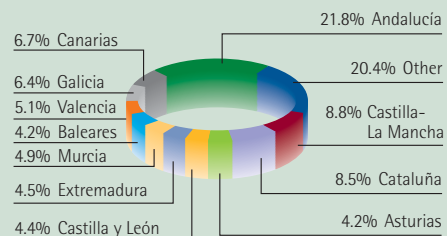
Breakdown by client type

Contracts in Spain



Geographical area

Contracts in Spain



Central offices of SmVaK, Ostrava, Czech Republic

Most important contracts awarded in 2007

Water management

■ **Acquisition of Aigües de Vallirana** (Barcelona). Purchase of the private company that manages the water for most of this municipality located in the Baix Llobregat.

■ **Badajoz**. Renewal of the comprehensive water management contract for 20 years.

■ **Campo Maior** (Portugal). 25-year contract to manage water distribution and sanitation in the Portuguese town.

■ **Empuriabrava** (Girona). 13-year extension of water and sewer management contract.

■ **Linares** (Jaén). Aqualia chosen as the private partner in a mixed public-private company which will manage this city's water for the next 25 years.

■ **El Vendrell** (Tarragona). Aqualia chosen as the private partner in a mixed public-private company which will manage this city's water, including the coastal areas of San Salvador and Comarruga, for the next 25 years.

Water treatment

■ **Consorci de la Costa Brava** (Girona). Aqualia raised its stake to 25% in the mixed public-private company that will manage water treatment for 26 municipalities along the Costa Brava in the province of Girona for the next ten years.

■ **Talavera de la Reina** (Toledo). Public works concession to enlarge the Wastewater Treatment Plant and then maintain, conserve and operate the plant for 25 years.

Management of municipal sport complexes

■ **La Roda** (Albacete). 25-year contract to manage the municipal indoor and outdoor swimming pools.

Hydraulic works concessions

■ **Acueducto II Querétaro** (Mexico). Part of the consortium awarded the contract to build the Aqueduct II in Querétaro (population 700,000) valued at 178 million euro. The project includes

the construction of the entire supply system consisting of collection, transport, electromechanical equipment, storage, operation, maintenance and financing of the system for 18 years.

Industrial water

Aqualia Industrial is committed to the development of its own technologies in order to be more competitive, with a R+D+i department that has developed a total of ten projects, mostly in collaboration with universities and technology centres. With grants amounting to almost two million euro, it has obtained four patents and three more are under study.



Wastewater treatment plant. Salamanca

industrial waste

Turnover:
200 million euro



FCC Ámbito is the leader of a group of companies specialising in the management of hazardous and non-hazardous industrial waste, industrial clean-ups and treatment of contaminated soil.

In 2007, FCC Ámbito experienced a 23% increase in turnover, 20% of which referred to organic growth. It has 56 waste management facilities (11 more than the year before) and is the undisputable leader in comprehensive industrial waste management in Spain.

In 2007, it handled 2,370,000 Tm of waste, which represents a 32% increase over the year before.

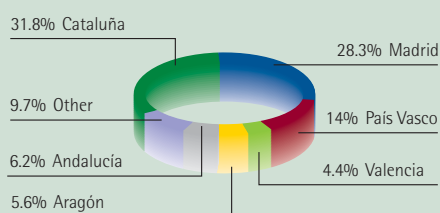
In December it reached an agreement to acquire the companies Hydrocarbon Recovery Services Inc. and International Petroleum Corp. from Siemens. Both companies are located in the United States, making Ambito the second largest hydrocarbon waste manager in the US, with 38 facilities in 21 states.

FCC Ámbito also acquired the company Gonzalo Mateo, S.L., a leader in the Spanish glass recycling sector, with facilities and activities focusing on both the comprehensive management of industrial glass and glass recycling in Aragón and the Valencian Community.



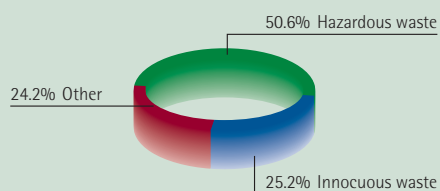
Geographical area

Contracts in Spain



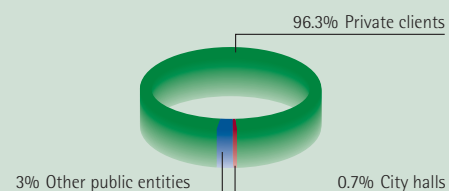
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain



Gonzalo Mateo has three facilities for sorting, recycling and manufacturing raw materials for the glass industry from recycled glass and manages more than 100,000 Tm of glass per year.

Some of the most relevant events in 2007 were as follows:

- Reorganisation of the company and its corporate image by grouping and merging all wholly-owned companies into the division under the name of FCC Ámbito, S.A.

- Construction began on the Ecodeal plant in Chamusca (Portugal), a company in which FCC holds a majority interest which is in charge of building and operating a plant for the treatment of hazardous industrial waste from all over Portugal.

- Five-year contract award to handle paper and cardboard recycling for the city of Valencia and to open a new paper and cardboard recycling plant in Valencia.

- 25-year contract to operate a hazardous waste dump in the Community of Aragón.

- 25-year contract to operate a plant for the physical and chemical treatment of hazardous and non-hazardous waste in the Community of Aragón.

- Inauguration of a new transfer centre for hazardous waste in Villalba (Lugo).

- Two new paper and cardboard recycling plants were opened in Zamudio (Vizcaya) and Urnieta (Guipúzcoa).

- Construction began on a new industrial waste landfill in Mallabia (Vizcaya).

- Three-year contract awarded by the Barcelona Metropolitan Entity to manage and sort the recycled containers.



Glass recycling, Muel. Zaragoza



Trisa industrial waste treatment and recovery plant. Constanti. Tarragona

versia

FCC Versia, S.A. is responsible for the following activities:

- logistics
- airport handling
- urban furniture
- parking
- conservation and systems
- vehicle inspections
- passenger transport
- sales of cleaning vehicles and speciality vehicles



Versia is responsible for the service activities through which FCC diversifies its business. In 2007, the company focused its efforts on consolidating the significant growth experienced in previous fiscal years as a result of both organic growth and acquisitions. One example of the first type was the urban furniture contract awarded by the City of New York, while an example of the second was the purchase of the Logístico Santos group and Aeroporti di Roma Handling.

In 2007, Versia had a turnover of 960.8 million euro and an Ebit of 39.8 million euro.

Urban furniture was the most dynamic business area which grew by more than 15% thanks to the heavy expansion in Spain (with new contracts in Málaga, Madrid and Pamplona) and abroad

(New York and Boston). The handling business grew by 40% following the commencement of operations at the airports where Aena awarded new licenses to Flightcare and thanks to the consolidation of Flightcare Italia.

Foreign business grew by 37%, due primarily to the international expansion of the urban furniture business and airport handling and now represents 29% of the area's consolidated sales.

The passenger transport business operated by FCC-Connex belongs equally to FCC and Veolia Transport. In 2007, it sold the subsidiary Ctsa, which operates in the passenger transport sector by road, to the Avanza Group. The Jerez transport concession was excluded from the transaction. The enterprise value of the operation was 90 million euro.

logistics

Turnover: 340.5 million euro



FCC Logística provides logistics services in Spain and Portugal through specialised business units configured according to operating environments or geographical areas. It services the leading companies in the automotive, food, construction, consumer goods, appliances, pharmacy, industry, technology, optical and telecommunications sectors.

In 2007, FCC Logística positioned itself as one of the leading companies in the sector in the free market.



FCC Logística has a broad and diversified customer base. It has commenced or renewed operations with the following clients, among others: Allergran, Amo, BSH, Canela Food, Carrefour, Carrier Interclisa, Colgate, Diageo, Eroski, General Motors, Goodyear, Guzmán Polímeros, Henkel, Horta, HP, Jonhson& Johnson, José Antonio Blanquer, Julio Crespo, Kraft Foods, Legendario, LGI-Grundig, Líneas Omenex, NCR, New Transit Levante, Onduembalaje, Pacadar, Pfizer, Prefabricados Delta, RAR Transportes, Reckitt Benkiser, Robert Bosch, Sisley, Telefónica, Trans Union, Unicer and Volkswagen.

In 2007 FCC Logística continued the process of enlarging, renovating and improving its facilities in Alcalá de Henares (Madrid), Alovera (Guadalajara), Azuqueca de Henares (Guadalajara), Azambuja (Portugal), Dos Hermanas (Sevilla), Gaia (Portugal) and Puerto de Valencia (Valencia).



Central offices and multi-client warehouse, Alcalá de Henares. Madrid



Order sorter, Mercamadrid. Madrid

airport handling

Turnover: 258.4 million euro

Flightcare, S.L. is the FCC service company that provides ramp, passenger and cargo handling services.

2007 was dedicated to consolidating the efforts made in 2006 which resulted in seven new ramp handling licenses in Spain as well as the acquisition of 100% of ADRH

(Aeroporti di Roma), the largest independent operator at the city's two airports: Fiumicino and Ciampino. In 2007, the company also strengthened its position in Belgium during the year. Flightcare is present in 14 European airports where it serves more than 250 airline companies, more than 350,000 movements, 40 million passengers and more than 250,000 Tm of cargo.

In Spain, Flightcare provides ramp and passenger handling services at the airports in Barcelona, Málaga, Alicante, Valencia, Fuerteventura, Jerez and Almería. In 2007, the company maintained a 37% share of the free markets in which it operates. It also provides cargo handling services in Madrid, Barcelona, Valencia, Alicante,



Passenger handling service. Fuerteventura

Bilbao and Fuerteventura, with more than 100,000 Tm of cargo handled in 2007.

Belgium is one of the basic pillars of Flightcare's business in Europe, where it is present at the airports in Brussels, Ostend-Bruges and Lieja. In Brussels,



one of the main airports in its network, Flightcare, controls 65% of the market. The company handled more than 150,000 Tm of cargo in 2007 which represents more than 35% of the cargo market in Belgium.

Flightcare is the leading handling agent in Rome. At the Leonardo da Vinci (Fiumicino) airport, it controls more than 50% of the free market and it is the only independent operator at the Giovanni Battista Pastine (Ciampino) airport.

To reinforce the development of the cargo handling activity, Flightcare acquired Gen Air Handling, S.L. in May 2007 which brought with it a valuable customer portfolio. In addition, Flightcare is enlarging its facilities at the air cargo centre at the Madrid-Barajas airport, which exceed 100,000 m².



Push-back service. Alicante Airport

urban furniture

Turnover: 136.3 million euro

CEMUSA



Advertising panel. Madrid

Cemusa is the subsidiary of the FCC Group that specialises in urban furniture and outdoor advertising. A leader in Spain, its activities include designing, manufacturing, installing and maintaining urban furniture and outdoor advertising elements.

This high quality furniture installed on public streets or private land includes bus stop hoardings, informative panels and columns, large electronic panels, newsstands, thermometer-clocks, portable restrooms, recycling containers and bicycle parking stations, among others.

For the design of these elements that contribute to a visual and functional improvement of public spaces, Cemusa

counts on the support of internationally renowned professionals such as Nicholas Grimshaw, Richard Rogers, Patxi Mangado, Oscar Niemeyer, Giorgetto Giugiaro, Perry King and Santiago Miranda.

The company currently manages approximately 150,000 elements and advertising supports in 150 cities and towns in eleven countries in Europe and America. The company has agreements with the city of New York –the most important contract in the world in this sector in terms of the dollar amount– and with other cities including Lisbon, Milan and Río de Janeiro. In August 2007, the contract with the city of Boston was renewed through November 2019, and in Rome,



Newsstand, New York. USA

in consonance with the company's expansion and diversification plan, the "Roman-Bike" programme has been implemented which is a public bike rental service in the city centre.

In the Spanish market in 2007, agreements were reached with the city of Pamplona as part of a new global contract that calls for the installation and renovation of urban furniture –and with San Sebastian for the implementation and development of an automatic bike rental service. In order to provide fast and easy access to as many users as possible, these systems –known as "Nbici" in the capital of Navarra and "Dbizi" in Guipuzcoa– incorporate the latest technological advances and provided an urban mobility solution which is in

keeping with the principle of sustainable development. The installation of these services consolidates Cemusa's position in this area.

Also in 2007, in a joint venture composed of Cemusa and the North American company Clear Channel, an innovative, large format urban furniture system was installed and began operating in Madrid. These resistant supports with an avant-garde aesthetic appearance, include digital technology and are made of non-contaminating recycled materials. Perhaps most importantly, they have less of a visual impact than those previously used.

parking

Turnover: 136.3 million euro



Regulated parking area, Aranda de Duero. Burgos

The specialised companies of the Group do business in the following areas:

- Management, operation, control and maintenance of regulated on-street parking.
- Construction, operation and management of underground parking.
- Municipal vehicle towing and impoundment services.
- Development and implementation of traffic violation computer applications (EYS@net).

They manage approximately 138,000 on-street parking spaces and 11,300 underground parking spaces in 85 cities. In 28 of those cities, they also tow vehicles that are improperly parked.



The most important contracts awarded last year were:

Regulated on-street parking

Aranda de Duero (Burgos): 990 parking spaces for eight years.

Benissa (Alicante): 200 spaces for ten years.

La Seu d'Urgell (Lleida): 450 parking spaces for five years.

Mancha Real (Jaén): 130 parking spaces for four years.

Underground parking

Gandía (Valencia): 314 parking spaces for three months.

Vehicle towing and impoundment

Aranda de Duero (Burgos): for two years.

Jaca (Huesca): for one year.

Móstoles (Madrid): six-month extension.

conservation and systems

Turnover: 50 million euro

Conservación y Sistemas, S.A. specialises in the design, installation, maintenance and conservation of high technology "turnkey" urban infrastructures.

Its fields of expertise include:

- Urban services and conservation: Pavements, galleries and sewage systems, water distribution and irrigation.
- Traffic control systems: Motorways and toll roads.
- Tunnel safety and control systems: Roadways and railways.
- Remote control and security systems: Buildings and special installations.

Conservación y Sistemas has offices in Spain (Madrid and Barcelona) and Portugal (Madeira).

Most significant awards:

Traffic control and shadow toll systems

- C-17 Motorway Maçanet-Platja D'Aro (Girona).
- Meters on C-17 Centelles-Ripoll (Barcelona).
- SCT radar maintenance (Cataluña).
- Dynamic weigh stations (Madeira).

Technical installations and tunnel control

- Luko tunnel (Álava).
- La Canda tunnel (Zamora).
- Puig-reig tunnel (Barcelona).
- DAI for JAD and Marmeleiros tunnels (Madeira).

Technical installations and rail tunnel control

- AVE Guadarrama tunnel (Segovia-Madrid).
- AVE San Pedro tunnel (Madrid).

Urban services and conservation

- Conservation and maintenance of service galleries (Madrid).
- Conservation of irrigation systems (Madrid).
- Conservation of pavements (Madrid).

Public works

- Remodelling of downtown Alcorcon (Madrid).
- Urbanisation and infrastructures in Lavapiés (Madrid).
- Remodelling of Plaza de la Luna in Madrid.

Work for Canal de Isabel II, Iberdrola and Unión Fenosa

- Renovation of the distribution network on calle Real for Canal de Isabel II.
- Civil works and trench-digging for Iberdrola in Robledo de Chavela (Madrid).
- 220KV line between Villaviciosa and Puente Princesa (Alcorcón).



Service tunnel control centre. Madrid



Plaza de la Luna. Madrid

technical vehicle inspections

Turnover: 47.3 million euro

FCC provides technical vehicle inspection services in Spain and Argentina. In 2007, the company performed more than 2,200,000 inspections at the 72 stations it operates in both countries. The company reported considerable growth compared to the number of inspections conducted in 2006, particularly in Argentina, due primarily to the inauguration of six new stations in Buenos Aires province.

In Spain, three new stations were built in Aragón and construction is near completion on three more in the same autonomous community which are expected to become operational some time in 2008.



Vehicle inspection station, Liria, Valencia

In Argentina, the Directorate General of Transport for the Province of Tucumán awarded FCC a concession for the provision of vehicle inspection

services in the capital of San Miguel de Tucumán. The first vehicle inspection station was opened in the capital at the end of 2007.

transport

Turnover: 29.4 million euro

Corporación  



Barcelona tram

FCC-Connex Corporación, S.L., a company half-owned by CGT Corporación General de Transportes, S.A., a member of the FCC Group and by Veolia Transport, a subsidiary of Veolia Environnement, operates in the passenger city and intercity transport sector by bus (Corporación Española de Transporte, S.A. Ctsa) and by tram and train (Detren Compañía General de Servicios Ferroviarios, S.L.).

The rail transport business was notably reinforced in 2007 with the new prolongations of lines T3 and T5 of the Barcelona tram. The reinforcement of this network has consolidated the influence

of trams on mobility in the Barcelona metropolitan area, with nearly 21 million travellers in 2007, which represents a 23% increase over the year before.

The new Parla (Madrid) tram also become operational this year. The concession is operated by FCC Construcción and Detren.

In passenger transport by road, FCC Connex sold its subsidiary Ctsa in November. The company still operates the city bus system for Jerez de La Frontera, with 55 city buses transporting more than 7,000,000 passengers per year.

industrial vehicle sales

Turnover: 24.6 million euro



Street scrubber. Valladolid

Sistemas y Vehículos de Alta Tecnología (SVAT) is the specialised FCC company for selling high-tech equipment and vehicles for city sanitation, coastal water and beach cleaning, industrial cleaning, airport handling and military uses.

In 2007, SVAT maintained its position of leadership in sales of compact street sweepers.

Street sweeping machines were delivered to 15 provincial capitals: Albacete, Ávila, Barcelona, Castellón, Ciudad Real, Guadalajara, Huelva, Jaén, Madrid, Málaga, Oviedo, Salamanca, San Sebastián, Sevilla y Valladolid, in addition to other communities with populations in excess of 100,000 such as Cartagena, Mataró and Reus.

Continuing in the technological vanguard of street cleaning, SVAT has participated, along with manufacturers and clients, on important projects which have incorporated environmental enhancements such as noise reduction (-10dBA) and lower dust particle emissions (PM 10) into these machines.

At the request of some of its clients, the company has also created different versions of the sweepers for special applications such as tile sweeping, with a promising future.

The vessels used to collect floating waste work intensively during the summer months on the Cataluña and Balearic Islands coastlines, with very satisfactory results.

Particularly noteworthy was the extraordinary work done by the five vessels working the Ibiza coast which were the first ones on the scene when the coastal waters were contaminated by solid waste and fuel when the Don Pedro sank on 11 June 2007. Their excellent work was publicly recognised by the Ministry of the Environment of the Balearic Islands government and was the topic of a presentation at the Beach Convention, "Ecoplayas 2007".

The sales of high pressure vacuum-jet equipment for sewer systems and industrial cleaning contained to grow.



Street sweeper. Segovia

The first machine of its kind in Spain was delivered to the city of San Sebastian consisting of a dual vacuum system for dust and sludge, in addition to the traditional propulsion system. Compared to the equipment that competitors have to offer, this equipment, with a special power take-off, expands the field of application and improves performance levels.



construction

Cantabrian Motorway. Section between Querúas and Otur. Canero Viaduct. Cantabria



- 
- 45 Analysis of the sector
 - 47 FCC's activity
 - 48 Motorways, dual carriageways and roads
 - 49 Hydraulic works
 - 50 Maritime works
 - 51 Rail infrastructures
 - 52 Urban development
 - 52 Residential
 - 53 Non-residential construction
 - 57 Electrical installations
 - 57 Heating and air conditioning
 - 58 Conservation and infrastructures
 - 59 Engineering
 - 60 Corporate image
 - 60 Oil and gas pipelines
 - 61 Precast components
 - 62 Infrastructure concessions
 - 68 Technology development

FCC is building two bridges over the Danube, one in Austria and the other between Bulgaria and Romania



Torredembarra Harbour. Tarragona

Analysis of the sector

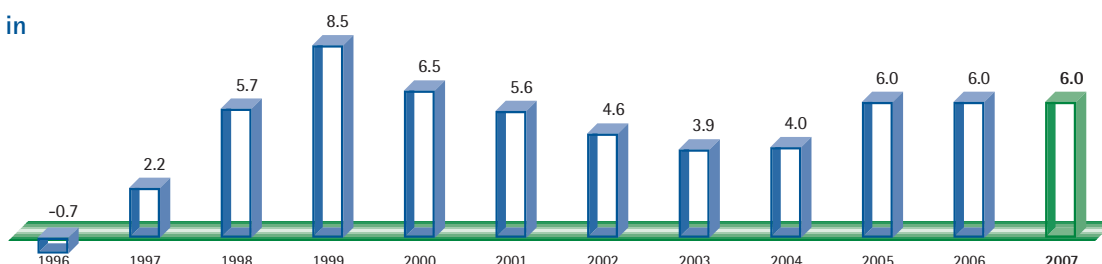
Since May of 2007, the investment in construction has been declining as a consequence of a sharp decline in residential construction and a more moderate decline in non-residential construction which is consistent with the maturity of the expansion cycle of national demand.

It is reasonable to expect that over the next two years, civil work will be able to take up the slack caused by the decline in residential construction. The actions planned in the PEIT, which call for the investment of 250,000 million between 2005 and 2020, will be the basis for growth in the civil works area.

Annual variation rates in construction activity

In constant terms

Source: Seopan



Despite this, the construction sector, from a supply point of view, continues to be the most active sector of the Spanish economy, with a total production of 200,190 million euro, a positive variation of 4% compared to a 2006 (3.4% in construction and 5.5% in civil work), which is the same as the variation in the growth of the domestic economy in terms of Gross Domestic Product. The year before there was a two-point difference in favour of construction.

In recent years, civil work has been the foundation of the construction sector and has continued to grow at a brisk rate, with annual increases in excess of 10% for the period 1998-2007.

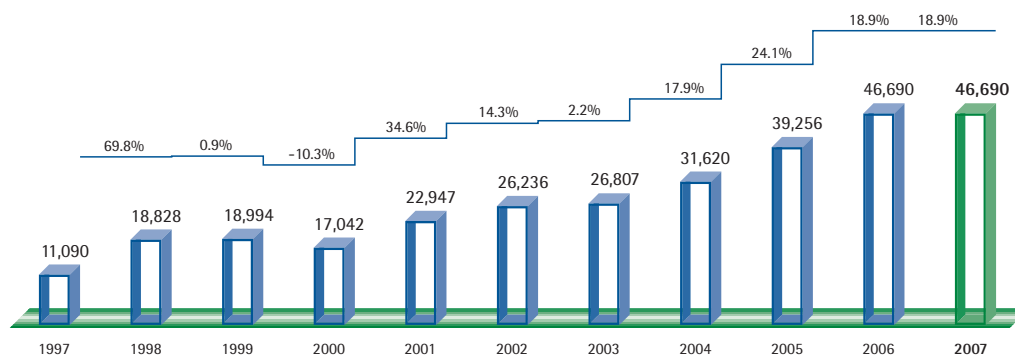
By subsectors, residential construction accounted for 35.5% of the total for the construction industry (which is similar to the average for the European Union) with a 4% increase in 2007, just a half point below 2006. The number of finished homes was 643,000, or 9.8% more than the year before.

However, sale prices and rising interest rates have caused a deterioration of accessibility rates and a stagnation of demand for residential property; and while the increase in sale prices has moderated, the prospect of stocks of empty homes being put up for sale is causing a crisis in consumer confidence that is affecting the real estate market as a whole.

Evolution of public tenders

In constant terms

Source: Seopan



Somewhat delayed with respect to the deceleration of demand and the temporary lack of financing caused by external factors, there has been an intensive adjustment of new housing construction which must nevertheless be intensified even further over the year in order to adapt to the new demand scenario. Supply has declined by 28% compared to 2006, with 620,000 construction permits issued, a significant decline which is explained in part by the use of historical references caused by the fact that a new Technical Code took effect in fiscal year 2006, which led to the permits for scheduled home constructions being expedited.

Non-residential construction accounted for 16% of all construction business, which represents a 2.5% increase (1.5 points higher than 2006); and building renovation and maintenance accounted for 23.8 of the total, with growth of 3% (down one point from 2006).

Civil work accounted for 24.7% of the sector's total production, with annual growth of 5.5%, two points below 2006. Notable in this subsector was the work tendered by the central government.

Spain holds the number-three position in the European Union construction market with 15.5% of the total, after Germany with 18.6% and the UK with 15.6%. Comparison of Spain's

distribution by subsectors in terms of percentage with that of other neighbouring nations shows that Spanish investment in refurbishing and maintenance lags far behind the European Union average, because in Spain the investment effort continues to push for new infrastructures as a mechanism of redistribution.

On average, government tenders for the period 1995-2007 grew by more than 15% per annum in current terms. Last year, government tenders reached 46,546 million euro, practically the same as the year before which was a record year, due to the tenders put out by the central government with a participation of 39.7%. The tenders concentrated on roads and railways, social services, urban development, hydraulic works, etc., neutralising the reduction in the bids put out to tender by autonomous governments, which were down by 17.9% and local administration, down by 23.7%.

Despite the loss of momentum in the sector towards the end of 2007, it employed some 2,697,400 people which represents 13.3% of Spain's working population, with a 6.1% increase in people registered with the Social Security administration. 27.2% of all jobs created in Spain in 2007 or 154,500 jobs, were in the construction sector, two points higher than in 2006, which demonstrates the importance of construction as a generator of employment and

unemployment within the context of the national economy.

The outlook for 2008 points toward a somewhat more moderate trend than in 2006, with 1.3% overall production growth for the sector in constant terms.

Investing in infrastructures is a fundamental instrument for stimulating the economy during less active periods and while the global resources assigned to this will increase less than other spending items, the planned investments in successive national budgets will gradually increase. The investments financed by the public sector during the first four years of the national budget are 26.53% higher than the initial figures in nominal terms.

The funding earmarked for investment in infrastructure by the Ministry of Development and the Ministry of the Environment, public entities and state-run enterprises is 15.3 percent higher than in 2007 in current terms.

The Group, with a 12.8% nominal growth in investment, will focus its activity on the creation and conservation of new highway, railway, port and airport infrastructures. This percentage does not include the planned investment in work to be done in 2007 by private concessions to renovate and maintain first generation motorways.

The Ministry of the Environment and the organisation attached to it will increase the funding allocated to infrastructures and the environmental activities which are part of the "Agua" programme by 25.4%.

With regard to the housing market, if the current conditions persist, it can be expected that the demand for residential construction will continue to decrease for at least the next two years, perhaps even by two digits, as this subsector readjusts to the new situation and the market absorbs the more than 600,000 newly constructed unsold homes. Non-residential construction will increase by 4% thanks to public investment and to the fact that estate agents will be forced to focus on the tertiary subsector, which is beginning to show signs of exhaustion.

Private financing will palliate the investment deficit in Spain and abroad that is expected to occur as the cycle shifts and will continue to be a source of quality portfolio for companies in the sector. It is noteworthy that in 2007 there were six Spanish companies in the top eleven spots in the world ranking of construction and operation concessions (investments in excess of 50 million dollars). These companies design and manage 42% of all of the concessions catalogued in the world since 1985.

The sector will continue into ever-deepening internationalisation thanks to the potential generated during the lengthy expansion cycle we have experienced and the sector's technical ability. In the countries of Eastern Europe where Spanish construction companies have a strong foothold, investments in the construction sector could increase by as much as 30%, depending on the country.

FCC's activity



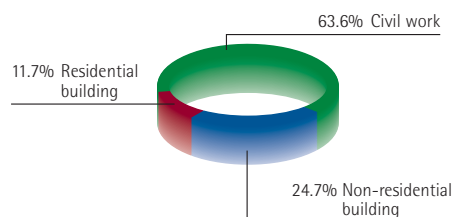
All the strings to FCC's construction activity are held by the company FCC Construcción, S.A., which in 2007 had turnover of 6,957 million euro, 58.3% more than in the preceding fiscal year. 41.2% of this turnover was generated outside of Spain. Construction continues to be the area that has the biggest quantitative impact on the Group's overall turnover, accounting for 50.1%.

The gross operating income was 357.7 million euro, which represents an increase of 33.2% over 2006. As far as the Group's Ebitda is concerned, the construction business contributes 17.5%.

In 2007, FCC Construcción won contracts valued at 7,067 million euro with a backlog valued at 9,075 million euro. 34.9% of this backlog refers to contracts abroad.

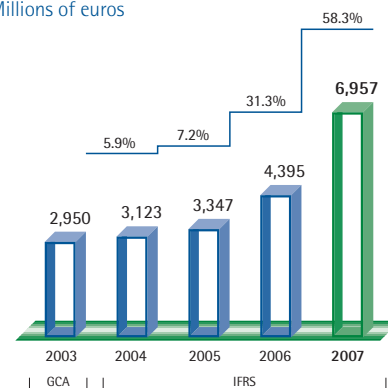
Breakdown of client type

Turnover



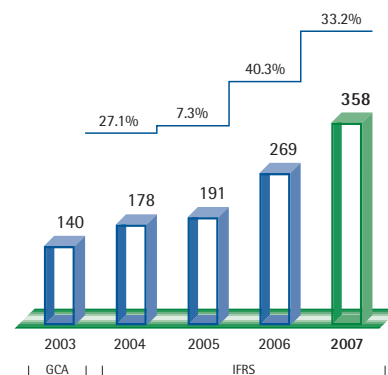
Turnover

Millions of euros

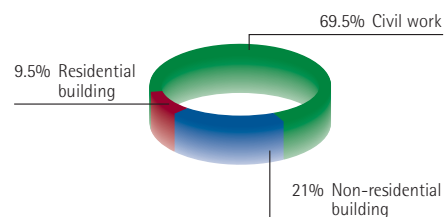


Gross operating profit (Ebitda)

Millions of euros



Backlog



motorways, dual carriageways and roads



Radial 5 dual carriageways. Madrid



Cartagena-Vera motorways

This is the most active civil works subsector and the one that generates the greatest amount of production and backlog.

The most relevant contract awards in fiscal year 2007 were as follows:

■ **La Sagra motorway. Section: Valmojado-Illescas** (Toledo). The first section of a new motorway connecting the A-5, A-42 and A-4, some 40 km from Madrid.

■ **A-3 and A-31 Concession** (Cuenca). A 19-year highway conservation and maintenance contract. This is a shadow toll concession that refers to a section of the so-called first generation motorway.

■ **A-7 Mediterranean Motorway. Section: Almuñécar-Salobreña and connection to A-44** (Granada). The final section of the A-7 motorway in the province of Granada, consisting

of 7.8 km of new road construction and a 2.3 km connection to the A-44.

■ **Second Pfänder tunnel** (Austria). This relates to the construction of a tunnel on the A-13 expressway through the Rhine valley. Alpine will execute the tunnel measuring 6.5 km long using a tunnel boring machine (TBM) for the first time on a highway tunnel project in Austria.

■ **Suspension bridge in Saxony** (Germany). The new suspension bridge over the Elbe River in Niederwartha/ Dresden, is the first suspension bridge in Saxony. It is 366 metres long with a 192 metre span over the river and a 77 metre high pylon.

■ **Bridge over the Danube River**, between Vidin (Bulgaria) and Calafat (Romania), measuring 1,971 metres long for road and rail traffic.

■ **Bridge over the Danube in Traismauer** (Lower Austria). Joins the S33 and S5 roads. When completed, it will connect Sankt Pölten and Vienna to the north of the Danube by motorway.

■ **Cantabrian Motorway. Section: Solares-La Encina** (Cantabria). A 13.8 Km long section with three junctions in Sarón, Sobremazas and Solares.

■ **SE-40 motorway. Sector E. Sector E. Section: A-92-A-376, in Alcalá de Guadaira** (Sevilla). Contains one junction, five concrete underpasses and one mixed platform, three prestressed overpasses, two metallic overpasses and one viaduct over the Guadaira River composed of 13 sections and prefabricated beams.

■ **Tarragona-Montblanc motorway (A-27). Section: El Morell-Valls relief road** (Tarragona). Spanning a length of 9.5 Km, it includes three junctions, six

viaducts, eight overpasses and eight underpasses, one of which runs under the Madrid-Barcelona AVE high speed railway.

■ **Mudéjar motorway (A-23).**

Section: Congosto de Isuela-Arguis (Huesca). A 3.3 Km section which will transform the current N-330 secondary road into a motorway by building a new roadway and renovating the existing one.

■ **Accesses to the Vidin-Calafat bridge over the Danube.** The contract includes rail and road access to the bridge from the Bulgarian right bank.

■ **Rehabilitation of the 5R1 in Romania. Section: Filiasi-Roviniari.**

A 48.9 Km. stretch of road will be rehabilitated and widened from the current 6 m to 10 m.

■ **Otopeni suspension bridge in Bucharest.** The bridge will be 240 metres long divided into two equal sections. The metal platform will be 16.90 metres wide with a 1.55 edge. The height of the suspension mast is 46.50 m above street level and 35.50 m above the platform.

■ **Restoration of the Pan-American road to Darién. Panama. Section: 41.7 Km Ipetí-Agua Fría bridge** and rehabilitation of the 44.7 Km long Portobelo-El Cruce-La Guaira-Nombre de Dios-Unión Santeña road in Colón.

hydraulic works

The most relevant contracts awarded last year included:

■ **Channelling the course of the Río Abajo. Panamá Viejo sector in Panamá;** and the Matías Hernández, Quebrada Palomo and Santa Rita collectors.

■ **Construction and operation of the Aque duct II. Querétaro. México.** 18-year contract to build and operate the aqueduct. This is the largest hydraulic works contract ever awarded in Mexico, which will make it possible to channel 50 million m³ of water from a semi-desert zone to the Querétaro metropolitan area each year.

■ **Fontsanta-Trinidad hydraulic tunnel (Barcelona).** The project is part of the hydraulic connection between Abrera and Cardedeu water treatment plants via a 12 Km tunnel divided into two blocks running through the Collserola mountains. The 5.8 Km long tunnel will be built using a tunnel-boring machine.

Ebro Weir. Zaragoza



■ **Section VI of the water supply system from the Cenajo reservoir to the Taibilla Canal Association** (Murcia). A section of the trunk system between the Altiplano bypass and the connection to the Campotejar water treatment plant. It is 34.7 metres long and includes three energy recovery installations.

■ **Phase I of the Payuelos lower canal** (León). The canal is 23.3 Km long and is designed for a flow volume of 36 m³/sec. For the transversal open

conduit section, there are two different shapes, either rectangular or trapezoidal, depending on the type of terrain.

■ **Channelling of the 8.5 Km long Barranco de Fraga** in Castellón. There are two different actions involved: One from the intersection with the CN-340 to the mouth of the sea in the town of Castellón de La Plana.

■ **Oria Medio collector and complementary lines Section: Benta Aundi-Tolosa** (Guipúzcoa). The main

collector is 2,451 metres long with diameters ranging from 800 to 1,500 mm and a secondary line measuring 1,510 metres which in some sections is achieved by driving the pipes under the Oria river.

maritime works



Valencia Harbour channel

The most notable contract awards included:

■ **Denia-Ibiza-Palma de Mallorca underwater gas pipeline.** An underwater gas pipeline measuring 269 Km long, subdivided into two sections: The Denia-Ibiza section measuring 123 Km with a maximum depth of 1,000 m, and the Ibiza-Mallorca section measuring 146 Km at a depth of 700 metres.

■ **Protection works, Port of Granadilla** (Tenerife). The new commercial port consists of an outer dock measuring 1,977 metres long joined to the land to the north by another measuring 596 metres. The solution chosen in this case consisted

of increasing the size of the caissons and reducing the number from 62 to 51 units, with maximum dimensions of 43.7 m long, 22.55 wide and 27 deep.

■ **Enlargement of the Port Adriano marina in Calviá** (Mallorca). The work consisted of the construction of an exterior dike using 26 reinforced concrete caissons cemented at an elevation of -12, with dredging to an elevation of -13 which is crowned by a superstructure to an elevation of +10.50. Once enlarged, the marina will be able to accommodate yachts measuring 20 to 60 m long.

■ **Phase II of the Esfinge dike and southern closure of the Container Terminal** (Las Palmas). The work includes

the construction of 23 reinforced concrete caissons, blocks, rockfill and filters and the creation of 55,000 m² of quay surface.

■ **Enlargement of the Barranco de Guinguada coastal platform** in Las Palmas de Gran Canaria. The work consists of creating a strip of land recovered from the sea all along the city seafront measuring 2,000 m long with variable widths up to 80 m.

■ **New basin at the Alfacs dock at the San Carlos de la Rápita marina** (Tarragona). Includes dredging, fixed jetties, service networks, paving and decoration.

rail infrastructures



Moncloa Metro station. Madrid

This remains one of the most dynamic sectors thanks to the plans to expand the high speed rail network and to build new subway lines.

The most important contracts awarded last year included:

■ **Rail infrastructure for the San Gotardo tunnel** (Switzerland). Measuring 57 Km long, it is the longest rail tunnel in the world. Alpine will handle the rail installation in the form of two one-way tubes and the construction of the north and south adjoining infrastructure to the point where it connects to the existing rail structure.

■ **Urban tunnels and Girona station.** With a total length of 3,640 m, the work includes a south side tunnel measuring 1,300 m long, a rectangular-shaped station measuring 480 m long and 42 m wide with three underground levels and one surface level and a north side tunnel measuring 1,565 m long. Both tunnels are 10.95 m in diameter and will be built using a tunnel-boring machine.

■ **Rail connection to the Berlin-Brandenburg international airport** (Germany). The work includes the construction of six sections of underground track measuring 2.5 Km, three rail bridges and four road bridges and the laying of 33 Km of tracks.

■ **Valladolid rail system. East by-pass. Platform.** Built to Iberian width standards, the goal is to divert the cargo traffic heading to the north of Spain in order to facilitate high speed traffic entering the city. It is 17.5 Km long with two branch line on the initial section and two provisional links to the current track at the beginning and end of the section. The work includes the construction of ten viaducts, four underpasses, five overpasses and one pedestrian walkway.

■ **New Delhi subway in India.** Alpine will build the first section of the new line connecting downtown New Delhi to the airport. The section is 3.7 Km long and is composed of 2.192 Km of double tunnels more than 6 m in diameter to be built using two

tunnel-boring machines and two subway stations: "New Delhi Station" and "Shivaji Station".

■ **New Madrid-Levante rail access. Section: Villena-Sax** (Alicante). It is 11.4 Km long and includes three viaducts measuring 1,394, 1,458 and 300 m long, cemented to piles up to 61 m, in addition to six overpasses and five underpasses.

urban development



Ronda de Monte Alto housing development. La Coruña

Most relevant contract awards:

- **Urbanisation of 6.8 Ha at the Balmes-General Manso industrial estate**, in Sant Feliú de Llobregat (Barcelona).
 - **Urbanisation of Lot 12 in Valdebebas** (Madrid).
 - **Urbanisation of SUNP-4 Camiño Francés**, in Santiago de Compostela (La Coruña).
 - **Urbanisation of the Riera de Castellolí industrial estate in Vilanova del Camí** (Barcelona).
- Work began in July 2007 to develop three million m² of land, plus the connections with road M-607, where two lanes and two new junctions will be added to cross the local and high-speed train lines. The high voltage lines running through the area covered by the Plan will be buried and the purifying plant will be enlarged to provide water for the population that will inhabit the new development.
- **Urbanisation of 15 ha as part of the enlargement of Mercamadrid.**
 - **Urbanización sur del Parque Metropolitano del Agua.** (Zaragoza), for Expo 2008, covering an area of 363,000 m².

residential

In 2007, FCC had more than 15,000 homes in progress, in addition to commercial property and parking garages, all adding up to 2.5 million m² of constructed area.

The most significant contract awards during the fiscal year were as follows:

- Three high rise apartment buildings in Bratislava (Slovakia), each one 73 m high with 25 floors plus a ground level and a four-level parking garage. Total floor space: 70,000 m².
- Structure and finish work on Torre Quadrat apartment building in Panama. This is a 146-unit apartment building on 73rd Street in the San Francisco residential area, five



Cerrado del Águila, Golf Resort, Marbella. Málaga

minutes from Panama's financial district.

- 148 homes in "Fuente Lucha" in Alcobendas and 102 homes in Vallecas (Madrid).
- 116 homes (98 detached and 18 semi-detached), clubhouse and urbanisation of the "La Coja" development in Benahavis (Málaga), each one with some 260 m² of floor space.
- 226 homes at "La Tenería" in Pinto (Madrid), with some 40,000 m² of floor space.

- 397 homes at the "Fundición Caetano" development in Camas (Sevilla).
- 108 homes in Las Tablas development (Madrid).
- 144 homes, commercial space and parking garages in Almería.
- 106 homes in the southern section of Alcorcón (Madrid).
- 114 single-family semi-detached homes in the "Bahía de las Rocas" development in Manilva (Málaga).
- 152 homes in sector 12 of Albacete.
- 166 homes in Ciudad Jardín, Arroyomolinos (Madrid).

- 148 homes in San Jorge (Castellón).
- 113 homes in Parla (Madrid).
- 241 homes in Arroyomolinos, (Madrid).
- 103 homes in Daganzo de Arriba, (Madrid).
- 161 homes on parcel T-2 of the "Isla de Chamartín", en Madrid.
- 130 homes in Santa Coloma de Gramanet (Barcelona). The work includes 237 parking spaces on two underground levels and ten commercial spaces.

non-residential construction

Included under this heading is construction of administrative buildings, schools, hospitals, cultural, athletic and commercial facilities, hotels and industrial buildings.

The most significant contracts awarded included:

Administrative and office buildings

- **Office building plus commercial space and garages in Hacienda San Antonio** (Sevilla).

- **Building for tertiary use, parcel III-3, El Regle sector of Mataró** (Barcelona).

- **Mixed use buildings and parking garages, Vullpalleres Oest Sector of Sant Cugat del Vallés** (Barcelona).

A group of four buildings including two apartment buildings, one commercial building and an office building. Each building has five underground levels, one ground floor and four or five stories.

- **New court building in Cuenca.**

A rectangular-shaped building with two underground levels and three stories high, cemented with piles.

In October, the arch structure crowning the Torre Cajamadrid at the "Las 4 Torres"



Castilla y León Parliament

complex on Paseo de la Castellana in Madrid was hoisted on the building.

It is a metal support structure weighing more than 420 Tm.

The structure was initially hoisted onto the top floor of the office building. From there, hydraulic jacks and cables were used to hoist the structure almost 20 m to its final position at a height of 250 m.

The entire hoisting operation lasted three hours and was carried out following the detailed procedure drafted with the collaboration of the staffs of Madrid Construction I, Central Technical Services and BBR-PTE.

Schools

■ **School of Fine Arts and School of Design in Zaragoza.** The constructed surface area is 21,300 m², with a deep pile foundation. One of the most unique aspects of the construction is the roof of the gymnasium which is made of a post-tensioned slab which holds an athletic field.

■ **School in Carabanchel** (Madrid).

Hospitals

■ **New hospital in Salamanca.** The new hospital will have 200,000 m² of floor space, a 912 bed capacity and 68,000 m² of urbanisation.

■ **Enlargement and renovation of the "Marqués de Valdecilla" teaching hospital.** Phase III, in Santander (Cantabria). The third and final phase of the renovation process consists of demolishing the current construction and building a new one. The hospital will have some 70,000 m² of floor space plus 17,000 of urbanisation.

■ **New hospital in Cáceres. Phase I.**

This is a zig-zag shaped building. It comprises a basement, semi-basement for emergency services and pathology, a ground floor where the ICU, resuscitation, surgery, obstetrics and neurological hospitalisation units are located, a mezzanine floor for installations and three hospital floors. The new hospital will have 476 beds.

Cultural, sports and entertainment complexes

■ **Centre for the Creation of the Arts (CREAA) in Alcorcón** (Madrid). This project involves the construction of nine buildings that will house an auditorium, music conservatory, permanent circus, an exhibit gallery, artists' workshops, a conference building, a multi-purpose room, administrative areas and a cafe. The total floor space is 67,000 m² plus 44,000 of urbanisation of outdoor space.

■ **New stadium for the Valencia Football Club**, with a 75,000 seat capacity.

The most unique feature of this building is the combination facade-rooftop which will use tectonic blocks to simulate the 16 neighbourhoods of Valencia, arranged around the old course of the Turia River. The project also includes a three-level underground parking garage for 3,500 vehicles, foundations, concrete structures and stadium seating.

■ **Connection infrastructure.**

Alameda-Avenida de Francia at the Port of Valencia. This is the first section, measuring 2,073 metres long, of the future Formula one city circuit.

■ **Navarra library and film library in Pamplona.**

This unique 21,000 m² building comprising four floors will house the Navarra Music Conservatory and the Pablo Sarasate Orchestra. It includes an auditorium, rehearsal rooms, exhibit rooms and production rooms.



Siglo XXI municipal athletic centre. Zaragoza



Valdecillas Hospital. Santander

■ **Cultural Centre at Plaza de Cataluña in El Prat de Llobregat** (Barcelona). This is a unique 13,000 m² building with two basement floors, a ground floor and two stories that will house a 318 seat auditorium, a seminar room, library and exhibit rooms.

Last April, the European Union gave the Mies van der Rohe Contemporary Architecture Award to the Castilla y León Museum of Contemporary Art (Musac). The museum was designed by the architects Emilio Tuñón and Luis Moreno Mansilla and built by FCC. It is the most prestigious contemporary architecture award given by the European Union.

This museum, which has received awards for its design, technical and constructive quality, opened its doors in León in April 2005 and has since become an artistic centre of reference in Spain.

Other relevant work by Tuñón and Mansilla and built by FCC include the Castellón Museum of Fine Arts, the Zamora Archaeological Museum, the City of León Auditorium, which won the Spanish Architecture award in 2003 and the first phase of the Museum of Royal Collections.

This award is given out by the EU and the Mies van der Rohe Foundation of Barcelona every two years to recognise and compensate quality European architectural works.



Valencia Trade Fair grounds



Underwater Archaeology Museum. Cartagena



Fire Museum. Zaragoza

Shopping centres, fairgrounds and conference facilities

■ **Structure for two Hipercor shopping centres, Mercasevilla and Aljaraque** in Huelva for the subsidiary Ibérica de Servicios y Obras.

■ **Finish work on the "Aranjuez Plaza" shopping centre in Aranjuez** (Madrid).

■ **Diverse projects for El Corte Inglés at its stores in Pozuelo de Alarcón** (Madrid), **Talavera de la Reina** (Toledo) and **Guadalajara**, for FCC subsidiary Ibérica de Servicios y Obras.

Hotels and resorts

■ **Hotel Vela at the entrance to the Port of Barcelona**, which is a continuation of the underground work currently being performed. As its name indicates, the hotel is shaped like the sail of a ship with 26 stories and constitutes

one of the city's architectural milestones. In addition to the 69,000 m² of constructed surface area, there will be 19,000 m² of underground parking and 98,000 m² of urbanisation.

■ **Habitação Building in Portimao** (Portugal). This contract was awarded to RRC, the Portuguese subsidiary of FCC Construcción. The first phase of the contract calls for the construction of four buildings, each one with five stories and basements, totalling 19,600 m² of floor space and 8,500 m² of outdoor space occupied by gardens, parking areas and accesses.

■ **Foundation and structure of the Hotel Hospes Huerto del Emir in Murcia**. This is the first phase of a 20-story hotel with three underground levels.

■ **Construction of the Hotel Aeropuerto de Liberia** (Hilton Garden Inn) in Guanacaste (Costa Rica) for the subsidiary M&S.



Telefónica's Communications City in Las Tablas, Madrid

Industrial construction

■ **La Muela II hydroelectric power plant** (Valencia). This is a large underground structure with a principal cavern measuring 115 m long, 19.65 m wide and 50 m high which will house three turbine and alternator groups and another measuring 92 x 17 x 13,5 m for transformers and chambers for the sluiceways.

■ **Liquefied natural gas (LNG) storage tanks**, for the subsidiary Ibérica de Servicios y Obras. This is a structure that comprises two twin tanks, each one with a 150,000 m³ capacity, on the flammable dock at the Port of Barcelona. They are total containment tanks with two airtight enclosures. The inside is made of nickel steel and the outside of concrete with cryogenic characteristics capable of holding liquefied natural gas at temperatures of 165° below zero.

■ **Enlargement and improvement of the electrical power supply to Line 4 of the Barcelona underground.** The work includes the remodelling of the Maragall and Verneda substations and the construction of a new one.



Refurbishment of the Archives of Simancas, Salamanca

Rehabilitation and maintenance

■ Fuensalida Palace in Toledo, current seat of the Junta de Comunidades de Castilla la Mancha.

■ **Headquarters of the Directorate General of Railways in Madrid.**

■ **Building conservation, prevention and repair for buildings owned and occupied by the Madrid City Council.** FCC Construcción had already been rendering these services in previous years.

■ **Rehabilitation of the Sant Jordi marina in L'Ametlla de Mar** (Tarragona).

■ **Restoration of the building at the Harbourmaster's dock** (Barcelona).

electrical installations

Especialidades Eléctricas, S.A. (Espelsa) designs and installs electrical wiring; plans, designs and installs electric panels; builds and maintains distribution networks and transformation substations and advanced command-control and simulation computer systems.

The most important contracts awarded in 2007 included:

Electrical system design and installation

- M-30 tunnel. Section IV. Praga-Nudo Sur bridge, Madrid.
- Guadarrama Tunnel, Segovia, Madrid.
- San Ferrán speedway, Palma de Mallorca.
- Braçons tunnel, Girona.
- Different buildings for Expo Zaragoza 2008.
- Porta Fira office building, Barcelona.

Maintenance

- Air traffic control centre, Sevilla.
- Teatro Real, Madrid.
- Sogecable building, Madrid.
- National library, Madrid.

Advanced information systems engineering

Work continued on the following projects:

- Mission Planning and Briefing (MPB) for the EFA-2000 Typhoon European fighter plane.
- Mission planning for the P-3 Orion maritime patrol plane.
- Mission Planning and Debriefing (MPDS) for the EF-18 fighter plane and the Mistral portable missile simulator.



Also in the field of advanced information systems engineering, Espelsa is also involved in the development of mission planning and analysis systems (MPB and MDB) for the European fighter plane, Typhoon, as the company awarded the contract to develop the second generation of aircraft.

It was also awarded a contract to update and enhance the helicopter flight simulator service for the Directorate General of Traffic (DGT) to a biturbine model.

heating and air conditioning

Internacional Tecair, S.A. is the subsidiary devoted to designing and installing equipment and systems for heating and cooling, mechanical equipment and systems, fire protection equipment and systems and facility management equipment for all kinds of buildings.



During the last fiscal year it won the following contracts to provide heating and air conditioning systems:

Installations

- Foresta business park, Madrid.
- WTC Cornellá, Barcelona.
- La Gomera Hospital, Canary Islands.
- Ferial Plaza shopping centre, Guadalajara.
- Denia Hospital, Alicante.
- Mapfre office building, Murcia.
- New departure terminal at Tenerife Sur airport.

Maintenance

- Sport complex in Alcobendas, Madrid.
- Ferial Plaza shopping centre, Guadalajara.
- Stock exchange headquarters in Las Rozas (Madrid).
- Animal housing at the Universidad Rey Juan Carlos, Alcorcón (Madrid).
- Office building at the Tres Cantos station (Madrid).

Internacional Tecair, through its subsidiaries GEINSA, Gestión Especializada Instalaciones, S.A. and Eurman, handles the HVAC maintenance and conservation for all kinds of buildings.

conservation and infrastructures



The FCC Group operates in this sector through Mantenimiento de Infraestructuras, S.A. (Matinsa) in the following areas:

Motorways and dual carriageways

Maintenance of more than 1,000 kilometres of dual carriageways and 3,500 kilometres of roads in the conventional system.

The following road conservation contracts were renewed in 2007:

- N-260 (through the Pyrenees) in the province of Lleida.
- N-430, N-401 and N-502 in the province of Ciudad Real.
- A-44 (Sierra Nevada motorway) in the provinces of Jaén and Granada.

- N-340, A-7 and N-235 in the province of Tarragona.
- Various road sections in the south-eastern part of the province of Huelva.
- Roads in the southern part of the Autonomous Community of Madrid.
- Ronda de Dalt and Ronda Litoral in Barcelona.

Matinsa's business increased in 2007 with the award of new sections of the following roads:

- A-66, A-50, A-62, N-501 and others in the province of Salamanca.
- A-3 and A-31 in the province of Cuenca.

It holds a 25% stake in Auconsa, a concessionaire formed for the construction, conservation and operation of the A-3 and A-31 motorways in the province of Cuenca as part of the First Generation Motorway Renovation Plan implemented by the Ministry of Development in 2007.

Maintenance of hydraulic infrastructures

- Operation and maintenance of Automatic Hydrographic Information Systems (SAIH) for the Júcar and Sur hydrographic confederations. These systems model the hydrographic behaviour of the basins to predict flooding and to provide the information needed to manage the water in each basin.
- Maintenance and conservation of the Alarcón, Amatorio, Bellús, Beniarrés, Contreras, Escalona, Forata, Gadafest and Tous dams and reservoirs in the provinces of Alicante, Cuenca and Valencia.

Forestry work

- Forest repopulation, silvicultural treatments and environmental restoration of river banks, landfills and beaches for the autonomous communities of Madrid, Andalucía, Extremadura and the Valencian Community, hydrographic confederations and the Directorate General of Coasts.
- Forest fire prevention and extinguishing. The fire protection services for the eastern part of the Community of Madrid include a total of 234 operators, eight heavy forest fire pumps, 15 lightweight pumps, two high mobility vehicles (VAMTAC) and one biturbine helicopter as well as eight forestry engineers. This service was renewed through the year 2009.
- Conservation of parks and gardens requiring special protection in Madrid, including the Templo de Debod, the Sabatini gardens, the Capricho park, the Dehesa de la Villa park, Oeste park, la Quinta de los Molinos and the Tres Cantos forest area.



Forestry work

engineering

Proyectos y Servicios, S.A. (Proser) studies and designs engineering plans. The contracts awarded during the fiscal year included the following:

Motorways

- **Lanes reserved for public transport and complementary work on the A-42 motorway.** Section: plaza de Fernández Ladreda-Getafe North junction, Madrid.
- **Construction of a third lane on the A-8 motorway between the Larrea and Etxano neighbourhoods** (Amorebieta-Etxano) in Vizcaya.
- **Widening of the C-25.** Section: Aguilar de Segarra-Manresa. Two separate preferential lanes designed for a specific speed of 100 Km/h.

Railways

- **Platform for the new Levante high speed train.** Madrid-Castilla La Mancha-Valencian Community-Murcia Region. Section: Monforte del Cid-Aspe (Alicante).
- **Complementary studies for the urban integration of the railway in León and San Andrés del Rabanedo.**



Amorebieta relief road. Vizcaya



West relief road viaduct in Ubrique. Cádiz

Hydraulic works

- **Wastewater treatment for the catchment area of the Tablas de Daimiel National Park.** Enlargement of the Villarrubia de los Ojos water treatment plant in Ciudad Real.
- **Enlargement of the Mohernando water treatment plant** (Guadalajara).
- **Enlargement and modernisation of the Tremp basin irrigation system in the Catalán Pyrenees.**
- **Transformation of the irrigation system in the Rovelló mountains** in Tarragona.
- **Construction technical assistance**
- **Management of construction work on the A-350 road.** Section: intersection with the AL-610 in Pulpi to the intersection with the A-332 in San Juan de los Terreros, Almería.
- **Management of construction work on the western and eastern branch lines of the water supply system to the region of Aljarafe.** Sevilla.
- **Management of the construction work on the widening of the C-59 road between the A-7 motorway and Palau-Solità i Plegamans** in Barcelona.

PROSER

corporate image



Megaplas, S.A., is the FCC Group's corporate image company. It operates at the European level through its three centres in Madrid, Turin and Paris.

During the last fiscal year Megaplas focused its efforts on consolidating its key clients and expanding its portfolio of clients, primarily in the oil sector.

These efforts were rewarded with two important contracts in the oil sector. In Italy, Megaplas was selected by ERG to provide corporate image elements for close to 2,000 petrol stations nationwide. In Spain, Disa, owner of the Shell network in Spain, awarded Megaplas a contract to develop the project engineering, supply and installation of its own brand image in nearly 200 petrol stations in the Canary Islands.

In the automobile sector, Megaplas focused on reinforcing its presence among its regular clients trying to expand upon the services provided to them. Examples of these additional services might include the "in house" development of new products based on LED technology and indoor corporate image elements.

Megaplas was chosen by Renault Europa to supply and install the corporate image for its "Dacia" brand in Spain, where it plans to open more than 100 dealerships.

In the distribution sector, it was chosen by the package delivery and courier company Seur to change the company's corporate image at more than 200 franchise locations nationwide.

oil and gas pipelines

Auxiliar de Pipelines, S.A., specialises in the assembly of pipelines to carry all kinds of fluids and for heating, hot water and cooling systems.

The following work was performed in 2007:

■ **Widening of the Rota-Zaragoza oil pipeline.** Section: Conquista-Almódovar del Campo (44.5 Km of polyethylene-coated API 5L X-52 steel pipe, Ø 12", and four valve positions).

■ **APA gas pipeline from position F-07.1 to Utrera, Los Palacios and Villafranca** (Sevilla). (21.5 Km of polyethylene-coated API 5L Gr. B steel pipe, Ø 6", two regulation boxes for

connections to populations and eight horizontal perforations).

The following new contracts were awarded:

■ **Contract for logistics, pipe transport and a microtunnel** in Denia, Ibiza and Palma de Mallorca for the Denia-Ibiza-Palma de Mallorca underwater gas pipeline.

■ **Updating of the air-conditioning system at the Madrid-2 La Vaguada** shopping centre. The entire system was replaced with pre-insulated pipes (both steel and flexible polyethylene) in different diameters and incorporation of a system of meters in all commercial premises.



Ditch-digging machine



precast components

Prefabricados Delta, after reaching the highest pitch of activity of its history in 2006, is maintaining the momentum in 2007. This was possible thanks to the increased demand for pipes, both concrete pipes with metal sleeves and fibreglass-reinforced polyester pipes, primarily for irrigation projects.

The most notable projects broken down by sector of activity are as follows:

Hydraulic works

The company supplied 63 Km of concrete pipe with metal sleeves, 59 Km of which were made of post-stressed concrete with elastic joints. 2007 marked the third highest year in terms of the production of this type of pipe in the history of Prefabricados Delta.

The company sold 107 Km of FGRP (fibreglass reinforced polyester) pipe which represents a 75% production increase over the year before. This was possible thanks to the installation at the Humanes factory in Madrid in the months of May and June of a second machine for manufacturing FGRP pipes using a continuous system.



The most significant hydraulic works contracts included:

- **Secondary irrigation network of block one of Monte Novo in Portugal**, consisting of 16 Km. of post-stressed concrete pipes with metal sleeves and elastic joints in diameters ranging between 600 and 1,400 mm.
- **Irrigation system for sectors XII-XVI in Genil-Cabra** consisting of 13.5 Km of post-stressed concrete pipes with metal sleeves and elastic joints in diameters ranging between 900 and 1,800 mm.
- **Modernisation of the irrigation system for the La Cota 120 Irrigation Community in Cartagena** consisting of 5.5 Km of post-stressed concrete pipes with metal sleeves and elastic joints in diameters ranging between 800 and 1,000 mm and 21 Km of FGRP pipe in diameters ranging between 400 and 1,000 mm.
- **Water supply to Lleida and population centres in the irrigable zone of the Pinyana Canal.**
Phase II with 5 Km of post-stressed concrete pipes with metal sleeves and elastic joints and 1,000 mm diameters.

Railways

149,000 sleepers were supplied in 2007, mainly for the maintenance and renovation of existing lines, and the supply of international width sleepers for the Córdoba-Málaga high speed line between Antequera and Málaga was completed.

Adif ordered 225,000 sleepers for conventional lines as part of the 2007-2010 OCE Investment Plan along with an open order for 300,000 more sleepers over the next three years.

Underground works

532 tunnel-lining segments were supplied for interior diameters of 8.43 m and thickness of 32 cm for the La Cela tunnel.

infrastructure concessions



Arganda Hospital. Madrid

The most relevant event in fiscal year 2007 under the heading of concessions was the creation of Global Vía Infraestructuras in January, a company which is owned in equal percentages by FCC and Caja Madrid and which will be the platform for large-scale infrastructure projects in the years to come.

It was founded with a share capital of 250 million euro and in October of 2007 the share capital was increased to 257,951,000 euro as a consequence of the incorporation of the company Metro Barajas, S.A. By the end of the year, its share capital was 350,751,448 euro following the capital increase as a consequence of the investment by FCC of its stake in the companies Autopista Central Gallega (Acega), Autopista de la Costa Cálida (AUCOSTA), Terminal Polivalente de Castellón and Túnel de Sóller.

To foster the development and growth of this new company, most of the concessions in which FCC participates are being taken over by Global Vía Infraestructuras.

However, FCC currently holds an interest in the following concessions:

■ Cedinsa Eix Llobregat (34%)

Holder of the concession for the construction and shadow toll operation of the road between Berga and Puig-Reig (Barcelona), as well as the upkeep and maintenance of the San Fruitós de Bages-Puig-Reig section, all of which are part of the C-16 (Llobregat Artery). Construction was completed and the road was opened to traffic at the end of the year. The average daily traffic on the road was 19,790 vehicles.

■ Cedinsa d'Aro (27.2%)

In December 2005 Cedinsa won the contract for another shadow toll concession, for 33 years, for the 27.7 kilometres of the Maçanet-Platja d'Aro dual carriageway, which comprises the design, construction and operation of the section of the C-35 between Vidreres and Alou and the operation of the Maçanet-Vidreres section of the C-35, the Alou-Santa Cristina d'Aro section of the C-65 and the Santa

Cristina d'Aro-Platja d'Aro section of the C-31. Work continued as scheduled in 2007.

■ Cedinsa Ter (27.2%)

In 2006, FCC Construcción was awarded the concession to build and operate a 48.6 Km section of the Vic-Ripoll road, 25.2 Km of which are new construction, running between Centelles and Ripio under a shadow toll arrangement. The term of the concession is 33 years including three years for construction and 30 years for operation. The road was under construction in 2007.

■ World Trade Center Barcelona, S.A. (16.52%)

This company holds the 50-year concession to manage the World Trade Center buildings at the port of Barcelona, comprising a surface area of 36,000 m² of offices and commercial premises, 6,000 m² of conference space and meeting rooms and a 280-bed hotel. It currently has an occupancy rate of over 95%.

■ WTC Almeda Park, S.A. (12.5%)

This company is carrying out the execution of a complex consisting of seven office buildings, a commercial area and a 27-story aparthotel. Work has been carried out on the first phase, consisting of three buildings with a constructed area of 37,500 m², an underground car park for 500 vehicles and a 10,000 m² landscaped square.

■ Urbicsa (29%)

Company awarded the public works concession contract for the construction, maintenance and operation of the buildings and installations of the City of Justice project in Barcelona and Hospitalet de Llobregat. The project comprises buildings reserved for the use of the Catalan regional government (159,878 m²), other complementary uses, offices and commercial premises

(26,628 m²) and a 45,628 m² car park able to hold 1,750 vehicles. During 2007 the project was in the construction stage.

■ **Hotel Vela (25%)**

Nueva Bocana Barcelona, S.A. is the company that holds a 55-year administrative concession for the construction and operation of a luxury hotel. The hotel has been designed by an architect of international prestige. It has 480 rooms and covers 50,000 m². Construction is currently in progress.

■ **Tema Concesionaria, S.A. (100%)**

FCC Construcción was awarded the concession to refurbish and operate the new head offices of Radio Televisión de Mallorca. The construction deadline is 24 months and the total concession term is for 40 years.

The following public works concessions were awarded to FCC in 2007:

■ **Autovía Conquense (100%)**

In 2007, the Ministry of Development awarded FCC Construcción a 19-year public works concession to build and operation the portion of the A-3 and the A-31 that runs through the province of Cuenca.

■ **Cedinsa Eix Transversal (27.2%)**

In June 2007, the company was awarded a 33-year shadow toll concession for a 150 Km stretch of the Eje Transversal motorway. The contract calls for the design, construction and operation of the Cervera-Caldes de Malavella section of the C-25. Most of the work involves widening the C-25.

Global Vía Infraestructuras

The concessions already being managed by Global Vía Infraestructuras are described below. Since the asset integration process will take several years, the portfolio of projects managed by Global Vía is divided into those which were taken over by the company in fiscal year 2007 and those which will be taken over in years to come:

Concessions incorporated into the consolidation perimeter of Global Vía in 2007:

■ **Autopista Central Gallega Española, S.A. (54.64%)**

This company holds a 75-year concession to build and operate the Santiago de Compostela-Alto de Santo Domingo toll road, a total of 56.8 kilometres. The average daily traffic in 2007 was 5,480 vehicles.

■ **Compañía Concesionaria del Túnel de Sóller, S.A. (56.53%)**

Three-kilometre toll tunnel which crosses the Alfabia mountain range in the corridor from Palma de Mallorca to Sóller. The average daily traffic in 2007 was 8,149 vehicles.

■ **Terminal Polivalente de Castellón, S.A. (45%)**

Company awarded the construction and operation of the 9.5-hectare terminal at the port of Castellón for the handling of containers and goods in general. In fiscal 2006 it became operational.

■ **Autopista de la Costa Cálida (35.75%)**

Company awarded the 36-year government concession for the construction, operation and upkeep of the 98-kilometre-long toll motorway from Cartagena to Vera and the 16-kilometre-long stretch of the Cartagena toll-free dual carriageway for internal bypass traffic. It opened to traffic in March 2007 and is used daily by an average of 2,506 vehicles.



Autovía del Camino. Pamplona-Logroño

■ Metro Barajas Sociedad Concesionaria, S.A. (70%)

FCC Construcción won the contract for the concession to build and operate the new 2.5-kilometre-long underground line between the old Barajas terminals and the new terminal T-4. The concession term is for 20 years and the line opened in May 2007. It is used by approximately 234,000 passengers per month.

Concessions that will be taken over by Global Via in the years to come:

■ Concesiones Aeroportuarias, S.A. (45%)

Company awarded a 50-year contract to build and operate the Castellón airport. The future airport will be situated between Benlloch and Villanueva de Alcolea at an exceptional site that lies within less than 50 kilometres of anywhere in the province. At the end of 2007, approximately 67% of the work had been completed and the job was expected to conclude by mid-2009, with the airport becoming operational in the second half of the year.

■ Autovía del Camino, S.A. (40%)

Company awarded the construction and operation of the dual carriageway from Pamplona to Logroño using the shadow toll system. This stretch is divided into five completion phases comprising a total of 70.25 kilometres.

It has been operational since 2004. The average daily traffic in 2007 was 11,526 vehicles.

■ Concesiones de Madrid, S.A. (66.66%)

Company awarded the government concession for the stretch of the M-45 dual carriage ring road around Madrid from the O'Donnell artery to the N-II, a total of 14.1 kilometres, for a period of 25 years under a shadow toll arrangement. During fiscal year 2007 the section has had an average daily traffic of 84,539 vehicles.

■ Marina Port Vell, S.A. (30.66%)

Government concession from the Barcelona Port Authority with mooring capacity for 413 large ships and 4,800 m² of commercial premises. The marina was fully occupied this fiscal year.

■ Nàutic Tarragona, S.A. (25%)

30-year concession to build and operate this marina in Tarragona. The marina has 417 moorings, 95% of which are either rented or sold, plus 8,000 m² of commercial premises, which are all sold.

■ Oligsa (20%)

The company that holds the 30-year concession to construct and operate a 168,000 m² bulk goods terminal at the port of Gijón. In 2007 it moved four metric tons of goods.

■ Port Torredembarra, S.A. (24.08%)

The company that holds the 30-year concession to construct and operate the Torredembarra marina. Of a total of 820 moorings, more than 95% were occupied in 2007, while the entire 4,000 m² of commercial premises were rented.

■ Ruta de los Pantanos, S.A. (50%)

This concession is for the construction, management and upkeep for a 25-year period of the split 21.8-kilometre section of roadway on the M-511 and the M-501 between the M-40 and the M-522, in Madrid. The average daily traffic in fiscal 2007 was 37,011 vehicles.

■ Tramvia Metropolità, S.A. (19.03%)

Company awarded the construction and operation for 25 years of a transport infrastructure that links south Barcelona with the population of the Baix Llobregat district. It has been in service since 2005 and was used by 14,284,593 passengers during 2007.

■ Tramvia Metropolità del Besòs, S.A. (19.03%)

This company was awarded a contract for the construction, operation and maintenance of the tram that links the Estación del Norte and the Villa Olímpica in Barcelona with Sant Adrià del Besòs and Badalona. It is 15 kilometres long. During 2007 it was used by a total of 6,560,481 passengers.



Metro to Madrid-Barajas Airport. Terminal 4. Madrid

**■ Transportes Ferroviarios de Madrid, S.A. (37.19%)**

Holder of the 30-year concession of the extension of line 9 of the Madrid underground between Vicálvaro and Arganda, comprising a total stretch of 20 kilometres and three intermediate stations. In 2007 it was used by a total of 7,198,153 passengers.

■ Túnel d'Envalira, S.A. (40%)

This company operates the three-kilometre-long toll tunnel that links the Grau Roig winter resort to El Pas de la Casa and joins traffic between Andorra and France on the Barcelona-Toulouse artery. During fiscal year 2007 the tunnel was used by an average of 1,544 vehicles daily.

■ Metro de Málaga (24.50%)

Thirty-five-year concession holder for the design, construction, rolling stock supply and operation of lines one and two of the Málaga Metro, covering a total length of 16.5 kilometres, 11.7 Km of which is underground. Nineteen stations will be built along the route. During 2007 it was in the construction stage.

■ Madrid 407, Sociedad Concesionaria, S.A. (50%)

This company holds the concession for the design, construction, upkeep and operation of the 11.6 kilometres of the M-407 dual carriageway between the M-404 and the M-506 as a shadow toll operation. The concession became operational in June 2007 and has been used by an average of 23,956 vehicles daily.

■ Ibisan Sociedad Concesionaria, S.A. (50%)

In September 2005 the consortium led by FCC Construcción was awarded the 25-year concession for the design, construction, upkeep and operation of the 14 kilometres of split road from Ibiza to San Antonio. During 2007 the job was in the construction stage.

■ Portsur Castellón, S.A. (30%)

Company holding the 35-year concession for the construction and operation of the solid bulk goods terminal in the south enlargement of the port of Castellón, with 300 linear metres of wharf and 60,000 m² of attached esplanade. The award was made in September 2005 and construction continued in 2007.

■ Tranvía de Parla, S.A. (32.50%)

Company awarded the 40-year contract for the construction, supply of rolling stock, operation and maintenance of the 8.5 kilometres of double track of the Parla tram (Madrid). This concession was awarded in 2005 and became operational in July 2007. The tram was used by an average of 62,835 passengers per month through the end of the year.

■ Marina de Laredo, S.A. (42.5%)

Government concession for the construction and operation of 540 moorings, 497 m² of shops, a car park and a dry storage yard at the port at Laredo (Cantabria), awarded in July 2005 for a 40-year period. It is currently under construction.

■ Hospital del Sureste, S.A. (66.66%)

Company holding the concession for the construction and comprehensive management of the new hospital at Arganda del Rey (Madrid) for 30 years which became operational in September 2007.

■ Scutvias, Autoestradas da Beira Interior, S.A. (8.33%)

Shadow toll motorway located in the Beira Interior area of Portugal. The road is divided into eight sections, a total of

198 kilometres. The average daily traffic in 2007 was 10,100 vehicles.

■ S.C.L. Terminal Aéreo de Santiago, S.A. (14.78%)

The company continues to operate the concession at Arturo Merino Benítez International Airport in Santiago de Chile. In 2007, the terminal was used by 8,286,612 passengers.

■ Autopistas del Valle, S.A. (48%)

In June 2004, this company was awarded the concession for the construction and shadow toll operation of the San José-San Ramón motorway in Costa Rica for 25 years. The motorway is 60 kilometres long. It is estimated that the motorway will be opened sometime in 2009.

■ Autopista San José-Caldera (48%)

Holder of the concession for the construction and shadow toll operation of the San José Caldera motorway in Costa Rica. The concession is for 25 years, including the 25-month construction period. The road comprises three sections, a total of 76.8 kilometres, connecting the country's capital with one of the main Pacific ports. Work is scheduled to begin in the early months of 2007 and the road to be thrown open to traffic in 2010.

■ Concesionaria Túnel de Coatzacoalcas, S.A. de C.V. (70%)

Company that holds the concession for the construction and shadow toll operation for 30 years of an underwater tunnel in Coatzacoalcas, in the state of Veracruz (Mexico). This is a 2,200-metre tunnel, 1,200 metres of which are underwater, built using six segments of prestressed concrete prefabricated in a drydock. Construction began in 2007 and the tunnel is expected to be operational in late 2010.

■ Hospital de Son Dureta (32%)

FCC Construcción won the contract for the construction and operation of the new Hospital Universitario de Son Dureta in Palma de Mallorca. The new hospital has 987 beds and



Light metro. Sanchinarro. Madrid

the concession will last 30 years. Construction is currently in progress.

■ N6 Galway-Ballinasloe (45%)

Holder of a concession for the construction and operation of the N6 Galway-Ballinasloe motorway along the strategic east-west corridor from Galway to Dublin, complying with the requirements of the National Development Plan. It consists of a 56-kilometre-long toll motorway between Galway and Ballinasloe, a 7-kilometre junction to the Loughrea bypass (single lane) and approximately 32 kilometres of access roads. The concession is for 30 years and the motorway is scheduled to open in 2010. Construction is currently underway.

■ Accesos de Madrid, CESA. (20%)

The company which holds a 50-year concession to operate the R3 and R5 toll roads. The R3 is a 33.9 Km toll road between the M-40 and Arganda del Rey that runs parallel to the free A-3 road. The R5 is a 283 Km toll road between the M-45 and Navalcarnero that runs parallel to the A-5. Both have been operational since 2004. In 2007 they were used by an average of 14,791 vehicles per day.

■ R-2 Autopista del Henares (10%)

Henarsa is the company that holds the concession to build and operate the R2 toll road, a 62 km stretch of road that runs between the M-40 and Guadalajara. There are two sections. The interior section, which runs from the M-40 to the M-50, is an alternative for avoiding traffic jams on the A-1 in San Sebastián de los Reyes and Alcobendas. The outside section is an alternative to heavy traffic on the A-2 from Guadalajara to the M-50. The term of the concession is 24 years. On average, these roads were used by 11,033 vehicles per day in 2007.

■ Alicante ring road (25%)

Ciralsa is the holder of a 36-year concession to build and operate the 28.5 Km Alicante ring road. It has been operational since December 2007 and is used by an average of 7,905 vehicles daily.

■ Sanchinarro light metro (42.5%)

In 2006, Metro Ligero de Madrid, S.A. was awarded a 30-year contract to operate and maintain the 5.4 Km long Pinar de Chamartín-Sanchinarro-Las Tablas light metro line that connects lines one and four of the Madrid underground. This line has been operational since May 2007. Since then, it has been used by some 1,648,934 travellers.

In 2007, Global Vía was awarded the following public works contracts:

■ M-50 Concessions Ltd (45%)

The company that holds a 35-year concession for the construction and operation of the M-50 toll road in Dublin in compliance with the National Development Plan. The project consists of building 24 Km of motorway and operating and maintaining that stretch along with an additional 19.3 Km. The work is underway at this time.

■ Madrid 404, Sociedad Concesionaria, S.A. (100%)

The company that holds a concession for the design, construction, conservation and operation of a 27 Km stretch of the M-404 between the M-407 and the M-506 under a shadow toll arrangement. The concession was awarded in December 2007 and is expected to become operational in 2011.

■ Nuevo Necaxa-Tihuatlán (50%)

Auneti, S.A. de C.V. is the company that holds a 30-year concession to build and operate 85 Km of motorway starting in Nueva Necaxa and ending in Tihuatlán in the states of Puebla and Veracruz in México.

The Austrian subsidiary Alpine has been awarded the following concessions:

■ Traismauer bridge over the Danube in Austria

The contract calls for the construction of a 15 metre high prestressed concrete bridge joining the S33 motorway to the S5 to the north. It will measure more than one kilometre long, divided into three sections: two approaches and a central span over the river (360 m).

■ South section of the A1 motorway in Poland

This is one of the largest construction projects in Poland: an 18.3 Km section of motorway between Swierklany and Gorzyczkach. It includes the construction of two intersections, two rest areas and 31 bridges, one of which is a 380 m suspension bridge.

■ **30-year contract to design, finance, build and operate the first section of the A5 motorway in Austria**

This is the country's first highway concession and refers to a 51 Km section of road that includes the construction of the first part of the

A5 from Vienna in the direction of the Czech Republic between the towns of Eibesbrunn and Schrick and the prolongation of the north-east ring around Vienna which will connect to the S1 and S2 fast lanes.

The following table summarises the infrastructure concessions managed by FCC, including the contracts managed by Alpine:

Concession	Company	Type	Investment (Million €)	Term (Years)
Autopista Central Gallega	GVI	Toll road	303	75
Autopista de la Costa Cálida (Murcia)	GVI	Toll road	649	36
Autopista San José-San Ramón (Costa Rica)	GVI	Toll road	213	25
Autopista San José-Caldera (Costa Rica)	GVI	Toll road	264	25
N6 Galway-Ballinasloe (Ireland)	GVI	Toll road	340	30
R3 and R5 Madrid access motorways	GVI	Toll road	1003	50
R-2 Autopista del Henares	GVI	Toll road	563	24
Alicante ring road	GVI	Toll road	445	36
A-5 (Austria)	ALPINE	Toll road	875	30
Túnel d'Envalira (Andorra)	GVI	Toll road	54	50
Túnel de Sóller	GVI	Toll road	51	33.5
Túnel de Coatzacoalcos (Mexico)	GVI	Toll road	185	30
Autovía del Camino (Navarra)	GVI	Shadow toll road	356	30
M-45 (Madrid)	GVI	Shadow toll road	214	34
M-407(Madrid)	GVI	Shadow toll road	74	30
M-404 (Madrid)	GVI	Shadow toll road	162	30
Ibiza-San Antonio widening	GVI	Shadow toll road	101	25
Autoestradas da Beira Interior (Portugal)	GVI	Shadow toll road	933	30
Ruta de los Pantanos	GVI	Shadow toll road	107	25
Autovía Conquense	FCC	Shadow toll road	120	19
Cedinsa Eix Llobregat	FCC	Shadow toll road	174	33
Cedinsa d'Aro	FCC	Shadow toll road	54	33
Cedinsa Vic-Ripoll	FCC	Shadow toll road	221	32
Cedinsa Eix Transversal	FCC	Shadow toll road	712	33
N. Necaxa-Tehuacán (Mexico)	GVI	Toll road	493	30
Horgoš-Požega Motorway (Serbia)	ALPINE	Pay-as-you-use toll road	1800	25
M-50 Dublin (Ireland)	GVI	Pay-as-you-use toll road	419	35
Parla tram	GVI	Rail infrastructure	104	40
El Baix Llobregat Tram	GVI	Rail infrastructure	249	25
Besòs Tram	GVI	Rail infrastructure	225	27
Line 9 of the Madrid Underground	GVI	Rail infrastructure	124	32
Metro Barajas	GVI	Rail infrastructure	47	20
Metro de Málaga	GVI	Rail infrastructure	504	35
Sanchinarro light rail (Madrid)	GVI	Rail infrastructure	293	30
Marina de Laredo (Cantabria)	GVI	Marina	70	40
Marina Port Vell (Barcelona)	GVI	Marina	15	30
Nàutic de Tarragona	GVI	Marina	12	30
Port Torredembarra	GVI	Marina	15	30
Portsur Castellón	GVI	Marina	30	35
Terminal Polivalente de Castellón	GVI	Marina	35	30
Bulk terminal at Gijón Port	GVI	Marina	17	30
Santiago airport terminal (Chile)	GVI	Logistics port	249	21.5
Castellón airport	GVI	Logistics port	127	50
Hospital del Sureste (Madrid)	GVI	Hospital	71	30
Hospital de Son Dureta (Mallorca)	GVI	Hospital	243	31.5
World Trade Center Barcelona	FCC	Service building	134	50
Barcelona City of Justice	FCC	Service building	263	35
Hotel Vela, Barcelona	FCC	Service building	165	55
Tema Concesionaria (Mallorca)	FCC	Service building	33	40

technology development

FCC Construcción upholds its policy of applying the most advanced construction technologies and systems to its construction work, training its technical staff to keep up to date with technological advances and to develop advances themselves when necessary. One product of this policy is FCC's ability to tackle extremely complicated jobs and to perform other jobs quickly, always furnishing the client with the best technology and systems for the application. Some examples are:

Underground work

During the fiscal year FCC Construcción has engaged in a great number of underground projects involving practically the entire range of construction systems. The experience FCC Construcción has gathered in this type of work is reflected in the fact that, since 1997, the company has built over 90 kilometres of TBM-bored tunnels lined with precast segments. Here are some examples of this type of tunnel and other types FCC Construcción has worked with during the fiscal year.

■ Pajares tunnels

These are two parallel tunnels measuring 25 Km long. FCC completed the construction of the subsection that goes from the south opening at Pola de Gordón towards the north, measuring approximately 11 Km per tunnel, under its agreement with Adif. The tunnels were built using two tunnel-boring machines with 10 m diameters. Despite the difficulties encountered, particularly the existence of water tables with heavy loads, the average output was 16 m per day for each tunnel.



Tren de les Illes Balears, whose lines now run underground. TIB. Palma de Mallorca



M-30 south bypass tunnel. Madrid

■ La Cabrera tunnels

The La Cabrera tunnels are being built on the Siete Aguas-Buñol section of the Levante high speed train line. They are two parallel tunnels measuring approximately 7.2 Km long with an excavation diameter of 9.24 metres. Excavation of the first tunnel was completed on 25 January. During the excavation process, the company beat the world record for daily progress in that excavation diameter on five different occasions, setting a new world



El Manzanal Bridge. Zamora

record of 83.2 m excavated and 52 concrete rings installed in a single day. The daily output was 33.6 m/day of completed tunnel.

This tunnel is 7,156 m long, 5,998 of which were excavated using a double shield tunnel-boring machine. The other 1,158 m were excavated using the new Austrian method.

■ Sol-Gran Vía Station

This project pertains to the new underground connection between the Atocha and Chamartín stations in Madrid and also includes the enlargement of the lobby at the Sol underground station converting it into a Local train/underground interchange. The cavern is very unique, with excavation dimensions of 26.76 m high, 17.66 m wide and 215 m long with a 17 m roof sheeting between Puerta del Sol and Gran Vía. It was excavated using the German method with numerous soil treatments applied including compensation injections, chemical injections, consolidation injections and injections between the land, the vaults and the side walls.

Bridges and special structures

Some very important bridges and special structures were completed during the year, including:

■ Manzanal del Barco bridge

A viaduct over the Ricobayo reservoir in Zamora measuring 479 m long with a 190 m central span, a record in Spain for concrete bridges made of continuous cantilevers.

■ Bridge over the Seco river in Castellón

This is a 26.30 m high suspension bridge with a 90 m span. The platform is made of concrete that is prestressed both lengthwise and crosswise. The metal pylon is 41.8 m high.

■ Bridge over the Guadalquivir in Palma del Río

This is a very unique structure consisting of a bowstring arch with a tubular metal structure and a platform made of diagonally crossed cables. It has a 130 m span. It was built by FCC Construcción in collaboration with BBR-PTE, a wholly owned subsidiary of FCC Construcción.

■ Caja Madrid tower at the former Real Madrid Sport Complex

The structure of this 250 m high tower was completed with the hoisting of the top bridge which is composed of two large blocks of reinforced concrete which support the metal structures of the three blocks technical floors and offices. On this project, the company used an MD-1400 crane capable of raising 25 Tm on the tip of the 55 m jib. The bridge was hoisted from the top floor of the office building using "heavy lifting" jacks. This operation, along with the prestressing of the support trusses for the concrete blocks and slabs, was performed by BBR-PTE.

Maritime works

■ El Musel port in Gijón

The numerical model studies and physical model tests conducted during the first half of 2007 made it possible to achieve the goal of mooring 19 caissons in the north dike of the enlarged El Musel Port. This event represents an unprecedented milestone in Spanish maritime engineering for two reasons: firstly because it was the first vertical dike in deep waters exposed to the actions of the waves and the adverse conditions of the Bay of Biscay, and secondly because of the size of the caissons involved (51.80 m long, 32.01 m wide and 31 m deep). This work was the subject of a specific international symposium held at the Port of Gijón in the month of November.



Seville Harbour lock

■ Port of Sevilla

Work commenced on the reinforced concrete structures for the new lock at the Port of Sevilla following the excavations needed to create a drydock area for construction adjacent to the navigation channel that provides access to the Guadalquivir dock. This lock, with a reinforced concrete structure and two rolling sluiceways at either end, is the same type as the one used in the third set of locks on the Panama Canal, a project for which FCC Construcción is currently involved in the tender process.

The four metal doors on the lock are large metal structures measuring 42 m x 17 m x 20 m high. Three balance bridges are also being built as part of this project, two lorries and one for trains. These bridges, made of a 43 m piece, have a counterweight on top which is a type not previously used in Spain. Both the sluiceways and the bridges were designed by FCC Construcción.



Enlargement of El Musel Harbour. Asturias

Award to foster innovation 2007

Low reflection caissons.
Sol Station, Metro line L-3



Low reflection caissons for wharves and seawalls

Research and development

FCC Construcción and its subsidiaries, aware of how important research and development can be to maintaining a competitive edge and constantly improving the quality of their work, have a clear policy in place focused on actively promoting technological research and development.

In this regard, FCC Construcción participates in the European Construction Technology Platform and the Spanish Construction Technology Platform, one of the objectives of which is to combine the forces of research centres, industries and universities in relation to research, development and technological innovation.

Some of the most notable projects in which the group was involved in fiscal year 2007 are mentioned below.

Some of the projects initiated in previous fiscal years continued in 2007, including the Tunconstruc project intended to optimise underground construction; Manubuild, which focuses on the industrialisation of construction; Arfrisol, which studies bioclimatic architecture and solar energy; and the Hatcons project which studies different aspects of underground works such as high efficiency concrete and the interaction between machines, linings and soil.

New projects were also undertaken in 2007, including the Sustainable Concrete project which focuses on obtaining concrete using aggregates from tunnel-boring and dredging waste; the Integral Bridges project which studies integral bridges without joints; the Clean project which focuses on efficient and environmentally-friendly construction; the Safe Port project, which seeks to create a system capable of linking the natural environment with occupational risks in maritime works; and the Submerged Tunnels project which studies underwater tunnels in seismic areas.

The "Low reflection caissons" and "Sol Station: Metro L-3" projects received the 2007 Innovation Award and the "Betonfilterpresse" project carried out by Alpine received an honourable mention.



Underground section of the M-30, from Puente de Praga to Nudo Sur

cement

El Alto factory. Madrid



- 73 Analysis of the sector
- 74 Cementos Portland Valderrivas, S.A.
 - 75 Cement
 - 76 Concrete
 - 76 Aggregates
 - 76 Dry mortar
 - 77 Transport
 - 77 Results
 - 78 Investments
 - 79 Industrial development
 - 80 Corporate Information System
 - 81 Stock market analysis

Cementos Portland Valderrivas has got 15 cement factories in Spain, the US, Argentina, Uruguay and Tunisia



Factory at Olazagutia. Navarra

cement

Analysis of the sector

According to the National Association of Cement Manufacturers (Oficemen), cement consumption in Spain in 2007 was 56.1 million Tm (+185,000 Tm), which represents an increase of just 0.3% over the year before. This marks a slowdown with respect to the consumption rates of previous years, with the highest year-on-year increase of 15.7% occurring in 1998. In other words, even though demand rose very slightly in 2007, consumption marked a record high for the eleventh year in a row.

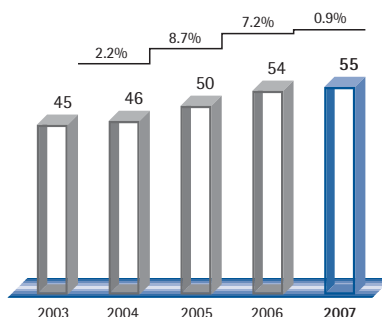
Total imports of cement and clinker into Spain were 13.6 million Tm, reaching their highest volume in 2007 with an increase of 6.5% over 2006.

With these high consumption and import volumes, and given the level of internal demand, cement exports obviously declined by 6.7% compared to 2006, to 1.1 million Tm.

According to the tentative data released by the Department of the Interior, cement consumption in the United States in 2007 dropped to 115 million Tm, 11.8 million less than the year before, with a year-on-year loss of 9.3%.

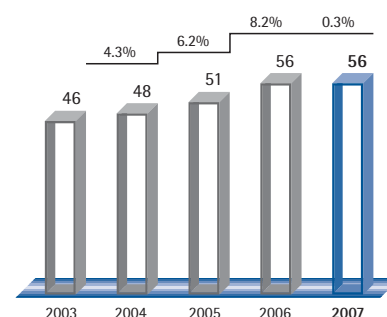
Cement production in Spain

Millions of tons



Cement consumption in Spain

Millions of tons



Cementos Portland Valderrivas, S.A.

This company is controlled by FCC, which owns 67.36% of its share capital. The rest is free float.

In 2006, Cementos Portland Valderrivas signed an agreement to purchase Corporación Uniland and on 31 December of that year obtained control of 53.22% of its capital for a cost of 1,092 million euro.

With this operation, it became the largest cement group in Spain and one of the largest in the world.

The purchase agreement included an option for the minority shareholders of Corporación Uniland to sell up to 73.5% of the share capital within five years. In 2007, options were executed on 307,742 shares, or 5.85% of the share capital, bringing the stake held

by Cementos Portland Valderrivas, S.A. in Uniland to 59.07% at 31 December.

Regarding the takeover bid on Cementos Lemona, S.A. carried out in February of 2006 and pursuant to the open order issued by Cementos Portland Valderrivas, S.A. to buy shares in the former, there have been successive purchases in which 11,022,273 shares had been acquired as of 31 December 2007, which represents 98.60% of the share capital of Cementos Lemona, S.A. and the stake held in Cementos Alfa, S.A. stood at 87.90%.

At this time, the Cementos Portland Valderrivas Group controls the following facilities in Spain: eight cement factories, 132 concrete plants, 55 aggregate quarries, 19 dry mortar plants, six maritime and four terrestrial terminals.

In the United States it has three cement factories, ten concrete plants, two aggregate quarries, four land and one maritime terminals; and in Canada it has one land terminal.

In Tunisia it has one cement factory, five concrete plants, one aggregate quarry and one maritime terminal.

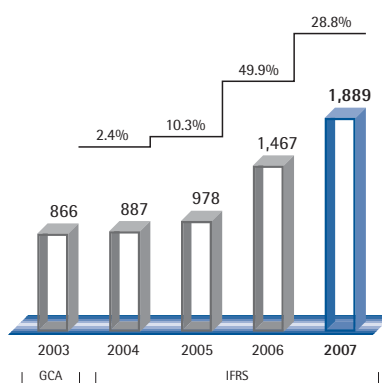
In Argentina and Uruguay it controls three cement factories, ten concrete plants and three aggregate quarries.

In addition to these industrial installations, in the United Kingdom it has two maritime terminals for cement distribution and a trading business in Holland.



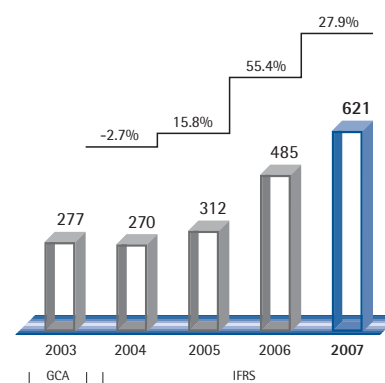
Turnover

Millions of euros

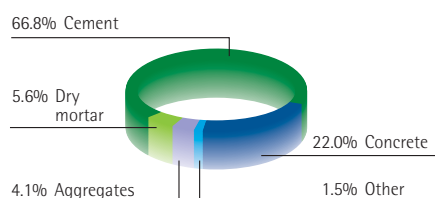


Gross operating profit (Ebitda)

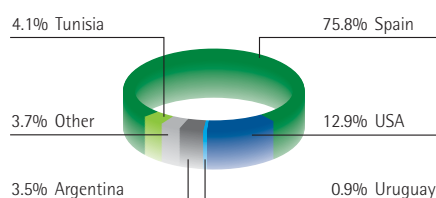
Millions of euros



Breakdown of turnover by business areas



Breakdown of turnover by countries





Dragon Cement factory in Thomaston, Maine. USA

Cement

The sales of physical units in 2007 include those corresponding to Corporación Uniland for a complete fiscal year and are therefore not comparable to 2006, since Uniland only contributed to them for the five months since it was acquired on 1 August, through the end of the year.

Total clinker and cement sales in 2007 were 18,168,128 Tm, with a 25.4% increase over the previous year's sales.

In Spain, 12,011,950 Tm were sold, an 18.7% increase over 2006. Sales in the US were 2,291,922 Tm, which represents a 3.6% increase. In Tunisia, 1,655,725 Tm were sold, which represents an increase of 123%. Argentina and Uruguay, with sales of 1,020,373 Tm and 157,932 Tm, respectively, had increases of 137.8% and 46.1%. In the United Kingdom, 614,919 Tm were sold which represents year-on-year growth of 37.3%. The rest, or 415,307 Tm, down slightly by 1.7%, was sold to other countries.

By company, Cementos Portland Valderrivas accounted for 37.3% of total sales with 6,779,586 Tm, or 2.5% less than the year before. Corporación Uniland contributed in 37.2% with sales of 6,759,891 Tm, which represents an increase of 118.5% over the year before, for the reasons explained above.

Giant Cement Holding, which in 2006 and 2007 includes the sales of CDN-USA, sold 2,253,788 Tm, with an increase of 2.6% over the year before and 12.4% of the total volume. Cementos Alfa and Cementos Lemona experienced growth of 4.3 and 6.6%, respectively, over the year before, with sales of 1,064,019 Tm and 946,893 Tm, contributing 5.9% and 5.2% to total sales.

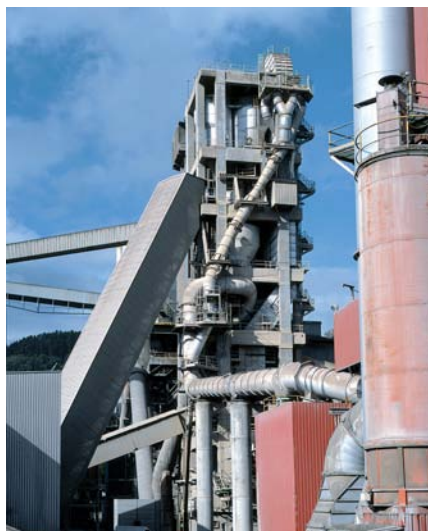
Dragon Alfa sold 223,730 Tm and 140,271 Tm refer to other companies, with year-on-year growth of 11.8% and 5.7%, contributing 2% of the total volume sold.

With sales of 3.1 million Tm, the Autonomous Community of Cataluña occupies first place in the order of importance for the Group, followed by the central region which had sales of 2.3 million. Andalucía, with 1.7 million Tm sold, is the third most important autonomous community, followed by Castilla y León with 1.3 million Tm. The rest of the cement was sold by Navarra, Basque Country, Cantabria, La Rioja, Aragón and Levante.

As far as the types of clients, 56.5% of the products sold were used for premixed concrete, far and away the most important market segment. 26% was purchased by wholesalers, a good part of which was used for prepared concrete. 9.7% and 7.8% of the products were sold to precast manufacturers and construction companies.



Giant Cement factory, USA



Cementos Lemona factory, Vizcaya

Concrete

As of 31 December 2007, the Cementos Portland Valderrivas Group had 132 premixed concrete plants in Spain, ten in the US, six in Argentina, five in Tunisia and four in Uruguay, with a total of 157 industrial installations. This total includes a growing number of mobile plants that travel all over the country to offer clients on-site concrete supplies.

In the year 2007, the concrete sold by the Cementos Portland Valderrivas Group increased by 17% over the year before, to 7,976,861 m³, compared to 6,818,718 m³ in 2006.

By groups, Cementos Portland Valderrivas sold 4,581,991 m³, Corporación Uniland sold 2,724,553, Cementos Alfa sold 221,998 m³, Cementos Lemona 333,445 m³ and Giant Cement Holding 114,874 m³.

Different grades of prepared concrete were sold during the fiscal year to a wide variety of projects, some of the most notable of which included:

- The justice building campus in Madrid.

- In Castilla-León, the San Lorenzo wind farm and the Burgos hospital.
- The service area at the airport and the Málaga underground.
- The La Breña dam and the east beltway in Córdoba.
- The underground and Torneo towers in Sevilla.
- In Cataluña, the south dike at the Port of Barcelona, the Vilamarina, Viladenas and Port Roda shopping centres.
- The Izco-Venta de Judas and Jaca-Sabiñánigo sections of the Pamplona-Huesca-Lleida motorway.
- The Lesaca-Endarlaza section of the N-121 from Pamplona to Irún and the Metro Portugalete-Santurce section.

The concrete division in Spain operates in the autonomous communities of Andalucía, Aragón, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Comunidad Valenciana, Extremadura, La Rioja, Madrid, Navarra and the Basque Country. There is a fleet of more than 1,000 concrete mixers to deliver the product.

Aggregates

The group operates 55 quarries in Spain, two in the US, one in Tunisia, another in Uruguay and two more in Argentina for a total of 61 extraction, sorting and shipping plants.

In the year 2007, the Aggregates Division sold 26,906,817 Tm of aggregates; in other words, 4,535,180 Tm more than in 2006, which represents an increase of 20.3% over 2006.

The Cementos Portland Valderrivas Group had turnover of 15,624,833 Tm, with a 5.6% increase over the year before and the Cementos Alfa Group sold 1,606,819 Tm, up by 1.4%. Cementos Lemona and Corporación Uniland placed 3,335,500 Tm and 5,815,945 Tm on the market, with increases of 3.7% and 158.3%, respectively, the latter of these for the reasons already explained. The Giant Cement Holding Group, which recorded the sale of CDN-USA in 2006 and 2007 following the merger with it, sold 524,220 Tm of aggregates with a year-on-year loss of 0.8%.

Dry mortar

The Group has a total of 19 facilities, all located in Spain: 11 belong to Corporación Uniland, four to Cementos Portland Valderrivas, three to Cementos Lemona and one to Cementos Alfa.

The dry mortar business is the one that grew the most in 2007, with an increase of 54.3% in sales compared to the year before, reaching a record high of 2,589,431 Tm. While the sales of the Cementos Portland Valderrivas Group were down by 13.7% to 615,427 Tm sold, due primarily to the completion of the work on the Madrid underground, Corporación Uniland's sales increased by 148.4% compared to the year before, with sales of 1,656,755 Tm, those of Cementos Alfa were up by 1.6% with 172,789 Tm and those of the Lemona Group increased by 13% to 144,460 Tm.

In short, their respective contributions to total sales were as follows: Valderrivas, 24%; Uniland, 64%; Alfa and Lemona 6.5% and 5.5%, respectively.

In 2007, dry mortar was supplied to the following construction projects:

- Valmayor tunnel, new hospitals in Parla and Valdemoro and Tower number one of the former Real Madrid Sport Complex, all in Madrid.
- Metro de Sevilla.
- Dock at the Port of Huelva.
- Nelson View project in Gibraltar.

■ In Barcelona, the new south terminal at the El Prat airport; the Hotel Veal and the new football field of the Real Club Deportivo Español.

- The walls of the Ciudadela in Pamplona.
- The Isozaki Atea towers in Bilbao.
- The new bullring in Vitoria.
- The Protos winery in Valladolid.
- In Aragón, the conference building, the bridge pavilion, the fluvial aquarium and the white-water canal, all for the Zaragoza Expo; the conference building in Huesca and the ice palace in Jaca.



Factory at Sayago, Montevideo. Uruguay



Ship carrying raw materials and cement

Transport

Cementos Portland Valderrivas, through the companies Atracemsa and Natrasa which form the Raw Materials and Cement Transport Division, moved 2,694,326 Tm and 690,201 Tm of material, respectively in 2007, which represents a total transported volume of 3,384,527 Tm, down 16% from the year before.

Results

Cementos Portland Valderrivas obtained the best results of its history in 2007, completing the integration of the recently-acquired companies and the synergy plans. It exceeded the goals set at the beginning of the fiscal year, achieving turnover of 1,889 million euro, 422.2 million more than the year before, which is equivalent to a 29% increase.

This growth is due to an organic increase in the activities and operations carried out in 2006, which had an impact on the results of a complete fiscal year in 2007, with the additional increase in the interest in Corporación Uniland.

75.8% of turnover was generated by domestic operations; 12.9% came from the Group's activities in the US; 4.1% from Tunisia; 3.5% from Argentina and the remaining 3.7% from Uruguay and other EU countries.

As far as the breakdown of the turnover by business line, 66.8% came from cement sales, 22% from prepared concrete, 5.5% from dry mortar and 4.1% from aggregates. Other business areas contributed 1.6% of the total.

The gross operating income (Ebitda) was 620.8 million euro, which was 27.9% more than in 2006 and accounted for 32.9% of turnover.

Profits before taxes were 347 million euro with a year-on-year increase of 20.5%, with financial losses of 91.4 million euro as a consequence of debt assumed with the most recent acquisitions. In 2007, the before-tax profits were 18.4% of the turnover.

Profits after taxes rose by 28.9%, to 246 million euro, favoured by the reduction of corporate income tax rates.

The incorporation of the interests of minority shareholders, primarily from Corporación Uniland, results in profits of 201.8 million euro for the parent company, up by 14.7% from the figure obtained the year before which was 175.9 million euro.



Factory at Alcalá de Guadaira. Sevilla

Investments

The investments in tangible and intangible assets and current asset investments in 2007 totalled 322.1 million euro compared to 1,523.1 million euro the year before. The 78.9% decrease was due to the hefty investment in 2006 in the takeover bid on Cementos Lemona and the acquisition of 53.2% of Corporación Uniland.

Financial investments totalled 128.8 million euro, practically all of which was used to acquire a 5.85% stake in Corporación Uniland, which raised the stake held by Cementos Portland Valderrivas in this company as of 31 December 2007 to 59.07% and required an outlay of 126.7 million euro.

Investments in tangible fixed assets totalled 185.4 million euro with a year-on-year rate of 46.3%.

In 2007, work continued on the factory in Keystone, Pennsylvania to transform the wet production system into a dry one, which will increase the

annual cement production capacity from 600,000 to 1,000,000 Tm and will considerably reduce production costs and boost the factory's competitiveness. The work is slated to be complete in 2009, at which time some 150 million euro will have been invested.

In June of this year, the construction of the two clinker silos and a hopper at the factory in Harleyville, South Carolina, will be complete, bringing the plant into compliance with environmental regulations. This work, which requires an investment of 12.5 million dollars, will also increase the factory's storage capacity and will allow the plant to produce different clinker qualities.

The construction of a 55,000 Tm multi-chamber clinker silo at the factory in Hontoria (Palencia), pursuant to the commitments undertaken with the Department of the Environment of the Junta de Castilla y León, will be complete before the end of 2008 at a total cost of 8.7 million euro.

The enlargement of the export facilities of Cementos Alfa, S.A. at the Raos Port in Santander will be completed in 2008. When the work is done, the company will have its own jetty and an additional silo which will make it more efficient and provide access to new markets. A total of 12.5 million euro will be invested.

Four flying ash silos are being built at Uniland's factory in Monjos, each with a 3,000 Tm capacity which will make it possible to produce cement using less clinker. This will in turn increase production while decreasing the quantity of CO₂ emissions per ton of cement. 4.9 million euro will be invested.

In Sevilla, Aripresa made an investment in 12.3 million Tm of aggregate reserves, thereby maintaining its influence in the zone since a large part of the land that was being exploited has been rezoned as developable. The purchase price was approximately 11.5 million euro.

As a consequence of the agreement reached by Uniland with Agencia Catalana del Agua, to continue its current aggregate exploitation, the company will build a new plant in Colomers to capture reserves which will require an investment of 1.75 million euro and an additional 4.4 million euro for the acquisition of 53 Ha of land.

In order to augment the production capacity at the Oavarria cement factory operated by Cementos Avellaneda in Argentina, a new vertical cement mill is being installed with a capacity of 130 Tm/hour and furnace III is being updated to increase production from 1,400 Tm/day to 2,400 Tm/day. The cost of this investment is being split evenly by Uniland and Molins, which owns 50% of Avellaneda, meaning that Corporación Uniland's share is 35.5 million dollars.

At the Cementos Alfa plant in Mataporquera, work is being done on the furnace and air pipes to increase production capacity of clinker by 45 Tm daily. This will also make it possible to undertake work in the future to reduce CO₂ emission and replace the fuels currently used with alternative fuels.

Industrial development

In 2007, Cementos Portland Valderrivas continued the search for new sources of biomass-based renewable energy sources, primarily wood, which do not require very long periods of time to be generated by nature. In the future, these energy sources will partially replace the conventional energy sources that require millions of years to be produced in nature.

Two of the group's factories are using wood biomass on a regular basis and tests have been conducted in another with satisfactory results.

In addition, in keeping with the desire to use more renewable energy, the facilities needed for three other factories to use wood biomass have been designed and will be added to the two factories that already began doing so in 2007.

The Group is preparing to sign a collaboration agreement with the Universidad Politécnica de Madrid for the research and development



Factory at Enfidha. Tunisia

of projects to collect greenhouse effect gases and, with the plant species developed, use them to produce biofuel. The project will last for two years and will focus on collecting carbon dioxide and producing the raw material needed to obtain these biofuels.

The Group has signed a collaboration agreement with the Consejo Superior de Investigaciones Científicas to develop a system for the continuous collection of emissions from organic compounds. The project has the support of the Ministry of the Environment and the Ministry of Education and Science within the framework of financial aid for collaborative efforts between universities and enterprises.

Efforts are ongoing to incorporate decarbonised materials into the production process to cut down on greenhouse effect gas emissions. Two factories are now using these subproducts on a regular basis and a third will begin doing so in the near future.

Under a collaboration agreement with Signus, test have been conducted with different sizes of ground tyres to determine the most appropriate size for recycling them in an environmentally-friendly way.

The Cementos Portland Valderrivas Group is set to participate in an electricity buying organisation, unique in Europe, which will include the key national consumers of electricity and will therefore be able to attain a favourable position in the new market, thereby contributing to improved management of the Spanish electricity system.

The gradual incorporation of renewable energies and the coordinated acquisition of energy within the group are complemented by the implementation and certification by AENOR of the first "Energy Management System" in Spain awarded to the El Alto factory. This system will gradually be implemented in the rest of the Group's factories and will lead to more efficient use of the natural resources and alternative energies required for the production process. In other words, we will achieve a management model for growth based on more efficient management in the present which takes the environment and the wellbeing of future generations into account.

Corporate Information System

The year 2007 saw the completion of the "Cervantes Project" for the implementation of the new SAP computer system for all business areas at Cementos Portland Valderrivas, S.A., Hympsa, Aripresa and Atracemsa, according to the management model established for the entire group.

The project got underway in April 2005 with the collaboration of a consulting firm. From the very beginning, there was a very firm commitment to quality and efficiency. In keeping with this commitment, a great deal of emphasis was placed on discipline, methodology and organisation and a great deal of care was taken in selecting the project staff.

120 people were involved in the implementation of SAP including consultants, functional leaders, key users and systems personnel and it has affected the working habits of the 600 employees of the group's different companies and business lines in Spain.

Training is a key factor to guarantee that this type of tool runs smoothly. More than 200 training courses were offered



by the Cementos Portland Valderrivas Group to nearly 1,500 attendees who received 17,500 hours of training in the different SAP modules.

It took two years of hard work on the part of all members of the group. The project covers the cement, concrete, aggregates, mortar and transport businesses and the functional areas of Administration and Finance, Management Control, Warehouses and Purchasing, Sales and Distribution, Maintenance, Production, Quality, the Environment, Sustainability and Legal Affairs.

This model is a substantial improvement over the old one and gives the group a distinct technological edge.

With the implementation of this system, the group now has a magnificent management instrument focused on obtaining as much information as possible for decision-making. It is more detailed, integral and reliable, with real time processing.

Finally, this new system has the capacity to quickly incorporate the new companies that have recently joined the Group and those which may do so in the future, taking advantage of the synergies that may be created in terms of cost reduction, incorporating the best internal practices and creating a unique and common management language and culture within the Group.



Factory at Olavarria, Argentina

Stock market analysis

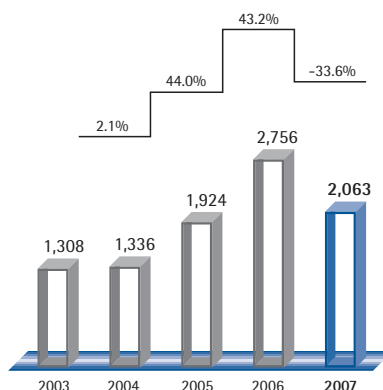
The Index of Commodities, Industry and Construction, which is the index where the stocks of Cementos Portland Valderrivas, S.A. are traded, closed on 28 December 2007 at 2,246.78, after hitting a high of 2,712.29 on 1 June, a trend that was similar to that of the General Index of the Madrid Stock Market, which closed at 1,642.01 after reaching a high of 1,724.95 on 8 November.

In 2007, Cementos Portland Valderrivas' stocks traded during the 253 sessions of the continuous market, with a total volume of 4,911,039 shares which represented 17.6% of the 27,837,818 shares in circulation.

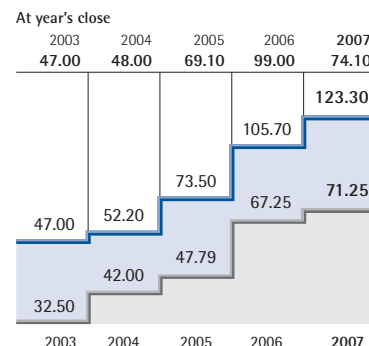
The trading price, which closed on 29 December 2006 at 99 euro, reached a record high of 124.85 euros on 27 February 2007, after which it declined steadily in keeping with the general trend of the stock market. 28 December marked a record low of 64.70 euros per share and then ended the day at 74.10 euros.

The stock market capitalisation on 28 December 2007 was 2,063 million euro with a PER of 10.22 times.

Stock market capitalisation at 31 December
Millions of euros



High and low closing prices
Euros



real estate

Housing in Almeria



- 83 Analysis of the sector
- 83 FCC's activity
- 84 Realia
 - 84 Asset management business
 - 86 Real estate development
 - 86 Stock market
- 87 Torre Picasso

In 2007 Realia
invested 210
million euro in
property



Ferial Plaza Shopping Centre. Guadalajara

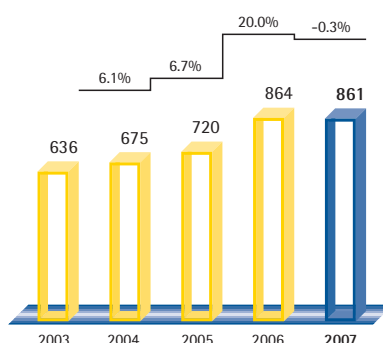
Analysis of the sector

Along with construction, the real estate sector is one of the driving forces behind the Spanish economy, creating more than two million jobs since 1998, or 34.9% of all new jobs. Following significant growth of this sector in recent years, signs of a slowdown in demand for residential property in Spain and more moderate increases in housing prices began to appear in 2007. Even so, the sector remained energetic during the first half of the year.

It is estimated that in 2007, the demand for homes to be used as primary residences dropped from 470,000 units to 455,000 units and the demand for second homes fell from 179,000 to 94,000 units. Some of the reasons for the current situation can be found in the lending restrictions imposed by financial institutions as a result of the "subprime" mortgage crisis in the United States and a gradual deceleration in the number of foreign nationals moving to Spain as a result of the sluggish Spanish economy, agreements with countries of origin and the fact that some immigrants from Eastern Europe are returning to their home countries.

New housing started

Thousands of units



However, since these are exogenous factors, there is reason to believe that following a period of adjustment between prices and demand, the sector will rebound. The continuous influx of immigrants, the fact that Spain will soon be on a par with other European countries in terms of household size (2.9 people in our country compared to an average of 2.4 in EU countries) will revitalise the sector.

FCC's activity

At FCC, real estate is a traditional line of business which is handled by Realia Business, S.A. on the one hand, a company controlled jointly by FCC and Caja Madrid, and by Per Gestora Inmobiliaria, S.L. on the other, which now owns 100% of Torre Picasso up from the 80% previously owned.

Realia

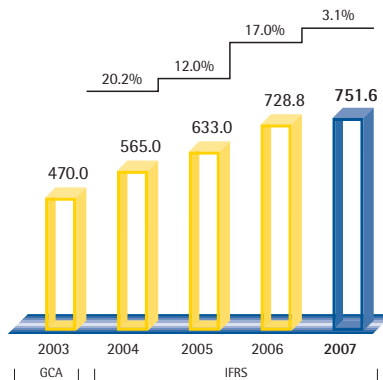
Realia ended fiscal year 2007 with consolidated turnover of 813 million euro. Of this amount, 154.8 million euro came from rentals, which represents a 34.8% increase over the year before. The company's gross margin was 49.8% of total revenues with a 24% increase in Ebitda to 366.2 million euro and net profits of 140.4 million euro.

The company managed to obtain these results despite the slowdown of the residential real estate market in Spain by focusing on other areas of activity such as office rentals and shopping centre construction and management, strengthening its position as a key player in these two areas which are expected to experience considerable growth in the years to come. In addition, it has made a firm commitment to the residential sector in Romania and Poland, two of the most appealing markets right now from a real estate point of view.



Turnover

Millions of euros



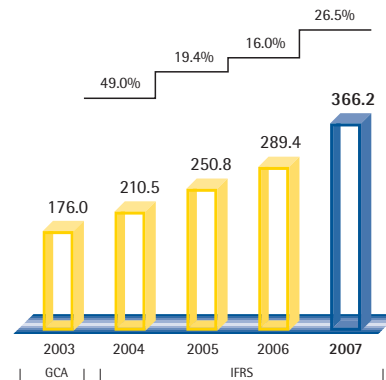
Throughout 2007, Realia focused on strengthening its position as an asset-based real estate company, with assets valued at 6,342 million euro in terms of Gross Asset Value (GAV) according to the appraisal done by the consulting firm CB Richard Ellis. 53% of these assets pertain to real property and 47% to real estate development and land. This is the first time that more than one-half of Realia's assets were concentrated in property; in 2006 52% of the GAV referred to development and land while the remaining 48% referred to property.

In the coming year, Realia will remain firmly committed to internationalisation and growth through the activities which are characteristic of this sector such as residential and commercial property and land management. It will do this maintaining a level of indebtedness well below the average for the sector.

Thanks to this strategy, Realia has a 'Loan to Value' (LTV) rate of 31%, one of the lowest indebtedness rates in the sector. At present, its net debt is 1,969 million euro, one third of its GAV. At the same time, the financial structure is

Gross operating profit (Ebitda)

Millions of euros



balanced: 65% of Realia's net financial debt is without recourse and 59% of the gross financial debt is long term with due dates more than five years away. In addition, a large part of this debt refers to the syndicated loan which falls due in ten years.

Asset management business

The asset management business of the real estate group focuses on the operation of its own office buildings and shopping and entertainment complexes. In fiscal year 2007, the Group invested some 210.5 million euro in this area and divested itself of certain non-strategic assets valued at 92 million euro. The company generated capital gains of 33.3 million euro in these operations.

As a consequence, Realia now has 493,295 m² of Gross Leasable Space (GLS) in operation which is 2.7% more than the year before. In addition it has 257,853 m² under development, which adds up to a total of 751,148 m². By type of assets, office space accounts for 56.4% of the gross leasable space, shopping centres represent 38.2%

and the remaining asset-based business accounts for 5.4%. Under the heading of office space, the properties managed by the publicly listed company SIIC de Paris account for 20.6% of the total.

The rental income from assets increased by 34.8%, to 154.8 million euro. Of this amount, 45% of office rental income came from Spain, 41% from France, 11.5% from other rental income and the remaining 2.5% from miscellaneous.

In Spain, the group has 28 office buildings in Madrid, all of the highest quality and 75% located in "prime" locations. Some of the most notable pieces of rental property include the Torre Realia at Puerta de Europa, the Los Cubos building located in a busy office park near the exit towards Zaragoza, most of which is leased to the Ministry of Education; a building on calle María de Molina and another

on Paseo de la Castellana in Madrid. In 2009, the Torre Fira in Barcelona, a building designed by the prestigious Japanese architect, Toyo Ito, will be added to the list.

Realia has become one of the most prominent players in the shopping centre market in Spain. Its shopping centres are high quality facilities located in areas with high buying power near large population centres with a select retail offering. This activity is historically linked to the company but for the last three years has been implementing an ambitious investment plan that will allow it to quadruple the GLA associated with this business. Realia currently has six shopping centres, including Ferial Plaza in Guadalajara, La Vaguada in Madrid, Nervión Plaza in Sevilla, Galería Twin Towers in Lisbon and El Jardín de Serrano in Madrid. In all, the shopping centres have a total of 76,586 m² of GLA. In addition, the O2 Wellness

Centre on Manuel Becerra in Madrid has 8,590 m². Realia is in the advanced stages of construction on the first phase of La Noria shopping centre in Murcia and will be bringing three other assets of this kind to market between 2009 and 2010: Plaza Nueva in Leganés, As Cancelas in Santiago de Compostela (La Coruña) and Denia Alicante. The GLS of the projects underway totals 201,846 m².

SIIC de Paris

SIIC de Paris, Realia's most important asset abroad, offers 154,653 m² of gross leasable office space in a prime location in the city. Some of the city's most emblematic properties include those located at 61-63 rue de Belles Feuilles, 10-12 rue de Tilssitt, 142 Boulevard Haussmann, 2 rue du 4 Septembre, 85-89 Quai André Citroën and 16-22 rue du Capitane Guynemer.

Le Guynemer building, Paris





Housing at Cruz de Celas, Coimbra. Portugal

In 2007, the debt and the shareholder composition were restructured to bring them in line with the SIIC bylaws in order to continue taking advantage of the tax benefits. According to those bylaws, the majority shareholder may not control more than 60% of the share capital on 1 January 2009. To comply with this requirement, Realia sold several minority packages to prestigious investors.

Real estate development

The importance to Realia of residential real estate business in Spain has declined for two reasons: the market has slowed down and the company has made a firm commitment to its asset portfolio. Nonetheless, the company delivered 1,107 homes in 2007 and earned revenues of 323.4 million euro.

Outside of Spain, Realia has made significant investments in Poland and Romania for the development of different residential complexes.

In 2007, Realia acquired 155,395 m² of land. Two of the most noteworthy operations included the purchase of more than 53,000 m² of developable land in Zaragoza and 88,000 m² of developable land in Toledo to build homes in these two areas which are considered to have high growth potential.

Stock market

The company went public on 6 June 2007 with a public offering of shares at a price of 6.5 euros per share. At the end of the fiscal year, the company maintained the initial price of the public offering, performing better than the Ibex 35, which was down by 0-0.9%, and the EPRA, the index that gauges the evolution of the leading real estate companies, which fell by 31% last year. The company generates high profits for its shareholders through dividends, since one of the commitments assumed under the terms of the public offering calls for distributing at least 50% of net profits to shareholders.

Prior to the public offering, Fomento de Construcciones y Contratas (FCC) and Caja Madrid controlled 49.16% of the capital, respectively. After going public, the two shareholders maintained their control through the company RB Business Holding, which controls 51% of Realia's capital and is owned in equal parts by the construction company and the savings bank. Thanks to the positive outlook for Realia and the dividends earned by its shareholders, several large investment groups have taken an interest in the company: the Sánchez, Ramade, Prasa, Lualca and Interprovincial S.L., owned by the Cosmen family, each one with approximately 5%.

Torre Picasso



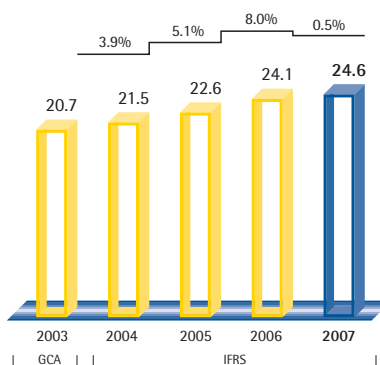
FCC began consolidating Torre Picasso by the global integration method on 25 July after acquiring the remaining 20% not previously controlled by the company.

Torre Picasso, with more than 122,000 m² of office space, is located in one of Madrid's most exclusive business areas in the Azca complex.

In 2007 the building was fully occupied with an average rental price of 27 euros per square meter/month.

As part of the ongoing improvement process surrounding the Torre Picasso, its air conditioning, plumbing and electrical wiring are being updated to offer the latest technologies and to respond to the challenges of sustainable development and environmental responsibility.

Turnover
Millions of euros



Gross operating profit (Ebitda)
Millions of euros

