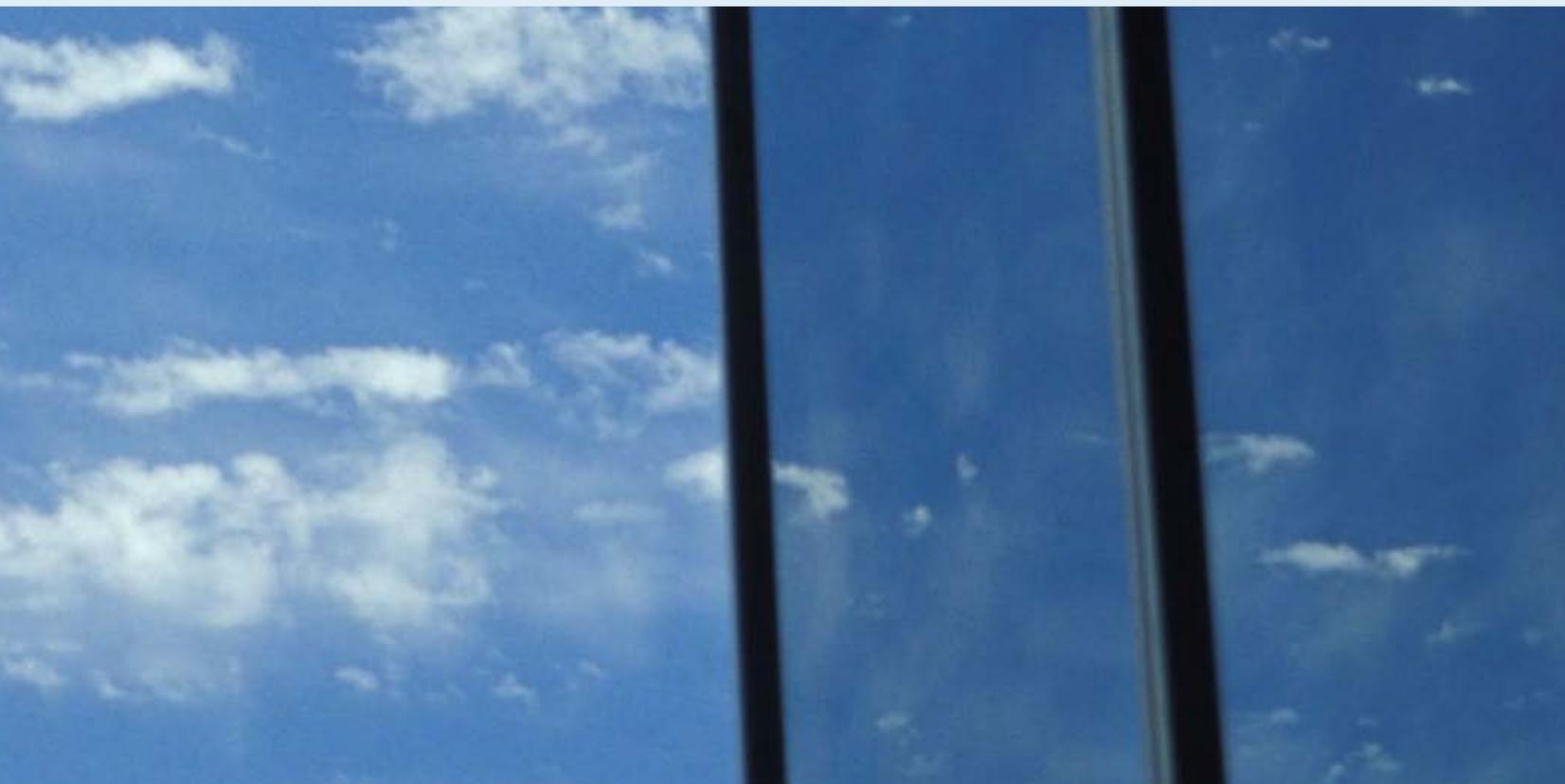






# Financial statements, Directors' report and Auditor's report



## 91 Consolidated Group

### 219 Fomento de Construcciones y Contratas, S.A.

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# Financial statements, Directors' report and Auditor's report

Consolidated Group



# Financial statements

## Consolidated Group

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## Consolidated balance sheet

### Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group)

| ASSETS  | 31-12-2007        | 31-12-2006        |
|---|-------------------|-------------------|
| <b>Non-current assets</b>   | <b>13,823,772</b> | <b>11,580,539</b> |
| Property, plant and equipment (note 5)  | 8,979,350         | 6,718,156         |
| Investment property   | 2,335,502         | 67,727            |
| Buildings, plant and equipment  | 5,776,993         | 5,797,195         |
| Other items of property, plant and equipment                                  | 866,855           | 853,234           |
| Intangible assets (note 6)  | 3,313,226         | 3,257,872         |
| Concessions (note 7)  | 376,980           | 387,202           |
| Goodwill  | 2,553,526         | 2,470,045         |
| Other intangible assets   | 382,720           | 400,625           |
| Investments in associates (note 8)  | 488,947           | 583,512           |
| Non-current financial assets (note 10)  | 543,726           |                   |
| Other non-current assets  | 498,523           | 415,809           |
| Deferred tax assets (note 18)   | 437,140           | 383,069           |
| Other non-current assets  | 61,383            | 32,740            |
| <b>Current assets</b>   | <b>9,858,876</b>  | <b>7,441,535</b>  |
| Inventories (note 11)   | 2,708,796         | 1,079,834         |
| Trade and other receivables   | 5,373,331         | 4,776,272         |
| Accounts receivable (note 12)   | 5,094,951         | 4,566,837         |
| Tax receivables (note 18)   | 244,194           | 167,789           |
| Other receivables   | 34,186            | 41,646            |
| Other current financial assets (note 10)                                      | 162,450           | 155,275           |
| Cash and cash equivalents (note 13)   | 1,614,299         | 1,430,154         |
| <b>Non-current assets held for sale and discontinued operations (note 14)</b> | <b>30,539</b>     |                   |
| <b>Total assets</b>   | <b>23,713,187</b> | <b>19,022,074</b> |

The accompanying notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2007.

At 31 Decembre de 2007

Thousands of euros

| EQUITY AND LIABILITIES  | 31-12-2007        | 31-12-2006        |
|---|-------------------|-------------------|
| <b>Equity (note 15)</b>   | <b>4,290,848</b>  | <b>3,417,518</b>  |
| Equity attributable to shareholders of the Parent                     | 2,686,162         | 2,613,088         |
| Share capital   | 130,567           | 130,567           |
| Retained earnings and other reserves                                  | 1,956,398         | 2,077,201         |
| Profit for the year   | 737,851           | 535,511           |
| Interim dividend  | (138,654)         | (130,191)         |
| Minority interests  | 1,604,686         | 804,430           |
| <b>Non-current liabilities</b>  | <b>9,744,869</b>  | <b>6,857,976</b>  |
| Bank borrowings and other non-current financial liabilities (note 16) | 7,662,805         | 4,738,460         |
| Non-current bank borrowings   | 7,017,883         | 3,997,855         |
| Debt instruments and other held-for-trading liabilities               | 139,323           | 147,267           |
| Other non-current financial liabilities                               | 505,599           | 593,338           |
| Non-current provisions (note 17)                                      | 910,070           | 964,541           |
| Other non-current liabilities   | 1,171,994         | 1,154,975         |
| Deferred tax liabilities (note 18)                                    | 1,130,489         | 1,114,267         |
| Other non-current liabilities (note 16)                               | 41,505            | 40,708            |
| <b>Current liabilities</b>  | <b>9,677,470</b>  | <b>8,746,580</b>  |
| Bank borrowings and other current financial liabilities (note 16)     | 2,593,456         | 2,656,421         |
| Current bank borrowings   | 2,408,109         | 2,496,191         |
| Debt instruments and other held-for-trading liabilities               | 2,579             | 1,130             |
| Other current financial liabilities                                   | 182,768           | 159,100           |
| Trade and other payables  | 7,001,392         | 6,040,681         |
| Trade payables  | 5,856,263         | 5,074,928         |
| Tax payables (note 18)  | 663,242           | 687,790           |
| Other current liabilities (note 16)                                   | 481,887           | 277,963           |
| Current provisions (note 17)  | 82,622            | 49,478            |
| <b>Total equity and liabilities</b>                                   | <b>23,713,187</b> | <b>19,022,074</b> |

The accompanying notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2007.

## Consolidated income statement

### Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group)

|  | 31-12-2007          | 31-12-2006         |
|--|---------------------|--------------------|
| <b>Operating income</b>  | <b>14,076,311</b>   | <b>9,534,444</b>   |
| Revenue (notes 21 and 22)  | 13,880,633          | 9,480,928          |
| Other income   | 195,678             | 53,516             |
| <b>Operating expenses</b>  | <b>(12,776,933)</b> | <b>(8,653,170)</b> |
| Changes in inventories of finished goods and work in progress            | 161                 | 58,372             |
| Procurements and other external expenses (note 21)                       | (8,940,856)         | (6,025,458)        |
| Staff costs (note 21)  | (3,093,509)         | (2,180,050)        |
| Depreciation and amortisation charge (notes 5 and 6)                     | (725,672)           | (474,506)          |
| (Charge to)/Reversal of operating allowances                             | (17,057)            | (31,528)           |
| <b>Profit from operations</b>  | <b>1,299,378</b>    | <b>881,274</b>     |
| Finance income (note 21)   | 107,788             | 71,535             |
| Finance costs (note 21)  | (515,254)           | (209,139)          |
| Exchange differences   | (15,498)            | (4,407)            |
| Gains resulting from changes in value of financial instruments (note 21) | 15,617              | 56,303             |

## Consolidated statement of changes in equity

### Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group)

|  | Share capital<br>(note 15-a) | Reserves of<br>the parent<br>(note 15-b.1) | Reserves for<br>transactions with<br>treasury shares<br>(note 15-b.2) | Consolidation<br>reserves<br>(note 15-b.3) |
|--|------------------------------|--|---|--|
| <b>Equity at 31 December 2005</b>                              | <b>130,567</b>               | <b>701,956</b>                             | <b>(26,874)</b>   | <b>1,121,733</b>                           |
| Profit for the year  |                              |  |   |  |
| Income and expenses for the year recognised directly in equity |                              |  |   |  |
| Revaluations in business combinations achieved in stages       |                              |  |   |  |
| Changes in the fair value of financial instruments             |                              |  |   |  |
| Available-for-sale financial assets                            |                              |  |   |  |
| Cash flow hedges   |                              |  |   |  |
| Translation differences  |                              |  |   |  |
| <b>Total income and expenses for the year</b>                  |                              |  |   |  |
| Distribution of profit   |                              |  |   |  |
| Retained earnings  |                              | 237,687                                    |   | 183,711                                    |
| Dividends  |                              | (210,035)                                  |   |  |
| Capital increases and reductions                               |                              |  |   |  |
| Treasury share transactions                                    |                              |  | 27,818  | (4,823)                                    |
| Changes in the scope of consolidation                          |                              |  |   |  |
| Other changes in equity  |                              | (132)                                      |   |  |
| <b>Equity at 31 December 2006</b>                              | <b>130,567</b>               | <b>729,476</b>                             | <b>944</b>  | <b>1,300,621</b>                           |
| Profit for the year  |                              |  |   |  |
| Income and expenses for the year recognised directly in equity |                              |  |   |  |
| Changes in the fair value of financial instruments             |                              |  |   |  |
| Available-for-sale financial assets                            |                              |  |   |  |
| Cash flow hedges   |                              |  |   |  |
| Translation differences  |                              |  |   |  |
| <b>Total income and expenses for the year</b>                  |                              |  |   |  |
| Distribution of profit   |                              |  |   |  |
| Retained earnings  |                              | 295,234                                    |   | 240,277                                    |
| Dividends  |                              | (266,892)                                  |   |  |
| Capital increases and reductions                               |                              |  |   |  |
| Treasury share transactions                                    |                              |  | (316,069)   |  |
| Changes in the scope of consolidation                          |                              |  |   |  |
| Other changes in equity  |                              |  |   | 19,905                                     |
| <b>Equity at 31 December 2007</b>                              | <b>130,567</b>               | <b>757,818</b>                             | <b>(315,125)</b>  | <b>1,560,803</b>                           |

The accompanying notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2007. In particular, note 15 "Equity" explains this statement.

At 31 December 2007

Thousands of euros

|  | 31-12-2007        | 31-12-2006        |
|--|-------------------|-------------------|
| <b>Financial loss</b>  | <b>(407,347)</b>  | <b>(85,708)</b>   |
| Share of results of associates (note 8)  | 32,024            | 89,078            |
| Impairment losses (recognised)/reversed on property, plant and equipment and intangible assets (notes 5 and 6) | (2,688)           | (4,766)           |
| Other gains or losses (note 21)  | 348,250           | 6,752             |
| <b>Profit before tax from continuing operations</b>  | <b>1,269,617</b>  | <b>886,630</b>    |
| Income tax (note 18)   | (349,216)         | (278,022)         |
| Minority interests (note 15)   | (182,550)         | (73,097)          |
| <b>Profit attributable to the parent</b>   | <b>737,851</b>    | <b>535,511</b>    |
|  | <b>31-12-2007</b> | <b>31-12-2006</b> |
| <b>Earnings per share (note 15)</b>  |                   |                   |
| Basic  | 5.76 €            | 4.14 €            |
| Diluted  | 5.76 €            | 4.14 €            |

The accompanying notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2007.

At 31 December 2007

Thousands of euros

| Valuation adjustments<br>(note 15-b.4 and 5) | Exchange differences<br>(note 15-b.6) | Profit for the year | Interim dividend<br>(note 15-d) | Equity attributable to shareholders of the parent | Minority interests<br>(note 15) | Equity           |
|--|---------------------------------------|---------------------|---------------------------------|---|---------------------------------|------------------|
| <b>(30,607)</b>                              | <b>13,626</b>                         | <b>421,398</b>      |                                 | <b>2,232,117</b>                                  | <b>376,237</b>                  | <b>2,608,354</b> |
|  |                                       | 535,511             |                                 | 535,511   | 73,097                          | 608,608          |
| 53,702                                       |                                       |                     |                                 | 53,702  | 12,608                          | 66,310           |
| 6,324  |                                       |                     |                                 | 6,324   |                                 | 6,324            |
| 24,110                                       |                                       |                     |                                 | 24,110  | 2,977                           | 27,087           |
|  | (22,528)                              |                     |                                 | (22,528)  | (8,026)                         | (30,554)         |
| <b>84,136</b>                                | <b>(22,528)</b>                       | <b>535,511</b>      |                                 | <b>597,119</b>                                    | <b>80,656</b>                   | <b>677,775</b>   |
|  |                                       | (421,398)           |                                 |   |                                 |                  |
|  |                                       |                     | (30,509)                        | (240,544)   | (39,034)                        | (279,578)        |
|  |                                       |                     |                                 |   | 7,527                           | 7,527            |
|  |                                       |                     |                                 | 27,818  |                                 | 27,818           |
|  |                                       |                     |                                 |   | 373,788                         | 373,788          |
| 1,533  |                                       |                     |                                 | (3,422)   | 5,256                           | 1,834            |
| <b>55,062</b>                                | <b>(8,902)</b>                        | <b>535,511</b>      | <b>(130,191)</b>                | <b>2,613,088</b>                                  | <b>804,430</b>                  | <b>3,417,518</b> |
|  |                                       | 737,851             |                                 | 737,851   | 182,550                         | 920,401          |
| (17,335)                                     |                                       |                     |                                 | (17,335)  |                                 | (17,335)         |
| 9,628  |                                       |                     |                                 | 9,628   | (8,029)                         | 1,599            |
|  | (71,889)                              |                     |                                 | (71,889)  | (11,148)                        | (83,037)         |
| <b>(7,707)</b>                               | <b>(71,889)</b>                       | <b>737,851</b>      |                                 | <b>658,255</b>                                    | <b>163,373</b>                  | <b>821,628</b>   |
|  |                                       | (535,511)           |                                 |   |                                 |                  |
|  |                                       |                     | (8,463)                         | (275,355)   | (118,195)                       | (393,550)        |
|  |                                       |                     |                                 |   | 237                             | 237              |
|  |                                       |                     |                                 | (316,069)   |                                 | (316,069)        |
|  |                                       |                     |                                 |   | 751,395                         | 751,395          |
| (13,662)                                     |                                       |                     |                                 | 6,243   | 3,446                           | 9,689            |
| <b>33,693</b>                                | <b>(80,791)</b>                       | <b>737,851</b>      | <b>(138,654)</b>                | <b>2,686,162</b>                                  | <b>1,604,686</b>                | <b>4,290,848</b> |

## Consolidated cash flow statement

### Fomento de Construcciones y Contratas, S.A. and subsidiaries (Consolidated Group)

At 31 December 2007

Thousands of euros

|   | 31-12-2007       |         | 31-12-2006         |         |
|---|------------------|---------|--------------------|---------|
| Cash flows from operating activities (before interest and tax)                                | 2,033,263        |         | 1,395,960          |         |
| Profit from operations  | 1,299,378        |         | 881,274            |         |
| Depreciation and amortisation charge  | 725,672          |         | 474,506            |         |
| Adjustments due to other income   | 8,213            |         | 40,180             |         |
| Income taxes paid in the year   | (390,402)        |         | (292,133)          |         |
| (Increase) Decrease in operating working capital  | (396,718)        |         | 14,478             |         |
| (Increase) Decrease in inventories and trade and other receivables                            | (792,983)        |         | (862,097)          |         |
| Increase (Decrease) in trade and other payables   | 396,265          |         | 876,575            |         |
| Dividends received  | 15,012           |         | 49,856             |         |
| Other collections (payments) in operating activities  | 193              |         | (9,137)            |         |
| <b>Total net cash flows from operating activities</b>   | <b>1,261,348</b> |         | <b>1,159,024</b>   |         |
| Investments   | (1,732,333)      |         | (4,854,462)        |         |
| Property, plant and equipment (note 5)  | (1,326,057)      |         | (575,415)          |         |
| Intangible assets (note 6)  | (36,329)         |         | (112,358)          |         |
| Investments and other financial assets  | (369,947)        |         | (4,166,689)        |         |
| Disposals   | 738,136          |         | 65,888             |         |
| Property, plant and equipment and intangible assets   | 94,479           |         | 52,773             |         |
| Investments and other financial assets  | 643,657          |         | 13,115             |         |
| Other collections (payments) in investing activities  | 64,220           |         | 286,047            |         |
| Change in cash and cash equivalents due to changes in the scope of consolidation              | 157,125          |         | 308,098            |         |
| Other   | (92,905)         |         | (22,051)           |         |
| <b>Total net cash flows from investing activities</b>   | <b>(929,977)</b> |         | <b>(4,502,527)</b> |         |
| Collections of shareholders' contributions  | 238              |         | 7,571              |         |
| Collections (Payments) in treasury share transactions (note 15-b.2)                           | (316,069)        |         | 33,316             |         |
| Dividends paid (note 4)   | (384,454)        |         | (250,065)          |         |
| Increase (Decrease) in bank borrowings and other financial liabilities                        | 1,092,323        |         | 3,925,220          |         |
| Non-current   | 2,573,358        |         | 2,744,116          |         |
| Current   | (1,481,035)      |         | 1,181,104          |         |
| Net interest  | (377,240)        |         | (106,549)          |         |
| Collected   | 45,383           |         | 32,477             |         |
| Paid  | (422,623)        |         | (139,026)          |         |
| Other collections (payments) in financing activities and relating to current financial assets | (159,305)        |         | 128,876            |         |
| <b>Total net cash flows from financing activities</b>   | <b>(144,507)</b> |         | <b>3,738,369</b>   |         |
| <b>Total net cash flows for the year</b>  | <b>186,864</b>   |         | <b>394,866</b>     |         |
| Cash and cash equivalents at beginning of year  | 1,430,154        | 186,864 | 1,041,616          | 394,866 |
| Exchange differences on cash and cash equivalents in foreign currency                         | (2,719)          |         | (6,328)            |         |
| <b>Cash and cash equivalents at end of year</b>   | <b>1,614,299</b> |         | <b>1,430,154</b>   |         |

The accompanying notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2007.

## Notes

### Fomento de Construcciones y Contratas, S.A. and subsidiaries (consolidated Group) At 31 December 2007

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## 1 The FCC Group

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities that are grouped together in the following areas:

**Services:** this area comprises the units specialising in environmental services, i.e. services related to urban cleaning, industrial waste treatment and the integral water cycle, and includes Versia, which provides various services such as logistics, street furniture, vehicle roadworthiness tests, vehicle parking, aircraft and passenger ground handling, street maintenance and traffic systems, etc.

**Construction:** this area specialises in infrastructure construction projects, building construction and related activities, such as motorways, freeways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc. It also includes infrastructure concession operators (motorways, tunnels, marinas, railways, tramways and buildings for a variety of uses).

**Cement:** this area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete.

**Real estate:** this area engages in activities related to the real estate business, such as land management and turnover, office building rental, operation of shopping centres and the development of housing, commercial premises, offices and garages.

**Foreign operations,** which represent approximately 36% of the FCC Group's revenue (18% in 2006) are carried on mainly in the European, U.S.A. and Latin American markets.

The important acquisitions by the FCC Group of several business groups in Spain and abroad, mainly in 2006 as part of the Group's 2005-2008 Strategic Plan, made a significant contribution to growth in 2007 on inclusion of a full year's operations.

## 2 Basis of presentation of the consolidated financial statements, basis of consolidation and accounting policies

### a) Basis of presentation

The accompanying financial statements and the notes thereto, which compose these statutory consolidated financial statements, were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The consolidated financial statements for 2007 were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, determined in accordance with the local regulations referred to in the following paragraph, were adapted to IFRSs by each of the Group companies using the established operating procedures and systems that enable the consolidation process to be performed and supported in accordance with IFRS requirements.

With respect to local regulations, it should be noted that the companies resident in Spain are governed by Spanish accounting legislation which, as regards the accounting regulations applicable to individual companies, is based on Royal Decree 1643/1990, of 20 December, approving the Spanish National Chart of Accounts and on the industry charts of accounts implementing it.

The income tax expense is determined, pursuant to current Spanish tax legislation, on the basis of the profit calculated in accordance with Spanish GAAP, adjusted using certain accounting policies applicable for the sole purpose of obtaining the taxable profit for income tax purposes. Under authorisation 18/89, the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation. The consolidated financial statements of this Tax Group are prepared in accordance with current tax legislation.

The 2007 IFRS consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement.

In general, the business year of the consolidated companies ends on 31 December.

For comparison purposes, the 2007 consolidated financial statements include the figures for 2006. Also, these financial statements are expressed in thousands of euros since the euro is the principal currency in the area in which the Group operates.

## b) Basis of consolidation

### ***Subsidiaries***

The subsidiaries listed in Appendix I, whose financial and operating policies are controlled by Fomento de Construcciones y Contratas, S.A., either directly or through other companies controlled by it, were fully consolidated.

The interest of minority shareholders in the equity and profit or loss of the consolidated companies is presented under "Minority Interests" on the liability side of the accompanying consolidated balance sheet and in the accompanying consolidated income statement, respectively.

Goodwill is determined as indicated in note 6 below.

### ***Joint ventures***

The Group carries on jointly-managed businesses, as described in note 9 below, through investments in companies controlled jointly by one or more FCC Group companies with other non-Group companies, and interests in Spanish UTEs (unincorporated joint ventures), joint property entities and economic interest groupings, which were included in the accompanying consolidated financial statements in proportion to the Group's ownership interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income, expenses and profits or losses not realised with third parties were eliminated.

Appendix II lists the companies which were proportionately consolidated and Appendix V lists the joint ventures operated through contractual arrangements with non-Group third parties, such as unincorporated joint ventures, joint property entities, economic interest groupings and other entities of similar legal characteristics.

### ***Associates***

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does have significant influence, are accounted for using the equity method under "Investments in Associates" in the accompanying consolidated balance sheet. The Group's share of these companies' net profit or loss for the year is included under "Share of Results of Associates" in the accompanying consolidated income statement.

### ***Transactions between Group companies***

Profits or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised with third parties outside the Group.

Intra-Group results on Group work on non-current assets, which is recognised at production cost, are eliminated on consolidation, except in the case of the construction of assets for concession operators, as described in note 7 below and in note 21, "Revenue and Expense Recognition", where reference is made to the recognition of results on the basis of the stage of completion in the construction activity.

Inter-subsidiary receivables and payables were eliminated from the consolidated financial statements and those between the subsidiaries and the joint ventures and intra-Group income and expenses were also eliminated in proportion to the related ownership interests.

### ***Changes in the scope of consolidation***

Appendix IV shows the changes in 2007 in the fully and proportionately consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their removal therefrom are shown in the related notes to the consolidated financial statements under "Changes in the Scope of Consolidation". In addition, note 3 to these consolidated financial statements ("Changes in the Scope of Consolidation") sets forth the most significant inclusions therein.

## c) Accounting policies

The accounting policies applied in the FCC Group's consolidated financial statements are described in the respective notes to these consolidated financial statements; however, there are certain common accounting policies applicable to several headings in these consolidated financial statements which are described below:

### ***Estimates made***

In the Group's consolidated financial statements for 2007 and 2006, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- Distribution of the cost of the business combinations (see note 3).
- The impairment losses on certain assets (see notes 5 and 6).
- The useful life of the property, plant and equipment and intangible assets (see notes 5 and 6).
- The measurement of goodwill (see note 6).
- The amount of certain provisions (see note 17).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see notes 17 and 19).

The FCC Group's consolidated financial statements were prepared so that they present fairly the Group's consolidated equity and financial position at 31 December 2007 and 2006 and the results of its operations, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

### ***Impairment testing of property, plant and equipment and intangible assets***

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment tests show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment Losses (Recognised)/Reversed on Property, Plant and Equipment and Intangible Assets".

To determine the recoverable amount of the assets tested for impairment, an estimate was made of the present value of the net cash flows arising from the cash-generating units to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate was applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

Flows from cash-generating units located abroad were calculated in the functional currency of these cash-generating units and were discounted using discount rates that take into consideration the risk premiums relating to these currencies. The present value of the net flows thus obtained was translated to euros at the year-end exchange rate applicable to the currency concerned.

### ***Translation differences***

The financial statements of foreign operations expressed in currencies other than the euro were generally translated to euros at the year-end exchange rates, except for:

- Share capital and reserves, which were translated at historical exchange rates.
- The income statement items of the fully and proportionately consolidated foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign companies through application of the year-end exchange rate method are included, net of taxes, in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

**Exchange differences**

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange differences arising in relation to the financing of investments in foreign companies (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences that offset the effect of the difference arising from the translation to euros of the foreign investee.

### 3 Changes in the scope of consolidation

Several important business groups were included in the scope of consolidation as part of the FCC Group's 2005-2008 Strategic Plan, giving rise to significant growth in the FCC Group's various business segments.

The most noteworthy events were the full consolidation of the Realía Business Group and the incorporation of the Global Vía Infraestructuras Group in 2007 and the acquisitions of companies mainly in 2006.

**Full consolidation of the Realía Business Group**

In 2007 the FCC Group obtained control of the Realía Business Group, which was therefore fully consolidated, whereas in previous years it had been accounted for using the equity method. Control of Realía was obtained through the execution of certain agreements with Caja Madrid, the other reference shareholder of Realía Business, S.A. which, like the FCC Group, held an ownership interest of 49.17% prior to the flotation of the company.

These agreements are included in the Shareholder Agreement executed on 8 May 2007 which established, inter alia, the following:

- a) Formation of the holding company RB Business Holding, S.L., owned 50% each by Fomento de Construcciones y Contratas, S.A. and Caja Madrid.
- b) Contribution by the FCC Group and Caja Madrid of shares representing 25.50% of the share capital of Realía to RB Business Holding, S.L., as a result of which the latter held an ownership interest of 51% in Realía Business, S.A.
- c) Appointment by the FCC Group of most of the directors and management of RB Business Holding, S.L. and Realía Business, S.A., without prejudice to the protection rights held by Caja Madrid and the mechanism for the resolution of deadlocks provided for in the aforementioned agreement. The protection rights are evidenced by the fact that certain matters require a supermajority in order to be validly approved.

On 6 June 2007, the public offering of Realía Business, S.A. was launched and its shares were admitted to listing on the Madrid, Barcelona, Valencia and Bilbao stock exchanges and included in the Spanish Stock Market Interconnection System. The shareholder agreements which modified the balance of the shareholder structure that had existed since the incorporation of Realía in 2000 were thus fully implemented.

In the aforementioned public offering, the FCC Group companies Fomento de Construcciones y Contratas, S.A., Corporación Financiera Hispánica, S.A. and Grucysa, S.A. disposed of shares representing 21.52% of the capital of Realía Business, S.A., giving rise to gains before tax for the Group of EUR 258.5 million, as described in note 21 ("Revenue and Expense Recognition").

At the end of this process, Fomento de Construcciones y Contratas, S.A. and the subsidiaries Corporación Financiera Hispánica, S.A. and Grucysa, S.A. owned a combined direct and indirect holding of 27.65% in Realía Business, S.A.

Consequently, the Realía Business Group was fully consolidated in the accompanying consolidated financial statements from 6 June, the date on which the FCC Group obtained control of this group by virtue of the aforementioned shareholder agreements, which were conditional upon the admission to listing of the Realía Business, S.A. shares.

Although this transaction implies the obtainment of control of the Realía Business Group, it remains outside the scope of IFRS 3 "Business Combinations", since control was obtained exclusively through a contract, i.e. the aforementioned Shareholder Agreement. The transaction reference date for the purposes of asset valuation is 1 January 2000, the date on which the only exchange transaction took place, i.e. when the reference shareholders incorporated Realía Business, S.A. and contributed the aforementioned assets.

The detail of the assets and liabilities included in the FCC Group on full consolidation of the Realia Group at 6 June 2007, the effective date of implementation of the Shareholder Agreement, is as follows:

| <b>Assets</b>   |                  |
|---|------------------|
| <b>Non-current assets</b>   | <b>2,115,620</b> |
| Investment property   | 1,888,605        |
| Other items of property, plant and equipment                      | 41,528           |
| Intangible assets   | 1,006            |
| Investments in associates   | 106,209          |
| Non-current financial assets                                      | 70,363           |
| Other non-current assets  | 7,909            |
| <b>Current assets</b>   | <b>1,546,861</b> |
| Inventories   | 1,361,561        |
| Trade and other receivables                                       | 78,286           |
| Other current financial assets                                    | 15,576           |
| Cash and cash equivalents   | 91,438           |
| <b>Non-current assets classified as available for sale</b>        | <b>15,734</b>    |
| <b>Total assets</b>   | <b>3,678,215</b> |
| <b>Equity and liabilities</b>                                     |                  |
| <b>Equity</b>   | <b>705,607</b>   |
| Minority interests  | 705,607          |
| <b>Non-current liabilities</b>                                    | <b>728,615</b>   |
| Bank borrowings and other non-current financial liabilities       | 655,397          |
| Non-current provisions  | 26,124           |
| Other non-current liabilities                                     | 47,094           |
| <b>Current liabilities</b>  | <b>2,042,552</b> |
| Bank borrowings and other current financial liabilities           | 1,359,894        |
| Trade payables and other current liabilities                      | 677,054          |
| Current provisions  | 5,604            |
| <b>Total equity and liabilities</b>                               | <b>3,476,774</b> |
| <b>Assets - liabilities</b>                                       | <b>201,441</b>   |
| Carrying amount of the FCC Group's investment in the Realia Group | 201,441          |

These consolidated financial statements reflect the Realia Group's activities in 2007 on the basis of the consolidation method used in each of the periods referred to above, i.e. from January to May profit after tax is accounted for using the equity method, whereas from June to December it is fully consolidated, and the various changes or flows for this seven-month period are included in the income statement and the cash flow statement.

### **Incorporation of the Global Vía Infraestructuras Group**

On 29 January 2007, Global Vía Infraestructuras was incorporated by Caja Madrid and the FCC Group, which each contributed 50% of the capital, in order to bring together the infrastructure concession investments of the two firms. The Global Vía Infraestructuras Group is managed jointly by the reference shareholders and, therefore, it is proportionately consolidated in the accompanying consolidated financial statements.

In bringing together the infrastructure concession investments, the FCC Group initially contributed the following companies, which until last year were either fully consolidated:

- Compañía Concesionaria del Túnel de Sóller, S.A.
- Autopista Central Galega Sociedad Concesionaria Española, S.A.
- Tacel Inversiones, S.A.
- Metro Barajas Sociedad Concesionaria, S.L.

or accounted for using the equity method:

- Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.
- Terminal Polivalente de Castellón, S.A.

The impact of the restructuring of the aforementioned concession business on the accompanying consolidated financial statements of the FCC Group was a reduction in the Group's assets and liabilities and an increase in joint ventures, as described in note 9 ("Joint Ventures") to the consolidated financial statements, the net effect of which is shown in the table below. Also worthy of note is the gain of EUR 29,295 thousand described in note 21 ("Revenue and Expense Recognition").

| <b>Assets</b>   |                  |
|---|------------------|
| <b>Non-current assets</b>                                   | <b>(188,240)</b> |
| Property, plant and equipment                               | (214,931)        |
| Other financial assets                                      | 34,074           |
| Other non-current assets                                    | (7,383)          |
| <b>Current assets</b>                                       | <b>66,601</b>    |
| Trade and other receivables                                 | (2,446)          |
| Other current assets  | 69,047           |
| <b>Total assets</b>   | <b>(121,639)</b> |
| <b>Liabilities</b>  |                  |
| <b>Non-current liabilities</b>                              | <b>(146,073)</b> |
| Bank borrowings and other non-current financial liabilities | (122,923)        |
| Other non-current liabilities                               | (23,150)         |
| <b>Current liabilities</b>                                  | <b>(4,861)</b>   |
| Bank borrowings and other current financial liabilities     | (6,050)          |
| Trade payables and other current liabilities                | 1,189            |
| <b>Total liabilities</b>                                    | <b>(150,934)</b> |
| <b>Assets - liabilities</b>                                 | <b>29,295</b>    |
| Net change in FCC Group equity                              | 29,295           |

## Most significant acquisitions

### *Accounting principles and policies*

The acquired companies were included in the accompanying consolidated financial statements pursuant to IFRS 3 "Business Combinations", the salient details of which are as follows:

- The date of inclusion of the acquiree in the consolidated balance sheet is the date on which effective control of this company is obtained, which normally coincides with the acquisition date
- On acquisition, the financial statements of the acquiree and its subsidiaries at the acquisition date are included in the Group.
- The assets and liabilities of the acquirees are recognised in the consolidated balance sheet at their fair value and the related allocations are made in this connection, including the deferred taxes arising therefrom. However, in accordance with IFRSs, the allocations may be reviewed within the 12 months following the acquisition date, should it be necessary to consider new data.
- The positive difference between the acquisition cost and the percentage share of the equity of the subsidiary, adjusted as a result of the recognition at fair value of the assets and liabilities net of taxes, is recognised as goodwill.
- If control is obtained in a business combination by means of more than one transaction (e.g. through successive purchases), the goodwill arising from each transaction is treated separately and the reserves relating to the adjustment to fair value of previously held interests, at the date on which control is obtained, are recognised in equity.

Following is a detail of the acquisitions in 2007 and 2006, indicating the following data for each acquiree: name, date on which control was obtained, percentage of ownership, cost of the investment, financial statements included with respect to the business combination, allocation at fair value and goodwill.

## 2007

| Financial statements included<br>business combinations      | Gonzalo Mateo<br>Group | Gen Air<br>Handling, SLU <sup>(*)</sup> | Nasozena, S.L. |
|---|------------------------|---|----------------|
| Date of acquisition   | August                 | April                                   | July           |
| % of ownership (nominal)                                    | 100%                   | 100%                                    | 75%            |
| <b>ASSETS</b>   |                        |   |                |
| <b>Non-current assets</b>                                   | <b>25,542</b>          | <b>6,649</b>                            | <b>55,215</b>  |
| Property, plant and equipment                               | 1,788                  | 217                                     | 55,215         |
| Intangible assets   | 23,609                 | 6,425                                   |                |
| Non-current financial assets                                | 145                    | 3                                       |                |
| Other non-current assets                                    |                        | 4                                       |                |
| <b>Current assets</b>                                       | <b>7,606</b>           | <b>1,979</b>                            | <b>6,998</b>   |
| Inventories   | 1,493                  |   | 5,835          |
| Trade and other receivables                                 | 3,942                  | 1,434                                   | 1,069          |
| Other current financial assets                              | 1,551                  |   |                |
| Cash and cash equivalents                                   | 620                    | 545                                     | 94             |
| <b>Total assets</b>   | <b>33,148</b>          | <b>8,628</b>                            | <b>62,213</b>  |
| <b>EQUITY AND LIABILITIES</b>                               |                        |   |                |
| Equity  | 24,954                 | 7,050                                   | 42,139         |
| <b>Non-current liabilities</b>                              | <b>4,774</b>           | <b>47</b>                               | <b>5,546</b>   |
| Bank borrowings and other non-current financial liabilities | 295                    | 46                                      |                |
| Other non-current liabilities                               | 4,479                  | 1                                       | 5,546          |
| <b>Current liabilities</b>                                  | <b>3,420</b>           | <b>1,531</b>                            | <b>14,528</b>  |
| Bank borrowings and other current financial liabilities     | 154                    |   | 13,367         |
| Trade payables and other current liabilities                | 3,266                  | 1,531                                   | 1,161          |
| <b>Total equity and liabilities</b>                         | <b>33,148</b>          | <b>8,628</b>                            | <b>62,213</b>  |

<sup>(\*)</sup>Absorbed by Flightcare, S.L. on 1 October 2007

These financial statements include the allocations at fair value and goodwill shown in the tables below:

| Allocations<br>at fair value                   | Gonzalo Mateo<br>Group | Gen Air<br>Handling, SLU <sup>(*)</sup> | Nasozena, S.L. |
|--|------------------------|---|----------------|
| <b>ASSETS</b>                                  |                        |   |                |
| Property, plant and equipment                  | –                      | –                                       | 21,552         |
| Intangible assets                              | 14,714                 | 3,298                                   | –              |
| Inventories                                    | –                      | –                                       | 2,480          |
| <b>Total allocations to assets</b>             | <b>14,714</b>          | <b>3,298</b>                            | <b>24,032</b>  |
| <b>EQUITY AND LIABILITIES</b>                  |                        |   |                |
| Other non-current liabilities (deferred taxes) | 4,414                  | –                                       | 5,546          |
| <b>Total allocations to liabilities</b>        | <b>4,414</b>           | <b>–</b>                                | <b>5,546</b>   |
| <b>Total net allocations</b>                   | <b>10,300</b>          | <b>3,298</b>                            | <b>18,486</b>  |

<sup>(\*)</sup>Absorbed by Flightcare, S.L. on 1 October 2007

| Goodwill                                       | Gonzalo Mateo Group | Gen Air Handling, SLU <sup>(*)</sup> | Nasozena, S.L. | Corporación Uniland Group |
|--|---------------------|--------------------------------------|----------------|---------------------------|
| Cost of acquisition                            | 24,954              | 7,050                                | 31,609         | 126,690                   |
| Equity attributable to the Parent              | (5,761)             | (636)                                | (17,776)       | (54,868)                  |
| <b>Difference on acquisition</b>               | <b>19,193</b>       | <b>6,414</b>                         | <b>13,833</b>  | <b>71,822</b>             |
| Total net allocations                          | (10,300)            | (3,298)                              | (18,486)       |                           |
| Allocation attributable to minority interests  | –                   | –                                    | 4,653          | –                         |
| <b>Allocation to goodwill on consolidation</b> | <b>8,893</b>        | <b>3,116</b>                         | <b>–</b>       | <b>71,822</b>             |

<sup>(\*)</sup>Absorbed by Flightcare, S.L. on 1 October 2007.

Noteworthy with respect to the table above was the exercise of put options representing 5.85% (2.18% in 2006) of the capital of Corporación Uniland, S.A. under the agreement to purchase this company entered into by Cementos Portland Valderrivas in 2006, which included an additional put option for the seller on 22.50% of the capital, exercisable over a five-year term. At 2007 year-end, 14.47% of the options had yet to be exercised.

The profit or loss for the year of the business combinations included in the Group as if the acquisitions had taken place at the beginning of 2007 is not significant.

## 2006

| Financial statements Included-Business combinations | A.S.A. Abfall Service Group | Waste Recycling Group | SmVaK Group | Aeroporti di Roma Handling SpA <sup>(*)</sup> | Alpine Bau Group | Tacel Group | Corporación Uniland Group | Cementos Lemona Group |
|---|-----------------------------|-----------------------|-------------|---|------------------|-------------|---------------------------|-----------------------|
|---|-----------------------------|-----------------------|-------------|---|------------------|-------------|---------------------------|-----------------------|

| Month of acquisition     | Marzo | Septiembre | Junio  | Octubre | Noviembre | Enero | Agosto | Marzo  |
|--------------------------|-------|------------|--------|---------|-----------|-------|--------|--------|
| % of ownership (nominal) | 100%  | 100%       | 98.67% | 100%    | 80.71%    | 10%   | 53.22% | 67.56% |

## ASSETS

|                                |                |                  |                |                |                  |                |                  |                |
|--------------------------------|----------------|------------------|----------------|----------------|------------------|----------------|------------------|----------------|
| <b>Non-current assets</b>      | <b>338,538</b> | <b>2,929,779</b> | <b>261,354</b> | <b>92,397</b>  | <b>717,836</b>   | <b>375,362</b> | <b>1,682,327</b> | <b>481,740</b> |
| Property, plant and equipment  | 106,713        | 2,054,606        | 260,256        | 13,415         | 345,217          | 363,733        | 991,608          | 357,339        |
| Intangible assets              | 221,576        | 875,173          | 1,098          | 78,980         | 281,934          | 452            | 682,265          | 90,970         |
| Investments in associates      | 4,768          | –                | –              | –              | –                | –              | 331              | 13,383         |
| Non-current financial assets   | 2,729          | –                | –              | –              | 85,410           | 4              | 1,754            | 8,674          |
| Other non-current assets       | 2,752          | –                | –              | 2              | 5,275            | 11,173         | 6,369            | 11,374         |
| <b>Current assets</b>          | <b>61,376</b>  | <b>211,867</b>   | <b>25,483</b>  | <b>33,626</b>  | <b>957,970</b>   | <b>3,649</b>   | <b>364,048</b>   | <b>47,457</b>  |
| Inventories                    | 1,403          | –                | 1,525          | –              | 61,465           | –              | 59,170           | 13,602         |
| Trade and other receivables    | 48,379         | 131,717          | 11,152         | 24,574         | 802,128          | 205            | 178,385          | 31,165         |
| Other current financial assets | 4,569          | –                | 12             | –              | –                | 2,700          | 7,826            | 503            |
| Cash and cash equivalents      | 7,025          | 80,150           | 12,794         | 9,052          | 94,377           | 744            | 118,667          | 2,187          |
| <b>Total assets</b>            | <b>399,914</b> | <b>3,141,646</b> | <b>286,837</b> | <b>126,023</b> | <b>1,675,806</b> | <b>379,011</b> | <b>2,046,375</b> | <b>529,197</b> |

## EQUITY AND LIABILITIES

|   |                |                  |                |                |                  |                |                  |                |
|---|----------------|------------------|----------------|----------------|------------------|----------------|------------------|----------------|
| <b>Equity</b>   | <b>228,703</b> | <b>1,698,452</b> | <b>174,679</b> | <b>75,300</b>  | <b>549,118</b>   | <b>117,097</b> | <b>1,581,807</b> | <b>333,078</b> |
| <b>Non-current liabilities</b>                              | <b>114,695</b> | <b>889,913</b>   | <b>100,955</b> | <b>32,063</b>  | <b>280,444</b>   | <b>243,513</b> | <b>316,723</b>   | <b>143,640</b> |
| Bank borrowings and other non-current financial liabilities | 45,518         | 187,789          | 74,367         | –              | 109,692          | 215,446        | 63,037           | 70,492         |
| Non-current provisions                                      | 45,649         | 290,406          | 848            | 21,693         | 122,670          | –              | 15,196           | 14,882         |
| Other non-current liabilities                               | 23,528         | 411,718          | 25,740         | 10,370         | 48,082           | 28,067         | 238,490          | 58,266         |
| <b>Current liabilities</b>                                  | <b>56,516</b>  | <b>553,281</b>   | <b>11,203</b>  | <b>18,660</b>  | <b>846,244</b>   | <b>18,401</b>  | <b>147,845</b>   | <b>52,479</b>  |
| Bank borrowings and other current financial liabilities     | 13,824         | 314,115          | 2,363          | 761            | 251,339          | 3,763          | 10,900           | 21,706         |
| Trade payables and other current liabilities                | 42,692         | 239,166          | 8,840          | 17,899         | 583,659          | 14,638         | 136,945          | 30,773         |
| Current provisions  | –              | –                | –              | –              | 11,246           | –              | –                | –              |
| <b>Total equity and liabilities</b>                         | <b>399,914</b> | <b>3,141,646</b> | <b>286,837</b> | <b>126,023</b> | <b>1,675,806</b> | <b>379,011</b> | <b>2,046,375</b> | <b>529,197</b> |

<sup>(\*)</sup>Changed company name to Flightcare Italia SpA in 2007.

These financial statements include the allocations at fair value and goodwill shown in the tables below:

| Allocations at Fair Value                      | A.S.A. Abfall Service Group | Waste Recycling Group | SmVaK Group   | Aeroporti di Roma Handling, SpA <sup>(1)</sup> | Alpine Bau Group | Tacel Group   | Corporación Uniland Group | Cementos Lemona Group |
|--|-----------------------------|-----------------------|---------------|--|------------------|---------------|---------------------------|-----------------------|
| <b>ASSETS</b>                                  |                             |                       |               |  |                  |               |                           |                       |
| Property, plant and equipment                  | –                           | 1,363,086             | 42,609        | –  | 31,042           | 94,169        | 752,043                   | 173,544               |
| Intangible assets                              | 86,660                      | –                     | –             | 34,106   | 45,000           | –             | –                         | –                     |
| Other non-current assets                       | –                           | –                     | –             | –  | –                | –             | –                         | 7,287                 |
| <b>Total allocations to assets</b>             | <b>86,660</b>               | <b>1,363,086</b>      | <b>42,609</b> | <b>34,106</b>                                  | <b>76,042</b>    | <b>94,169</b> | <b>752,043</b>            | <b>180,831</b>        |
| <b>EQUITY AND LIABILITIES</b>                  |                             |                       |               |  |                  |               |                           |                       |
| Other non-current liabilities (deferred taxes) | 21,665                      | 408,925               | 10,226        | 10,370   | 19,010           | 26,630        | 227,113                   | 54,515                |
| <b>Total allocations to liabilities</b>        | <b>21,665</b>               | <b>408,925</b>        | <b>10,226</b> | <b>10,370</b>                                  | <b>19,010</b>    | <b>26,630</b> | <b>227,113</b>            | <b>54,515</b>         |
| <b>Total net allocations</b>                   | <b>64,995</b>               | <b>954,161</b>        | <b>32,383</b> | <b>23,736</b>                                  | <b>57,032</b>    | <b>67,539</b> | <b>524,930</b>            | <b>126,316</b>        |

<sup>(1)</sup>Changed company name to Flightcare Italia SpA in 2007.

Noteworthy in the foregoing table is the fair value recognised for the property, plant and equipment of the Waste Recycling Group, amounting to EUR 1,363,086 thousand, which relate in full to the landfills owned by the group companies, and for the factories and quarries of the Corporación Uniland Group's cement activity, amounting to EUR 752,043 thousand.

| Goodwill   | A.S.A. Abfall Service Group | Waste Recycling Group | GSmVaK Group    | Aeroporti di Roma Handling, SpA <sup>(1)</sup> | Alpine Bau Group | Tacel Group     | Corporación Uniland Group | Cementos Lemona Group |
|--|-----------------------------|-----------------------|-----------------|--|------------------|-----------------|---------------------------|-----------------------|
| Cost of acquisition  | 226,829                     | 1,693,532             | 172,272         | 75,300   | 483,680          | 13,500          | 1,144,134                 | 242,750               |
| Equity attributable to the Parent                                      | (46,219)                    | (384,624)             | (140,320)       | (17,239)                                       | (204,863)        | (3,699)         | (193,943)                 | (100,672)             |
| Goodwill at acquired group <sup>(1)</sup>                              | 13,636                      | 520,426               | –               | 9,754  | –                | –               | 8,884                     | 17,815                |
| <b>Difference on acquisition</b>                                       | <b>194,246</b>              | <b>1,829,334</b>      | <b>31,952</b>   | <b>67,815</b>                                  | <b>278,817</b>   | <b>9,801</b>    | <b>959,075</b>            | <b>159,893</b>        |
| <b>Total net allocations</b>   | <b>(64,995)</b>             | <b>(954,161)</b>      | <b>(32,383)</b> | <b>(23,736)</b>                                | <b>(57,032)</b>  | <b>(67,539)</b> | <b>(524,930)</b>          | <b>(126,316)</b>      |
| Allocation attributable to the Parent for the previously held interest | –                           | –                     | –               | –  | –                | 27,324          | –                         | 35,945                |
| Allocation attributable to minority interests                          | –                           | –                     | 431             | –  | 11,001           | 30,636          | 245,562                   | 4,124                 |
| Allocation to goodwill on consolidation                                | 129,251                     | 875,173               | –               | 44,079   | 232,786          | 222             | 679,707                   | 73,646                |

<sup>(1)</sup>Goodwill arising on the business combinations carried out by the groups acquired prior to their inclusion in the Group.

The total amount allocated to goodwill on consolidation as shown in the foregoing tables was EUR 83,831 thousand for 2007 and EUR 2,034,864 thousand for 2006 (see note 6).

## 4 Distribution of profit

In 2007 the FCC Group paid dividends totalling EUR 384,454 thousand (2006: EUR 250,065 thousand), as shown in the accompanying cash flow statement, the detail being as follows:

|  | 2007           | 2006           |
|--|----------------|----------------|
| Shareholders of Fomento de Construcciones y Contratas, S.A       | 265,071        | 208,920        |
| Minority shareholders of the Cementos Portland Valderrivas Group | 60,106         | 39,454         |
| Minority shareholders of the Realía Business Group               | 55,254         | –              |
| Other minority shareholders of the other companies               | 4,023          | 1,691          |
|  | <b>384,454</b> | <b>250,065</b> |

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 28 June 2007, the shareholders approved the distribution of the profit for 2006 through a total dividend of EUR 2.05 gross per share, equal to a total payment of EUR 265,071 thousand to the Parent's shareholders. The shareholders of Fomento de Construcciones y Contratas, S.A. received this amount through the payment of an interim dividend in January 2007 amounting to EUR 129,875 thousand (2006: EUR 99,179 thousand), equal to 100% gross of the par value of the shares, i.e. EUR 1 per share (2006: EUR 0.766 per share), and the payment of a final dividend in July 2007 amounting to EUR 135,196 thousand (2006: EUR 109,741 thousand), equal to 105% gross of the par value of the shares, i.e. EUR 1.05 per share (2006: EUR 0.848 per share).

In relation to the profit attributable to the Parent in 2007, on 18 December 2007 it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of 2007 profit equal to 106.5% gross of the par value of the shares, i.e. EUR 1.065 per share. The total amount of this dividend, EUR 138,654 thousand, was paid on or after 9 January 2008 on outstanding shares carrying dividend rights.

In addition, to complete the dividend out of the 2007 profit of EUR 737,851 thousand attributable to the Parent of the FCC Group, Fomento de Construcciones y Contratas S.A., this Company will propose for the approval of the shareholders at the Annual General Meeting the distribution of a final dividend of EUR 1.065 per share which, together with the interim dividend, gives a total dividend of EUR 2.13 per share.

## 5 Property, plant and equipment

### *Accounting principles and policies*

- a) Property, plant and equipment are stated at cost, except in the case of certain subsidiaries operating in the cement business, which revalued their property, plant and equipment pursuant to various laws predating the implementation of IFRSs, including Royal Decree-Law 7/1996 and several provincial laws. The effect of these revaluations on the consolidated income statement is not material. Also, the cost of property, plant and equipment includes the estimated present value of the cost of dismantling or retiring the related items.

Property, plant and equipment contributed by the acquired companies as detailed in note 3 to these consolidated financial statements are recognised at the fair value thereof at the acquisition date.

- b) Investment property is measured at the lower of acquisition cost or market value.
- c) Group work on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price since the related intra-Group results are not eliminated (see note 7).
- d) Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised as expenses in the year in which they are incurred.
- e) When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised. However, at 31 December 2007 the Realía Business Group – included in the FCC Group in 2007 (see note 3) – did not capitalise borrowings costs, in accordance with IFRS 23 "Borrowing Costs". The impact of this effect on the accompanying consolidated financial statements is not material.

The borrowing costs capitalised in 2007 amounted to EUR 7,690 thousand (2006: EUR 3,358 thousand) and accumulated capitalised borrowing costs totalled EUR 49,099 thousand (2006: EUR 50,309 thousand).

- f) Finance charges in respect of finance leases are allocated to consolidated profit or loss for the year using the effective interest method over the lease payment schedule.

- g) In the accompanying consolidated balance sheet, grants received are deducted in arriving at the carrying amount of the related asset. Most of these grants relate to assets included under "Plant" and they are recognised as income over the useful life of the related assets by way of a reduced depreciation charge.
- h) Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

|  |        |
|--|--------|
| Natural properties and buildings             | 25-50  |
| Investment property                          | 75-100 |
| Plant, machinery and transport equipment     | 5-15   |
| Furniture and tools                          | 7-12   |
| Computer hardware                            | 4      |
| Other items of property, plant and equipment | 5-10   |

Property, plant and equipment assigned exclusively to a non-concession contract are depreciated on a straight-line basis over the shorter of the years of useful life indicated above or the contract term. Property, plant and equipment assigned to concessions as defined in IFRIC 12 are depreciated on the basis of their pattern of use (see note 7).

- i) The residual value, useful life and depreciation method applied to the Company's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the assets are received.
- j) At least at every balance sheet date, the companies determine whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in note 2-c), an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances may the reversals exceed the impairment losses previously recognised.
- k) The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

#### **Details of the consolidated balance sheet headings**

The detail of the carrying amount of property, plant and equipment at 31 December 2007 and 2006 is as follows:

|   | Cost              | Accumulated depreciation | Grants           | Allowances      | Carrying amount  |
|---|-------------------|--------------------------|------------------|-----------------|------------------|
| <b>2007</b>   |                   |                          |                  |                 |                  |
| Investment property   | 2,624,399         | (282,524)                | –                | (6,373)         | 2,335,502        |
| <b>Buildings, plant and equipment</b>                       | <b>9,877,730</b>  | <b>(3,923,236)</b>       | <b>(113,641)</b> | <b>(63,860)</b> | <b>5,776,993</b> |
| Land and natural properties                                 | 921,633           | (60,361)                 | (30,262)         | (31,508)        | 799,502          |
| Buildings for own use                                       | 1,641,136         | (500,513)                | (42,773)         | (993)           | 1,096,857        |
| Plant   | 4,802,256         | (2,028,745)              | (40,057)         | (1,868)         | 2,731,586        |
| Machinery and transport equipment                           | 2,512,705         | (1,333,617)              | (549)            | (29,491)        | 1,149,048        |
| <b>Other items of property, plant and equipment</b>         | <b>1,454,283</b>  | <b>(583,493)</b>         | <b>(3,289)</b>   | <b>(646)</b>    | <b>866,855</b>   |
| Property, plant and equipment in the course of construction | 470,395           | –                        | –                | –               | 470,395          |
| Other property, plant and equipment                         | 983,888           | (583,493)                | (3,289)          | (646)           | 396,460          |
|   | <b>13,956,412</b> | <b>(4,789,253)</b>       | <b>(116,930)</b> | <b>(70,879)</b> | <b>8,979,350</b> |
| <b>2006</b>   |                   |                          |                  |                 |                  |
| Investment property   | 113,361           | (45,634)                 | –                | –               | 67,727           |
| <b>Buildings, plant and equipment</b>                       | <b>9,576,655</b>  | <b>(3,598,709)</b>       | <b>(107,817)</b> | <b>(72,934)</b> | <b>5,797,195</b> |
| Land and natural properties                                 | 918,026           | (45,293)                 | (59,495)         | (36,837)        | 776,401          |
| Buildings for own use                                       | 1,791,413         | (476,193)                | (5,383)          | (1,125)         | 1,308,712        |
| Plant   | 4,543,228         | (1,840,164)              | (42,241)         | (847)           | 2,659,976        |
| Machinery and transport equipment                           | 2,323,988         | (1,237,059)              | (698)            | (34,125)        | 1,052,106        |
| <b>Other items of property, plant and equipment</b>         | <b>1,385,353</b>  | <b>(530,791)</b>         | <b>(1,328)</b>   | <b>–</b>        | <b>853,234</b>   |
| Property, plant and equipment in the course of construction | 490,783           | –                        | –                | –               | 490,783          |
| Other property, plant and equipment                         | 894,570           | (530,791)                | (1,328)          | –               | 362,451          |
|   | <b>11,075,369</b> | <b>(4,175,134)</b>       | <b>(109,145)</b> | <b>(72,934)</b> | <b>6,718,156</b> |

The changes in 2007 and 2006 in property, plant and equipment accounts were as follows:

|  | Investment property | Land and natural properties | Buildings for own use | Plant            | Machinery and Transport Equipment | Buildings, plant and equipment | Property, Plant and Equipment in the Course of Construction | Other Property, Plant and Equipment | Other items of property, plant and equipment | Accumulated depreciation | Grants           | Allowances      |
|--|---------------------|-----------------------------|-----------------------|------------------|-----------------------------------|--------------------------------|---|-------------------------------------|--|--------------------------|------------------|-----------------|
| <b>Balance at 31-12-05</b>   | <b>112,584</b>      | <b>300,382</b>              | <b>460,956</b>        | <b>1,569,475</b> | <b>1,269,211</b>                  | <b>3,600,024</b>               | <b>98,142</b>   | <b>602,411</b>                      | <b>700,553</b>                               | <b>(2,114,394)</b>       | <b>(50,865)</b>  | <b>(66,267)</b> |
| Additions or charge for the year   | 1,117               | 19,904                      | 27,610                | 66,432           | 149,598                           | 263,544                        | 237,773   | 72,981                              | 310,754                                      | (426,650)                | (3,012)          | (2,379)         |
| Disposals or reductions  | (340)               | (4,559)                     | (26,540)              | (17,523)         | (73,849)                          | (122,471)                      | (7,295)   | (25,112)                            | (32,407)                                     | 103,641                  | 6,725            | 13              |
| Changes in the scope of consolidation, translation differences and other changes | –                   | 605,874                     | 1,301,324             | 2,832,012        | 999,727                           | 5,738,937                      | 311,684   | 238,080                             | 549,764                                      | (1,742,975)              | (61,993)         | (4,301)         |
| Transfers  | –                   | (3,575)                     | 28,063                | 92,832           | (20,699)                          | 96,621                         | (149,521)   | 6,210                               | (143,311)                                    | 5,244                    | –                | –               |
| <b>Balance at 31-12-06</b>   | <b>113,361</b>      | <b>918,026</b>              | <b>1,791,413</b>      | <b>4,543,228</b> | <b>2,323,988</b>                  | <b>9,576,655</b>               | <b>490,783</b>  | <b>894,570</b>                      | <b>1,385,353</b>                             | <b>(4,175,134)</b>       | <b>(109,145)</b> | <b>(72,934)</b> |
| Additions or charge for the year   | 357,915             | 20,204                      | 32,707                | 134,817          | 281,701                           | 469,429                        | 380,170   | 118,543                             | 498,713                                      | (637,853)                | (42,285)         | (86)            |
| Disposals or reductions  | (28,516)            | (2,157)                     | (13,780)              | (17,402)         | (121,043)                         | (154,382)                      | (6,054)   | (39,005)                            | (45,059)                                     | 163,180                  | 5,643            | 3,638           |
| Changes in the scope of consolidation, translation differences and other changes | 2,202,008           | (12,727)                    | (195,419)             | (210,186)        | 9,634                             | (408,698)                      | 1,028   | 8,970                               | 9,998  | (143,586)                | 28,857           | (2,738)         |
| Transfers  | (20,369)            | (1,713)                     | 26,215                | 351,799          | 18,425                            | 394,726                        | (395,532)   | 810                                 | (394,722)                                    | 4,140                    | –                | 1,241           |
| <b>Balance at 31-12-07</b>   | <b>2,624,399</b>    | <b>921,633</b>              | <b>1,641,136</b>      | <b>4,802,256</b> | <b>2,512,705</b>                  | <b>9,877,730</b>               | <b>470,395</b>  | <b>983,888</b>                      | <b>1,454,283</b>                             | <b>(4,789,253)</b>       | <b>(116,930)</b> | <b>(70,879)</b> |

The period depreciation charge for 2007 and 2006 is included under “Depreciation and Amortisation Charge” in the accompanying consolidated income statement. This account includes EUR 632,210 thousand relating to the depreciation of property, plant and equipment (2006: EUR 419,925 thousand), after deducting the grants allocated to income, which amount to EUR 5,643 thousand (2006: EUR 6,725 thousand).

“Disposals or Reductions” includes asset disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives.

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” includes the items of property, plant and equipment included in consolidation as detailed in note 3 (“Changes in the Scope of Consolidation”) to these consolidated financial statements.

“Transfers” includes most notably a decrease of EUR 49,741 thousand in 2006 under “Machinery and Transport Equipment” relating to the transfer of ancillary machinery for the performance of construction work to “Inventories - Raw Materials and Other Procurements” in the accompanying consolidated balance sheet.

The most noteworthy changes in “Grants” in 2007 were the EUR 37,231 thousand grant received by Concesionaria del Túnel de Coatzacoalcos, S.A. and the reduction of EUR 28,576 thousand arising from the incorporation of the Global Vía Infraestructuras Group, as indicated in note 3 (“Changes in the Scope of Consolidation”).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject.

Fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 1,750,362 thousand at 31 December 2007 (31 December 2006: EUR 1,534,713 thousand).

Of the total property, plant and equipment in the accompanying consolidated balance sheet, EUR 6,698,316 thousand (2006: EUR 5,105,080 thousand) were located abroad, with accumulated depreciation of EUR 2,006,018 thousand (2006: EUR 1,704,952 thousand). The net year-on-year increase in property, plant and equipment located abroad arose mainly from the full consolidation of the Realía Business Group (see note 3), which contributed assets, located mostly in France, amounting to EUR 1,279,738 thousand.

### **Investment property**

“Investment Property” in the accompanying consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or, as the case may be, for capital appreciation.

The detail of the changes in “Investment Property” in 2007 is as follows:

|                                       | Realia Business Group | Torre Picasso  | Alpine Group  | Total            |
|---------------------------------------|-----------------------|----------------|---------------|------------------|
| Balance at 31-12-05                   | –                     | 68,192         | –             | 68,192           |
| Additions                             | –                     | 1,117          | –             | 1,117            |
| Disposals                             | –                     | (340)          | –             | (340)            |
| Depreciation charge                   | –                     | (1,242)        | –             | (1,242)          |
|                                       |                       |                |               | –                |
| Balance at 31-12-06                   | –                     | 67,727         | –             | 67,727           |
| Additions                             | 182,619               | 175,296        | –             | 357,915          |
| Disposals                             | (23,398)              | –              | –             | (23,398)         |
| Depreciation charge and allowances    | (16,522)              | (2,404)        | –             | (19,010)         |
| Changes in the scope of consolidation | 1,943,820             | 1,656          | (84)          | 1,968,243        |
| Transfers                             | (15,975)              | –              | 22,767        | (15,975)         |
| <b>Balance at 31-12-07</b>            | <b>2,070,544</b>      | <b>242,275</b> | <b>22,683</b> | <b>2,335,502</b> |

“Transfers” includes most notably the net reduction of EUR 15,193 thousand in 2007 relating to a property for sale of the Realia Business Group that was classified under “Assets Held for Sale” in the accompanying consolidated balance sheet (see note 14).

### Realia Business Group

As described in note 3 (“Changes in the Scope of Consolidation”), the Realia Business Group, which engages mainly in real estate development and operation, was included in the accompanying consolidated financial statements in 2007.

Since its inclusion in the FCC Group, the Realia Business Group has acquired and invested in several properties, the most noteworthy of which being the purchase of a property in Paris for EUR 118,720 thousand.

In addition to the inclusion of the Realia Business Group for EUR 1,888,605 thousand, “Changes in the Scope of Consolidation” includes the addition in July of Nasozena, S.L. for EUR 55,215 thousand (see note 3).

The fair value of the Realia Business Group’s investment property at 31 December 2007 amounted to EUR 3,259,116 thousand.

The Realia Business Group determines fair value by reference to market data furnished by independent external services and, therefore, at year-end the fair value indicated in the preceding paragraph reflects the market conditions of the investment property items at that date.

Note 22 (“Segment Reporting”) details the income, expenses and profit or loss of the Realia Business Group’s real estate business included in the FCC Group.

The minimum lease payments payable by the Realia Business Group’s lessees under current leases, excluding common expenses, CPI-linked increases and future rent reviews, amount to EUR 605,342 thousand (2006: EUR 400,062 thousand), which fall due as follows:

|                          | 2007           | 2006           |
|--------------------------|----------------|----------------|
| Within one year          | 134,060        | 107,538        |
| Within one to five years | 349,556        | 205,059        |
| After five years         | 121,726        | 87,465         |
|                          | <b>605,342</b> | <b>400,062</b> |

The only charges on the Realia Business Group’s property assets relate to mortgage loans taken out on properties and amounted to EUR 45,617 thousand at the balance sheet date.

## Torre Picasso

The Torre Picasso building leases office space, commercial premises and parking spaces. In 2007 it was wholly owned by the FCC Group (80%-owned in 2006) following the acquisition of the remaining 20% ownership interest for EUR 172,528 thousand. The fair value of the Torre Picasso building disclosed as a result of the aforementioned acquisition is EUR 860,000 thousand.

Torre Picasso's income and profit were as follows:

|                              | 2007   | 2006   |
|------------------------------|--------|--------|
| Rental income                | 21,759 | 19,519 |
| Transfer of costs to tenants | 7,389  | 6,001  |
| Profit net of taxes          | 10,960 | 9,571  |

The minimum future lease payments receivable by the lessors under current leases amount to EUR 118,217 thousand (31 December 2006: EUR 80,549 thousand), which fall due as follows:

|                          | 2007           | 2006          |
|--------------------------|----------------|---------------|
| Within one year          | 27,439         | 21,821        |
| Within one to five years | 88,021         | 48,766        |
| After five years         | 2,757          | 9,962         |
|                          | <b>118,217</b> | <b>80,549</b> |

## Alpine Bau Group

The adjustment of the business combination resulting from the acquisition of the Alpine Bau Group in 2006, as indicated in note 3 ("Changes in the Scope of Consolidation"), disclosed investment property contributed by the Alpine Bau Group whose fair value at the acquisition date (and therefore its market value) was EUR 22,727 thousand. This investment property consists of commercial premises and offices for lease..

### Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at 31 December 2007, there were restrictions on the title to assets amounting to EUR 2,103,700 thousand (31 December 2006: EUR 1,423,304 thousand), the detail being as follows:

|  | Cost             | Accumulated depreciation | Carrying amount  |
|--|------------------|--------------------------|------------------|
| <b>2007</b>                                  |                  |                          |                  |
| Buildings, plant and equipment               | 3,211,450        | (1,469,979)              | 1,741,471        |
| Other items of property, plant and equipment | 541,175          | (178,946)                | 362,229          |
|  | <b>3,752,625</b> | <b>(1,648,925)</b>       | <b>2,103,700</b> |
| <b>2006</b>                                  |                  |                          |                  |
| Buildings, plant and equipment               | 2,509,572        | (1,263,778)              | 1,245,794        |
| Other items of property, plant and equipment | 372,905          | (195,395)                | 177,510          |
|  | <b>2,882,477</b> | <b>(1,459,173)</b>       | <b>1,423,304</b> |

The Group's assets subject to restrictions on title relate to non-current assets held under finance leases or other financing arrangements, as indicated in note 16, which discloses the various financing methods used, and to revertible assets assigned to the operation of concessions and other contracts.

The year-on-year increase in assets title to which is restricted is due mainly to the obtainment of control of the Realia Business Group and to the new contracts awarded in 2007.

## Non-current asset purchase commitments

In the course of their business activities, the Group's subsidiaries and joint ventures had formalised property, plant and equipment purchase commitments amounting to EUR 274,593 thousand at 31 December 2007 (31 December 2006: EUR 522,081 thousand), the detail being as follows:

|  | 2007           | 2006           |
|--|----------------|----------------|
| Investment property                          | 121,497        | –              |
| Buildings for own use                        | 6,095          | 4,434          |
| Plant  | 124,389        | 335,577        |
| Machinery and transport equipment            | 22,411         | 159,001        |
| Other items of property, plant and equipment | 201            | 23,069         |
|  | <b>274,593</b> | <b>522,081</b> |

The property, plant and equipment investment commitments that will be fulfilled in future years in accordance with the contractual terms and conditions of the concessions operated by the Group companies are disclosed in note 7.

## Finance leases

The detail of the finance leases at the end of 2007 and 2006 and of the related cash flows is as follows:

|  | Movable property | Real estate  | Total        |
|--|------------------|--------------|--------------|
| <b>2007</b>  |                  |              |              |
| Carrying amount  | 245,676          | 7,500        | 253,176      |
| Accumulated amortisation   | 83,633           | 1,448        | 85,081       |
| Original cost of the assets  | 329,309          | 8,948        | 338,257      |
| Finance costs  | 23,170           | 2,584        | 25,754       |
| Capitalised original cost of the assets                                | 352,479          | 11,532       | 364,011      |
| Lease payments paid in the year  | (118,815)        | (512)        | (119,327)    |
| Lease payments paid in prior years                                     | (97,219)         | (1,159)      | (98,378)     |
| Lease payments outstanding, including purchase option                  | 136,445          | 9,861        | 146,306      |
| Unaccrued finance charges  | (7,108)          | (2,074)      | (9,182)      |
| Present value of lease payments outstanding, including purchase option | 129,337          | 7,787        | 137,124      |
| <b>Contract term (years)</b>   | <b>2 to 5</b>    | <b>10</b>    | <b>–</b>     |
| <b>Value of purchase options</b>                                       | <b>4,505</b>     | <b>4,215</b> | <b>8,720</b> |

|  | Movable property | Real estate  | Total         |
|--|------------------|--------------|---------------|
| <b>2006</b>  |                  |              |               |
| Carrying amount  | 170,436          | 9,082        | 179,518       |
| Accumulated amortisation   | 76,840           | 1,373        | 78,213        |
| Original cost of the assets  | 247,276          | 10,455       | 257,731       |
| Finance costs  | 19,839           | 1,393        | 21,232        |
| Capitalised original cost of the assets                                | 267,115          | 11,848       | 278,963       |
| Lease payments paid in the year  | (79,586)         | (1,228)      | (80,814)      |
| Lease payments paid in prior years                                     | (86,440)         | (2,994)      | (89,434)      |
| Lease payments outstanding, including purchase option                  | 101,089          | 7,626        | 108,715       |
| Unaccrued finance charges  | (6,272)          | (473)        | (6,745)       |
| Present value of lease payments outstanding, including purchase option | 94,817           | 7,153        | 101,970       |
| <b>Contract term (years)</b>   | <b>2 to 5</b>    | <b>10</b>    | <b>–</b>      |
| <b>Value of purchase options</b>                                       | <b>6,494</b>     | <b>3,895</b> | <b>10,389</b> |

The increase in assets held under finance leases in 2007 arose mainly from the investments required for the execution of service contracts.

On expiry of the leases, the Group companies exercise the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

The detail, by maturity, of the reconciliation of the total amount of the lease payments to their present value at the balance sheet dates (31 December 2007 and 2006) is as follows:

|  | Within one year | Within one to five years | After five years | Total   |
|--|-----------------|--------------------------|------------------|---------|
| <b>2007</b>  |                 |                          |                  |         |
| Lease payments outstanding, including purchase option                  | 89,642          | 46,856                   | 9,808            | 146,306 |
| Unaccrued finance charges  | (2,486)         | (5,537)                  | (1,159)          | (9,182) |
| Present value of lease payments outstanding, including purchase option | 87,156          | 41,319                   | 8,649            | 137,124 |
| <b>2006</b>  |                 |                          |                  |         |
| Lease payments outstanding, including purchase option                  | 58,948          | 41,316                   | 8,451            | 108,715 |
| Unaccrued finance charges  | (1,554)         | (4,211)                  | (980)            | (6,745) |
| Present value of lease payments outstanding, including purchase option | 57,394          | 37,105                   | 7,471            | 101,970 |

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2007 no expense was incurred in connection with contingent rent.

## 6 Intangible assets

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2007 and 2006 is as follows:

|                           | Cost             | Accumulated amortisation | Allowances     | Impairment      | Carrying amount  |
|---------------------------|------------------|--------------------------|----------------|-----------------|------------------|
| <b>2007</b>               |                  |                          |                |                 |                  |
| Concessions               | 519,697          | (141,346)                | (1,371)        | –               | 376,980          |
| Goodwill                  | 2,578,769        | –                        | –              | (25,243)        | 2,553,526        |
| Other intangible assets   | 549,879          | (167,066)                | (93)           | –               | 382,720          |
|                           | <b>3,648,345</b> | <b>(308,412)</b>         | <b>(1,464)</b> | <b>(25,243)</b> | <b>3,313,226</b> |
| <b>2006</b>               |                  |                          |                |                 |                  |
| Concesiones               | 511,756          | (123,186)                | (1,368)        | –               | 387,202          |
| Fondo de comercio         | 2,493,363        | –                        | –              | (23,318)        | 2,470,045        |
| Otros activos intangibles | 519,547          | (118,885)                | (37)           | –               | 400,625          |
|                           | <b>3,524,666</b> | <b>(242,071)</b>         | <b>(1,405)</b> | <b>(23,318)</b> | <b>3,257,872</b> |

Intangible assets are measured at acquisition cost less any accumulated amortisation and any accumulated impairment losses.

None of the intangible assets recognised were generated internally and, except for goodwill, all have a finite useful life. The intangible assets are amortised over their useful lives, i.e. the period over which it is estimated they will generate income, on the basis of the pattern of use in the case of concessions and on a straight-line basis in the case of other intangible assets.

The amortisation charge for 2007 and 2006 is included under "Depreciation and Amortisation Charge" in the accompanying consolidated income statement.

At 31 December 2007 and 2006, there were no noteworthy intangible assets title to which was restricted.

**Concessions and other intangible assets**

The changes in these headings in the consolidated balance sheet in 2007 and 2006 were as follows:

|  | Concessions    | Other intangible assets | Accumulated amortisation | Allowances     |
|--|----------------|-------------------------|--------------------------|----------------|
| <b>Balance at 31-12-05</b>   | <b>465,723</b> | <b>197,559</b>          | <b>(167,719)</b>         | <b>(1,207)</b> |
| Additions or charge for the year   | 99,014         | 13,344                  | (54,581)                 | –              |
| Disposals or reductions  | (21)           | (4,098)                 | 3,037                    | –              |
| Changes in the scope of consolidation, translation differences and other changes | 5,666          | 262,884                 | (24,013)                 | (198)          |
| Transfers  | (58,626)       | 49,858                  | 1,205                    | –              |
| <b>Balance at 31-12-06</b>   | <b>511,756</b> | <b>519,547</b>          | <b>(242,071)</b>         | <b>(1,405)</b> |
| Additions or charge for the year   | 21,185         | 15,145                  | (79,174)                 | –              |
| Disposals or reductions  | (998)          | (5,500)                 | 3,794                    | 20             |
| Changes in the scope of consolidation, translation differences and other changes | (2,981)        | 11,497                  | 11,186                   | (99)           |
| Transfers  | (9,265)        | 9,190                   | (2,147)                  | 20             |
| <b>Balance at 31-12-07</b>   | <b>519,697</b> | <b>549,879</b>          | <b>(308,412)</b>         | <b>(1,464)</b> |

“Concessions” includes most notably the amounts paid to obtain the concessions held by the Group to carry on its business activities: water supply services, operation of landfills, etc. (see note 7).

In 2007 the most significant changes related to new water service concessions.

The most significant variations in this heading in 2006 related to the Santander city water service concession amounting to EUR 72,200 thousand and to the transfers to other balance-sheet headings of the contracts that did not qualify for consideration as concessions, amounting to EUR 58,626 thousand (see note 7).

Concessions are amortised on the basis of the pattern of consumption over the concession term, which ranges on average from 25 to 50 years.

“Other Intangible Assets” includes the investments relating to operating contracts and licences, mainly in the Environmental Services, Versia and Cement areas, and customer lists, future income from backlogs and contracts acquired through business combinations.

In 2006 “Changes in the Scope of Consolidation, Translation Differences and Other Changes” included mainly the expected income from the contracts contributed by the companies included in the scope of consolidation in the year (see note 3), the main amounts corresponding to the A.S.A. Abfall Service Group (EUR 91,662 thousand), the Alpine Bau Group (EUR 45,000 thousand) and Flightcare Italia, SpA (formerly Aeroporti di Roma, SpA) (EUR 34,106 thousand). This heading also included EUR 40,469 thousand for the allocation of a portion of the goodwill arising in 2005 on the acquisition of the Logistico Santos Group (now FCC Logística, S.A., Sole-Shareholder Company), as discussed in the following section of this note relating to goodwill.

**Goodwill**

Goodwill is calculated as the difference between the acquisition cost of the Parent's direct or indirect investment in a subsidiary and its proportional share of the equity of the subsidiary based on the percentage of ownership at the acquisition date, after adjustment, solely for consolidation purposes, for the recognition at fair value of the subsidiary's property plant and equipment and intangible assets that qualify for recognition as assets and whose market value differs significantly from their carrying amount. This process may be carried out or modified during a period of one year from the purchase date.

Goodwill is not amortised; however, as indicated in note 2-c), it is tested for impairment at least at each balance sheet date in order to recognise it at the lower of fair value, estimated on the basis of expected cash flows, or acquisition cost, calculated as described in the foregoing paragraph, less any accumulated impairment losses.

The changes in goodwill in the accompanying consolidated balance sheet in 2007 and 2006 were as follows:

|  |          |  |                  |
|--|----------|--|------------------|
| <b>Balance at 31-12-05</b>                               |          |  | <b>461,449</b>   |
| <b>Additions</b>   |          |  |                  |
| Waste Recycling Group                                    | 875,173  |  |                  |
| Corporación Uniland Group                                | 679,707  |  |                  |
| Alpine Bau Group   | 232,786  |  |                  |
| A.S.A. Abfall Service Group                              | 129,251  |  |                  |
| Cementos Lemona Group                                    | 73,646   |  |                  |
| Aeroporti di Roma Handling, SpA (Flightcare Italia, SpA) | 44,079   |  |                  |
| Cementos Portland Valderrivas, S.A.                      | 6,346    |  |                  |
| Other  | 8,219    |  | 2,049,207        |
| <b>Allocation to assets</b>                              |          |  |                  |
| FCC Logística Group                                      |          |  | (35,774)         |
| <b>Translation differences</b>                           |          |  |                  |
|  |          |  | (2,712)          |
| <b>Impairment losses</b>                                 |          |  |                  |
|  |          |  | (2,125)          |
| <b>Balance at 31-12-06</b>                               |          |  | <b>2,470,045</b> |
| <b>Additions</b>   |          |  |                  |
| Corporación Uniland                                      | 71,822   |  |                  |
| Realia Business, S.A.                                    | 11,602   |  |                  |
| Gonzalo Mateo Group                                      | 8,893    |  |                  |
| Cementos Portland Valderrivas, S.A.                      | 6,700    |  |                  |
| Flightcare, S.L. (Gen Air Handling S.L.U.)               | 3,116    |  |                  |
| Elcen Obras Servicios y Proyectos, S.A.                  | 2,700    |  |                  |
| Other  | 4,399    |  | 109,232          |
| <b>Allocation to assets</b>                              |          |  |                  |
| Waste Recycling Group                                    | 35,924   |  |                  |
| Alpine Bau Group   | 28,582   |  |                  |
| Flightcare Italia, SpA                                   | (7,896)  |  | 56,610           |
| <b>Translation differences</b>                           |          |  |                  |
| Waste Recycling Group                                    | (76,544) |  |                  |
| Other  | (3,168)  |  | (79,712)         |
| <b>Impairment losses</b>                                 |          |  |                  |
|  |          |  | (2,649)          |
| <b>Balance at 31-12-07</b>                               |          |  | <b>2,553,526</b> |

A description of the main additions in 2007 and 2006 is included in note 3 ("Changes in the Scope of Consolidation") to these consolidated financial statements.

Also noteworthy were the further acquisitions of treasury shares by Realia Business, S.A. and Cementos Portland Valderrivas, S.A., which gave rise to an increase of 0.59% and 0.41%, respectively, in the FCC Group's ownership interests in the aforementioned groups and to an increase of EUR 11,602 thousand and EUR 6,700 thousand, respectively, in the goodwill of each group. In 2006 the goodwill of Cementos Portland Valderrivas, S.A. increased by EUR 6,346 thousand as a result of a further acquisition of treasury shares which raised the FCC Group's ownership interest by 0.32%.

In accordance with IFRS 3 "Business Combinations", which provides that the fair value of acquired assets may be revised within one year from the acquisition date, in 2007 the goodwill of the Waste Recycling Group and of the Alpine Bau Group was increased by EUR 35,924 thousand and EUR 28,582 thousand, respectively, whereas the goodwill of Flightcare Italia, SpA (Aeroporti di Roma Holding, SpA) was reduced by EUR 7,896 thousand. Similarly, the goodwill of the Logístico Santos Group (currently the FCC Logística Group), acquired in 2005, was reduced by EUR 35,774 thousand in 2006.

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2007 and 2006 is as follows:

|   | 2007             | 2006                 |
|---|------------------|----------------------|
| Waste Recycling Group                                 | 835,104          | 874,824              |
| Corporación Uniland Group                             | 750,786          | 678,964              |
| Alpine Bau Group                                      | 261,368          | 232,786              |
| Cementos Portland Valderrivas, S.A.                   | 222,606          | 215,906              |
| A.S.A. Abfall Service Group                           | 129,586          | 127,997              |
| Cementos Lemona Group                                 | 73,735           | 73,646               |
| FCC Logística Group                                   | 60,199           | 60,071               |
| Flightcare Italia, SpA                                | 36,183           | 44,079               |
| Ekonor Group  | 43,140           | 35,361               |
| Limpiezas Industriales Alfus, S.A.                    | –                | 7,779 <sup>(*)</sup> |
| Giant Cement Holding, Inc.                            | 24,273           | 29,163               |
| Marepa Group  | 16,432           | 16,432               |
| Jaime Franquesa, S.A.                                 | 13,064           | 13,935               |
| Realia Business, S.A.                                 | 11,602           | –                    |
| Tratamientos y Recuperaciones Industriales, S.A.      | 9,860            | 9,860                |
| Gonzalo Mateo Group                                   | 8,859            | –                    |
| Gestiones Especializadas e Instalaciones, S.A.        | 7,410            | 6,410                |
| Montajes Gavisa, S.A.                                 | 5,531            | 5,531                |
| Flightcare Belgium, Naamloze Vennootschap             | 5,503            | 5,503                |
| Papeles Hernández e Hijos Group                       | 5,056            | 5,056                |
| Canteras de Aláiz, S.A.                               | 4,332            | 4,332                |
| Elcen Obras Servicios y Proyectos, S.A.               | 4,287            | 1,587                |
| Cementos Alfa, S.A.                                   | 3,712            | 3,712                |
| Áridos y Premezclados, S.A., Sole-Shareholder Company | 3,704            | 3,704                |
| Flightcare, S.L.                                      | 3,116            | –                    |
| Other   | 14,078           | 13,407               |
|   | <b>2,553,526</b> | <b>2,470,045</b>     |

(\*) Limpiezas Industriales Alfus, S.A. was absorbed by the Ekonor Group in 2007.

## 7 Investments in concessions

The investments in concession businesses result in the existence of certain assets which are included under the various headings in the consolidated balance sheet and, accordingly, they are discussed in other notes. This Note presents an overview of all the Group's investments in these businesses.

These investments include the concession right, recognised as an intangible asset (see note 6), investments made in the property, plant and equipment (see note 5) required to operate the service provided under the concession and investments in concessions accounted for using the equity method (see note 8).

The concession contracts consist of agreements between the concession provider (generally a public agency) and FCC Group companies to provide public services such as water distribution, wastewater filtering and treatment, the management of landfills, motorways and tunnels, etc., through the operation of the property, plant and equipment items required to provide the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the assets assigned to the concession required to provide the service are returned to the concession provider. Also, concession contracts usually provide for the obligation to purchase or construct these non-current assets, fully or in part, and to maintain them.

The income from the service provided may be received directly from the users or, sometimes, through the concession provider. The prices for providing the service are regulated by the concession provider.

### Accounting principles and policies

In 2006 the International Accounting Standards Board (IASB) issued a definitive interpretation on the accounting treatment for concessions which will be applicable once it has been adopted by the European Union, a process that was ongoing at the balance sheet date. In both 2007 and 2006 the FCC Group applied the most relevant aspects of the accounting principles and policies contained in this interpretation, which are indicated below, except with respect to the classification of assets as intangible or non-current financial assets.

- a) When a substantial period of time is required for the construction and start-up of the non-current assets assigned to the concession, the related borrowing costs accrued during that period are capitalised.
- b) When the assets come into service, the accrued borrowing costs are allocated to the income statement.
- c) Property, plant and equipment and intangible assets assigned to concessions are depreciated and amortised, respectively, on the basis of the pattern of use over the shorter of the concession term and the useful life of the assets concerned. As permitted by IAS 38 "Intangible Assets", the method used to depreciate property, plant and equipment and amortise intangible assets representing investments in concessions was changed in 2007 from the straight-line method to that based on the pattern of use. The effect of this change on the accompanying income statement was not material.
- d) When the concession assets are constructed by Group companies, the results arising from the construction work are recognised by reference to the stage of completion, in accordance with the accounting policies described in note 21, "Revenue and Expense Recognition".

### Detail of concessions

The following table sets forth the total investments made by the Group companies in concessions, which are included under "Property, Plant and Equipment", "Intangible Assets" and "Investments in Associates" (including loans granted to associates) in the accompanying consolidated balance sheets at 31 December 2007 and 2006.

|                               | Concession     | Property,<br>plant and<br>equipment | Concession<br>operator<br>associates | Total<br>investment |
|-------------------------------|----------------|-------------------------------------|--------------------------------------|---------------------|
| <b>2007</b>                   |                |                                     |                                      |                     |
| Water services                | 502,588        | 492,834                             | 12,276                               | 1,007,698           |
| Motorways and tunnels         | 120            | 270,607                             | 121,035                              | 391,762             |
| Other                         | 16,989         | 116,452                             | 59,850                               | 193,291             |
|                               | 519,697        | 879,893                             | 193,161                              | 1,592,751           |
| Depreciation and amortisation | (141,346)      | (244,648)                           | –                                    | (385,994)           |
| Impairment                    | (1,371)        | –                                   | –                                    | (1,371)             |
|                               | <b>376,980</b> | <b>635,245</b>                      | <b>193,161</b>                       | <b>1,205,386</b>    |
| <b>2006</b>                   |                |                                     |                                      |                     |
| Water services                | 490,511        | 410,285                             | 11,717                               | 912,513             |
| Motorways and tunnels         | 240            | 477,955                             | 116,303                              | 594,498             |
| Other                         | 21,005         | 81,686                              | 45,902                               | 148,593             |
|                               | 511,756        | 969,926                             | 173,922                              | 1,655,604           |
| Depreciation and amortisation | (123,186)      | (255,189)                           | –                                    | (378,375)           |
| Impairment                    | (1,368)        | (200)                               | –                                    | (1,568)             |
|                               | <b>387,202</b> | <b>714,537</b>                      | <b>173,922</b>                       | <b>1,275,661</b>    |

In 2007 there was a notable decrease in "Motorways and Tunnels" due to the incorporation of the Global Via Infraestructuras Group described in note 3, "Changes in the Scope of Consolidation".

Under the concession contracts, the concession operators controlled by the Group are obliged to purchase or construct property, plant and equipment items assigned to the concessions amounting to EUR 177,281 thousand (2006: EUR 317,140 thousand).

## 8 Investments in associates

This heading includes the value of the investments in companies accounted for using the equity method, which includes both the equity interest and the non-current loans granted to these companies.

The investment is initially recognised at acquisition cost and is subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these

|  | Acquisitions and disbursements | Profit (Loss) for the year | Dividends paid  | Changes in fair value of financial instruments recognised in reserves |
|--|--------------------------------|----------------------------|-----------------|---|
| <b>Balance at 31-12-05</b>                     | –                              | –                          | –               | –   |
| Realia Business Group                          | –                              | 78,739                     | (38,864)        | 57  |
| Gesí 9, S.A.                                   | 13,104                         | (92)                       | –               | –   |
| Autopista de la Costa Cálida C.E.A., S.A.      | 11,225                         | (115)                      | –               | 1,590   |
| Ibisan, Sociedad Concesionaria, S.A.           | 7,838                          | (3)                        | –               | –   |
| Cedinsa Concesionaria, S.A.                    | 5,052                          | 17                         | –               | 1,906   |
| Urbs Iudex et Causidicus, S.A.                 | 2,820                          | (3,065)                    | –               | 6,254   |
| A.S.A. Group investees                         | 205                            | 1,492                      | (1,023)         | –   |
| Metro de Málaga, S.A.                          | 5,136                          | 27                         | –               | –   |
| Concesiones Aeroportuarias, S.A.               | 3,409                          | –                          | –               | –   |
| Madrid 407 Sociedad Concesionaria, S.A.        | 4,247                          | (2)                        | –               | (887)   |
| Teide Gestión del Sur, S.L.                    | 3,150                          | –                          | –               | –   |
| Nova Bocana Barcelona, S.A.                    | 2,512                          | (76)                       | –               | –   |
| Hospital del Sureste, S.A.                     | 1,642                          | (1)                        | –               | 340   |
| Tranvía de Parla, S.A.                         | 2,280                          | (320)                      | –               | –   |
| Autovía del Camino, S.A.                       | –                              | (4)                        | –               | 3,456   |
| Hormigones y Áridos del Pirineo Aragonés, S.A. | –                              | 1,809                      | (105)           | –   |
| Autopistas del Valle, S.A.                     | 1,595                          | –                          | –               | –   |
| Autopistas del Sol, S.A.                       | 1,196                          | –                          | –               | –   |
| Concesiones de Madrid, S.A.                    | –                              | 1,483                      | (1,185)         | –   |
| Cementos Lemona Group                          | –                              | –                          | –               | –   |
| Tacel Group                                    | –                              | –                          | –               | –   |
| Other  | 6,997                          | 9,189                      | (3,849)         | 1,497   |
| <b>Total 2006</b>                              | <b>72,408</b>                  | <b>89,078</b>              | <b>(45,026)</b> | <b>14,213</b>   |
|  | –                              | –                          | –               | –   |
| <b>Balance at 31-12-06</b>                     | –                              | (1,655)                    | –               | –   |
| Desarrollo Urbanístico Sevilla Este, S.L.      | –                              | –                          | –               | –   |
| Alpine Group investees                         | 17,063                         | –                          | –               | –   |
| Autovía Necaxa-Tehuacán, S.A. de C.V.          | 6,250                          | 31                         | –               | –   |
| Layetana Front Marítim, S.L.                   | 3,797                          | 11                         | –               | 2,232   |
| Cedinsa Eix del Llobregt, S.A.                 | 2,820                          | (262)                      | –               | 3,374   |
| Urbs Iudex et Causidicus, S.A.                 | 5,095                          | (65)                       | –               | –   |
| Cedinsa Concesionaria, S.A.                    | 3,972                          | (93)                       | –               | –   |
| Concesionaria Hospital Son Dureta, S.A.        | 2,650                          | 36                         | –               | –   |
| Suministros Aguas de Queretaro, S.A.           | 2,340                          | (40)                       | –               | –   |
| Concesiones Aeroportuarias, S.A.               | 1,355                          | 15                         | –               | –   |
| Metro Málaga                                   | 1,289                          | (3)                        | –               | 15  |
| Nova Bocana Barcelona                          | 1,307                          | (6)                        | –               | (11)  |
| Port Sur Castellón, S.A.                       | 1,021                          | –                          | –               | –   |
| Nova Bocana Business, S.A.                     | –                              | (169)                      | –               | 1,131   |
| Madrid 407 Sociedad Concesionaria, S.A.        | 1,054                          | (335)                      | –               | 11  |
| Tranvía de Parla, S.A.                         | –                              | 1,732                      | (1,515)         | –   |
| A.S.A. Group investees                         | –                              | 1,042                      | (1,143)         | 432   |
| Tranvía Metropolitana, S.A.                    | –                              | 31,386                     | (6,045)         | –   |
| Realia Business Group                          | 4,648                          | (8,522)                    | –               | 242   |
| Autopista de la Costa Cálida C.E.A., S.A.      | –                              | (1,013)                    | –               | 3,904   |
| Autovía del Camino, S.A.                       | 1,350                          | (844)                      | –               | –   |
| Terminal Polivalente de Castellón, S.A.        | –                              | 1,371                      | (1,398)         | –   |
| Concesiones de Madrid, S.A.                    | 4,030                          | 9,407                      | (4,046)         | 3,054   |
| Other  | 60,041                         | 32,024                     | (14,147)        | 14,384  |
| <b>Total 2007</b>                              |                                |                            |                 |   |
| <b>Balance at 31.12.07</b>                     | –                              | –                          | –               | –   |

companies' equity that were not recognised in their profit or loss. These changes include most notably translation differences and the adjustments to reserves arising from changes in the fair value of the cash flow hedges arranged by the associates.

In the years ended 31 December 2007 and 2006, there were no impairment losses, since the market value was equal to or higher than the values obtained by applying the method described in the preceding paragraph.

The detail, by company, of this heading is disclosed in Appendix III, which lists the associates. The changes in 2007 and 2006 were as follows:

| Disposals | Changes in consolidation method and transfers | Translation differences and other changes | Value of the investment | Loans granted | Total     |
|-----------|---|---|-------------------------|---------------|-----------|
| –         | –   | –   | 481,380                 | 30,308        | 511,688   |
| –         | –   | –   | 39,932                  | 20            | 39,952    |
| –         | –   | –   | 13,012                  | –             | 13,012    |
| –         | –   | –   | 12,700                  | –             | 12,700    |
| –         | –   | –   | 7,835                   | –             | 7,835     |
| –         | –   | –   | 6,975                   | –             | 6,975     |
| –         | –   | –   | 6,009                   | –             | 6,009     |
| –         | –   | 5,217                                     | 5,891                   | –             | 5,891     |
| –         | –   | –   | 5,163                   | –             | 5,163     |
| –         | –   | –   | 3,409                   | –             | 3,409     |
| –         | –   | –   | 3,358                   | –             | 3,358     |
| –         | –   | –   | 3,150                   | –             | 3,150     |
| –         | –   | –   | 2,436                   | –             | 2,436     |
| –         | –   | –   | 1,981                   | 200           | 2,181     |
| –         | –   | –   | 1,960                   | –             | 1,960     |
| –         | –   | –   | 3,452                   | (1,720)       | 1,732     |
| –         | –   | –   | 1,704                   | –             | 1,704     |
| –         | –   | (307)                                     | 1,288                   | –             | 1,288     |
| –         | –   | –   | 1,196                   | –             | 1,196     |
| –         | –   | –   | 298                     | –             | 298       |
| –         | (43,500)                                      | –   | (43,500)                | –             | (43,500)  |
| –         | (16,650)                                      | –   | (16,650)                | –             | (16,650)  |
| –         | (124)   | (811)                                     | 12,899                  | (1,174)       | 11,725    |
| –         | (60,274)                                      | 4,099                                     | 74,498                  | (2,674)       | 71,824    |
| –         | –   | –   | 555,878                 | 27,634        | 583,512   |
| –         | 106,108                                       | –   | 104,453                 | –             | 104,453   |
| –         | 13,225  | –   | 13,225                  | 17,964        | 31,189    |
| –         | –   | (1,488)                                   | 15,575                  | –             | 15,575    |
| –         | –   | –   | 6,281                   | –             | 6,281     |
| –         | –   | –   | 6,040                   | –             | 6,040     |
| –         | –   | –   | 5,932                   | –             | 5,932     |
| –         | –   | –   | 5,030                   | –             | 5,030     |
| –         | –   | –   | 3,879                   | –             | 3,879     |
| –         | –   | (116)                                     | 2,570                   | –             | 2,570     |
| –         | –   | –   | 2,300                   | –             | 2,300     |
| –         | –   | –   | 1,370                   | –             | 1,370     |
| –         | –   | –   | 1,301                   | –             | 1,301     |
| –         | –   | –   | 1,290                   | –             | 1,290     |
| –         | –   | –   | 1,021                   | –             | 1,021     |
| –         | –   | –   | 962                     | –             | 962       |
| –         | –   | –   | 730                     | –             | 730       |
| –         | –   | 275                                       | 492                     | –             | 492       |
| –         | –   | –   | 331                     | –             | 331       |
| –         | (321,797)                                     | –   | (296,456)               | (516)         | (296,972) |
| –         | –   | (15,848)                                  | (19,480)                | 17,158        | (2,322)   |
| –         | –   | (2,920)                                   | (29)                    | (1,695)       | (1,724)   |
| –         | –   | (1,141)                                   | (635)                   | –             | (635)     |
| –         | –   | –   | (27)                    | –             | (27)      |
| (130)     | 2,402   | (289)                                     | 14,428                  | 1,941         | 16,369    |
| (130)     | (200,062)                                     | (21,527)                                  | (129,417)               | 34,852        | (94,565)  |
| –         | –   | –   | 426,461                 | 62,486        | 488,947   |

In 2007 the FCC Group obtained control of the Realia Business Group and the Global Via Infraestructuras Group was incorporated, giving rise to a reduction in investments in associates, while in 2006 the Cementos Leмона Group and the Tacel Group were fully consolidated since control was acquired of the parents of the respective groups (see note 3).

The detail of the assets, liabilities, revenue and profit for 2007 and 2006 of the associates, in proportion to the ownership interest in each company, is as follows:

|   | 2007    |           | 2006      |           |
|---|---------|-----------|-----------|-----------|
| <b>ASSETS</b>   |         |           |           |           |
| <b>Non-current assets</b>   | –       | 987,073   | –         | 1,894,994 |
| Property, plant and equipment                                       | 787,789 | –         | 1,683,682 | –         |
| Financial assets  | 147,949 | –         | 136,816   | –         |
| Other non-current assets  | 51,335  | –         | 74,496    | –         |
| <b>Current assets</b>   | –       | 404,247   | –         | 982,266   |
| Inventories   | 131,347 | –         | 679,984   | –         |
| Trade and other receivables   | 147,194 | –         | 180,068   | –         |
| Other current assets  | 125,706 | –         | 122,214   | –         |
| <b>Non-current assets held for sale and discontinued operations</b> | –       | –         | –         | 23,615    |
| <b>Total assets</b>   | –       | 1,391,320 | –         | 2,900,875 |
| <b>EQUITY AND LIABILITIES</b>                                       |         |           |           |           |
| <b>Equity</b>   | –       | 270,402   | –         | 660,485   |
| <b>Non-current liabilities</b>                                      | –       | 825,517   | –         | 936,125   |
| Non-current bank borrowings   | 729,856 | –         | 653,653   | –         |
| Other non-current liabilities                                       | 95,661  | –         | 282,472   | –         |
| <b>Current liabilities</b>  | –       | 295,401   | –         | 1,290,367 |
| Current bank borrowings   | 81,327  | –         | 493,829   | –         |
| Other current liabilities   | 214,074 | –         | 796,538   | –         |
| <b>Non-current assets held for sale and discontinued operations</b> | –       | –         | –         | 13,898    |
| <b>Total equity and liabilities</b>                                 | –       | 1,391,320 | –         | 2,900,875 |
| <b>INCOME STATEMENT</b>   |         |           |           |           |
| <b>Revenue</b>  | –       | 161,660   | –         | 496,267   |
| <b>Profit from operations</b>                                       | –       | 24,067    | –         | 163,243   |
| <b>Profit before tax</b>  | –       | 928       | –         | 141,572   |
| <b>Profit attributable to the Parent</b>                            | –       | 638       | –         | 89,078    |

The associates engage mainly in the operation of concessions such as water services, motorways, tunnels and passenger transport. These companies are generally near the commencement of the concession term, as evidenced by the proportion of their debt with respect to their equity.

## 9 Joint ventures

The Group companies undertake certain of their business activities through interests in ventures in which the FCC Group exercises joint control with other non-Group venturers. These joint ventures were proportionately consolidated, as indicated in note 2 above. Joint control over these ventures is established through interests in entities with various legal forms.

Following are the main aggregates of the joint ventures included in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the percentage of ownership therein, at 31 December 2007 and 2006:

|                              | Unincorporated Joint Ventures, economic Interest Groupings and Joint Property Entities | Companies | Total     |
|------------------------------|--|-----------|-----------|
| <b>2007</b>                  |  |           |           |
| Revenue                      | 1,646,522  | 373,732   | 2,020,254 |
| Gross profit from operations | 134,633  | 71,951    | 206,584   |
| Net profit from operations   | 105,967  | 31,794    | 137,761   |
| Non-current assets           | 128,065  | 541,797   | 669,862   |
| Current assets               | 1,556,447  | 283,929   | 1,840,376 |
| Non-current liabilities      | 16,159   | 284,993   | 301,152   |
| Current liabilities          | 1,261,502  | 224,412   | 1,485,914 |
| <b>2006</b>                  |  |           |           |
| Revenue                      | 1,637,572  | 339,018   | 1,976,590 |
| Gross profit from operations | 167,592  | 63,863    | 231,455   |
| Net profit from operations   | 125,164  | 35,644    | 160,808   |
| Non-current assets           | 115,506  | 314,071   | 429,577   |
| Current assets               | 1,393,895  | 200,641   | 1,594,536 |
| Non-current liabilities      | 18,197   | 155,554   | 173,751   |
| Current liabilities          | 1,213,576  | 190,577   | 1,404,153 |

The increase in assets and liabilities in 2007 reflected in the above table arose from the incorporation of the Global Vía Infraestructuras Group, as described in note 3, "Changes in the Scope of Consolidation".

At 2007 year-end, the property, plant and equipment purchase commitments made directly by the joint ventures amounted to EUR 11,167 thousand (2006: EUR 47,774 thousand), calculated on the basis of the percentage interest held by the Group companies.

The businesses managed through unincorporated joint ventures, joint property entities, silent participation agreements, economic interest groupings and other entities of a similar legal nature require the venturers to share joint and several liability for the business activity carried on. Conversely, in joint ventures set up as corporations, limited liability companies or the like, the liability of the venturers is limited to their percentage interest in these companies.

Guarantees amounting to EUR 954,930 thousand (2006: EUR 874,379 thousand) were provided, mostly to government agencies and private customers, for joint ventures managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

## 10 Non-current financial assets and other current financial assets

Financial assets are initially recognised at fair value, which generally coincides with their acquisition cost, adjusted by the transaction costs directly attributable thereto, except in the case of held-for-trading financial assets, whose transactions costs are charged to profit or loss for the year.

All acquisitions and sales of assets are recognised at the date of the transaction.

The financial assets held by the Group companies are classified as follows:

- Held-for-trading financial assets are assets acquired with the intention of generating a profit from short-term fluctuations in their prices. These assets, which are expected to mature within 12 months, are included under “Other Current Financial Assets” in the accompanying consolidated balance sheet.

Held-for-trading financial assets which are expected to be realised or to mature within no more than three months and whose realisation is not expected to give rise to significant costs are included under “Cash and Cash Equivalents” in the accompanying consolidated balance sheet.

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.
- Loans maturing within no more than 12 months are classified as current loans and those maturing within more than 12 months as non-current loans.
- Available-for-sale financial assets are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

The held-for-trading and available-for-sale financial assets were measured at their fair value at the balance sheet date. The fair value of a financial instrument is taken to be the amount for which it could be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction, i.e. fair value is the estimated market value.

In the case of held-for-trading financial assets, the gains or losses arising from changes in fair value are recognised in profit or loss for the year. In the case of available-for-sale financial assets, the gains or losses arising from changes in fair value are recognised in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been written off, the loss is recognised in the consolidated income statement.

Held-to-maturity investments, credit, loans and receivables originated by the Group are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, and market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life. Where appropriate, if there are signs that these financial assets have become impaired, the necessary valuation adjustments are made.

The most significant balances under “Non-Current Financial Assets” and “Other Current Financial Assets” in the accompanying consolidated balance sheet are as follows:

### a) Non-current financial assets

The breakdown of the non-current financial assets at 31 December 2007 and 2006 is as follows:

|                                     | 2007           | 2006           |
|-------------------------------------|----------------|----------------|
| Available-for-sale financial assets | 98,845         | 105,848        |
| Non-current loans                   | 218,285        | 177,615        |
| Held-to-maturity investments        | 23,522         | 19,509         |
| Other financial assets              | 203,074        | 302,218        |
|                                     | <b>543,726</b> | <b>605,190</b> |

## a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2007 and 2006:

|   | Effective percentage<br>of ownership | Fair value     |
|---|--------------------------------------|----------------|
| <b>2007</b>                                   |                                      |                |
| <b>Ownership interests of 5% or more:</b>     |                                      |                |
| Domino Holdings, S.A.                         | 15.00                                | 20,631         |
| Eumex Group                                   | 50.00                                | 13,499         |
| World Trade Center Barcelona, S.A.            | 16.52                                | 11,422         |
| Vertederos de Residuos, S.A.                  | 16.03                                | 5,767          |
| Scutvias-Autoestradas Da Beira Interior, S.A. | 13.33                                | 4,098          |
| S.C.L. Terminal Aéreo de Santiago, S.A.       | 14.77                                | 4,088          |
| Transportes Ferroviarios de Madrid, S.A.      | 12.19                                | 3,786          |
| WTC Almeda Park, S.A.                         | 12.50                                | 1,828          |
| Build2Edifica, S.A.                           | 15.45                                | 901            |
| Artscapital Investment, S.A.                  | 10.83                                | –              |
| Shopnet Brokers, S.A.                         | 15.54                                | –              |
| Other   | –                                    | 2,936          |
| <b>Ownership interests of less than 5%</b>    |                                      |                |
| Xfera Móviles, S.A.                           | 3.44                                 | 8,638          |
| Holdings of the Alpine Bau Group              | –                                    | 15,644         |
| Other   | –                                    | 5,607          |
|   | <b>–</b>                             | <b>98,845</b>  |
| <b>2006</b>                                   |                                      |                |
| <b>Ownership interests of 5% or more:</b>     |                                      |                |
| Domino Holdings, S.A.                         | 15.00                                | 20,631         |
| Eumex Group                                   | 50.00                                | 13,499         |
| World Trade Center Barcelona, S.A.            | 16.52                                | 11,422         |
| Vertederos de Residuos, S.A.                  | 16.03                                | 4,354          |
| Scutvias-Autoestradas Da Beira Interior, S.A. | 13.33                                | 4,098          |
| S.C.L. Terminal Aéreo de Santiago, S.A.       | 14.77                                | 4,088          |
| Transportes Ferroviarios de Madrid, S.A.      | 12.19                                | 3,786          |
| WTC Almeda Park, S.A.                         | 12.50                                | 1,875          |
| Build2Edifica, S.A.                           | 15.45                                | 901            |
| Artscapital Investment, S.A.                  | 10.83                                | –              |
| Shopnet Brokers, S.A.                         | 15.54                                | –              |
| Other   | –                                    | 4,646          |
| <b>Ownership interests of less than 5%</b>    |                                      |                |
| Xfera Móviles, S.A.                           | 3.44                                 | 10,781         |
| Parque Temático de Madrid, S.A.               | 1.75                                 | 700            |
| Holdings of the Alpine Bau Group              | –                                    | 20,914         |
| Other   | –                                    | 4,153          |
|   | <b>–</b>                             | <b>105,848</b> |

Most of these securities correspond to concession operators in relation to which the Group companies were awarded the contracts to perform the construction projects forming the subject matter of the related concessions.

With respect to the ownership interest in Xfera Móviles, S.A., the FCC Group invested a further EUR 23,770 thousand in 2007. At the balance sheet dates the Group measured its total investment in Xfera Móviles, S.A., quantified at EUR 34,551 thousand, on the basis of its underlying carrying amount, which gave rise to a valuation adjustment of EUR 25,914 thousand which was charged, net of tax, to equity. Consequently, the final value of the investment at 2007 year-end amounted to EUR 8,638 thousand.

At 31 December 2007, the Parent had provided guarantees for Xfera Móviles, S.A. amounting to EUR 8,014 thousand (2006: EUR 20,122 thousand). Additionally, Fomento de Construcciones y Contratas, S.A., parent of the FCC Group, has a put option on the shares of Xfera Móviles, S.A. that is symmetrical to the call option held by Sonera Holding B.V. These rights can only be exercised on the maturity date in

2011, provided that certain terms and conditions are met, including most notably that Xfera Móviles, S.A. generates profit over two consecutive years prior to the aforementioned maturity date.

The changes in the available-for-sale financial assets in 2007 and 2006 were as follows:

| Available-for-sale financial assets            | Cost          | Impairment     | Disposals and reductions | Change in scope of consolidation, translation differences and other changes | Carrying amount | Changes in fair value | Fair value    |
|--|---------------|----------------|--------------------------|---|-----------------|-----------------------|---------------|
| Balance at 31-12-05                            | –             | –              | –                        | –   | 60,860          | 6,550                 | 67,410        |
| Terra Mítica Parque Temático de Benidorm, S.A. | 3,630         | (3,630)        | –                        | –   | –               | –                     | –             |
| Xfera Móviles, S.A.                            | 6,482         | –              | –                        | –   | –               | 4,299                 | –             |
| SCL Terminal Aéreo de Santiago, S.A.           | –             | –              | –                        | –   | –               | 1,665                 | –             |
| World Trade Center Barcelona, S.A.             | –             | –              | –                        | –   | –               | 1,435                 | –             |
| Vertederos de Residuos, S.A.                   | –             | –              | –                        | –   | –               | 764                   | –             |
| CGEA Colombia, S.A.                            | 745           | –              | –                        | –   | –               | –                     | –             |
| Parque Temático de Madrid, S.A.                | –             | (1,058)        | –                        | –   | –               | –                     | –             |
| Financial investments - Alpine Bau Group       | –             | –              | –                        | 20,914  | –               | –                     | –             |
| Other  | 3,292         | (1,161)        | (16)                     | 262   | –               | 815                   | –             |
| <b>Total 2006</b>                              | <b>14,149</b> | <b>(5,849)</b> | <b>(16)</b>              | <b>21,176</b>   | <b>29,460</b>   | <b>8,978</b>          | <b>–</b>      |
| Balance at 31-12-06                            | –             | –              | –                        | –   | 90,320          | 15,528                | 105,848       |
| Xfera Móviles, S.A.                            | 23,770        | –              | –                        | –   | –               | (25,914)              | –             |
| Vertederos de Residuos, S.A.                   | –             | –              | –                        | –   | –               | 1,413                 | –             |
| CGEA Colombia, S.A.                            | –             | –              | (700)                    | –   | –               | –                     | –             |
| Financial investments - Alpine Bau Group       | 2,620         | –              | –                        | (7,890)   | –               | –                     | –             |
| Other  | 832           | 194            | (319)                    | (1,120)   | –               | 111                   | –             |
| <b>Total 2007</b>                              | <b>27,222</b> | <b>194</b>     | <b>(1,019)</b>           | <b>(9,010)</b>  | <b>17,387</b>   | <b>(24,390)</b>       | <b>–</b>      |
| <b>Balance at 31-12-07</b>                     | <b>–</b>      | <b>–</b>       | <b>–</b>                 | <b>–</b>  | <b>107,707</b>  | <b>(8,862)</b>        | <b>98,845</b> |

#### a.2) Non-current loans

The non-current loans granted by Group companies to third parties mature as follows:

|                         | 2009          | 2010          | 2011          | 2012          | 2013 and subsequent years | Total          |
|-------------------------|---------------|---------------|---------------|---------------|---------------------------|----------------|
| Non-trade loans         | 48,751        | 12,928        | 16,051        | 12,322        | 88,990                    | 179,042        |
| Deposits and guarantees | 7,139         | 1,818         | 2,072         | 5,104         | 25,685                    | 41,818         |
| Allowances              | –             | –             | –             | –             | –                         | (2,575)        |
|                         | <b>55,890</b> | <b>14,746</b> | <b>18,123</b> | <b>17,426</b> | <b>114,675</b>            | <b>218,285</b> |

The non-trade loans include mainly the amounts granted to government agencies for the financing of infrastructures and refinancing of debt in the water service and urban cleaning businesses.

The deposits and guarantees relate mainly to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease guarantee deposits, etc.

In 2007 there were no events that raised doubts concerning the recovery of these loans.

### a.3) Other financial assets

This heading includes mainly the put option on 14.47% of the shares of Corporación Uniland, S.A. (2006: 20.32%) whose shareholders are entitled to exercise the option over a maximum period of five years (2006-2011). This transaction, which forms part of the agreement for the acquisition of this company in 2006, enabled the Cementos Portland Valderrivas Group to raise its ownership interest in the Corporación Uniland Group to 59.07% (in 2006 it held 53.22%), as indicated in note 3 ("Changes in the Scope of Consolidation") to these consolidated financial statements.

In this connection, in accordance with IFRSs, after taking into account the options exercised in 2007, representing 5.85% of the shares, the FCC Group recognised a financial asset of EUR 177,841 thousand (2006: EUR 259,321 thousand) for the difference between the cost of exercising the option predetermined in the aforementioned agreement, amounting to EUR 312,393 thousand (2006: EUR 435,336 thousand) and the value of the minority interests of this holding, amounting to EUR 134,552 thousand (2006: EUR 176,015 thousand). In short, this financial asset represents the goodwill that will be paid if this acquisition is performed.

### b) Other current financial assets

The breakdown of the balance at 31 December 2007 and 2006 is as follows:

|  | 2007           | 2006           |
|--|----------------|----------------|
| <b>Held-for-trading financial assets</b> | <b>24,871</b>  | <b>3,333</b>   |
| Government debt securities               | 494            | 64             |
| Equity investment funds                  | 23,700         | 2,710          |
| Fixed-income investment funds            | 587            | 559            |
| Corporate promissory notes and other     | 90             | –              |
| <b>Held-to-maturity investments</b>      | <b>21,455</b>  | <b>17,189</b>  |
| Promissory notes                         | 9,519          | 7,082          |
| Government debt securities               | 6,102          | 4,925          |
| Fixed-income investment funds            | 5,834          | 5,182          |
| <b>Other loans</b>                       | <b>93,493</b>  | <b>112,287</b> |
| Loans to non-Group third parties         | 81,489         | 23,034         |
| Deposits at banks                        | 5,992          | 65,957         |
| Other                                    | 6,012          | 23,296         |
| <b>Deposits and guarantees given</b>     | <b>25,748</b>  | <b>26,682</b>  |
| <b>Allowances</b>                        | <b>(3,117)</b> | <b>(4,216)</b> |
|  | <b>162,450</b> | <b>155,275</b> |

This heading in the accompanying consolidated balance sheet includes current financial investments which, maturing at more than three months in order to cater for certain specific cash situations, are classified as held-for-trading financial assets, held-to-maturity investments assets or other loans based on the initial nature of the investments.

These assets are unrestricted as to their use, except for "Deposits and Guarantees Given", which relate to amounts paid to secure certain contracts which will be recovered once the contracts expire.

The average rate of return obtained in this connection was 4.45%.

## 11 Inventories

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost or net realisable value.

The breakdown of the inventories at 31 December 2007 and 2006 is as follows:

|   | 2007      |                  | 2006    |                  |
|---|-----------|------------------|---------|------------------|
| <b>Property assets</b>                      | –         | 2,046,468        | –       | 526,871          |
| Realia Business                             | 1,322,089 | –                | –       | –                |
| Construction                                | 717,894   | –                | 520,111 | –                |
| Other activities                            | 6,485     | –                | 6,760   | –                |
| <b>Raw materials and other procurements</b> |           | 590,297          | –       | 497,151          |
| Construction                                | 339,675   | –                | 293,399 | –                |
| Cement                                      | 175,545   | –                | 142,667 | –                |
| Versia                                      | 44,526    | –                | 34,280  | –                |
| Environmental services                      | 29,603    | –                | 26,233  | –                |
| Other activities                            | 948       | –                | 572     | –                |
| <b>Finished goods</b>                       | –         | 55,076           | –       | 44,422           |
| <b>Advances</b>                             | –         | 39,819           | –       | 23,451           |
| <b>Allowances</b>                           | –         | (22,864)         | –       | (12,061)         |
|   | –         | <b>2,708,796</b> | –       | <b>1,079,834</b> |

The property assets of the Realia Business Group are as follows:

|                                  |                  |
|----------------------------------|------------------|
|                                  |                  |
| Land and buildable plots of land | 734,205          |
| Construction work in progress    | 413,970          |
| Completed buildings              | 126,083          |
| Advances to suppliers            | 47,831           |
|                                  | <b>1,322,089</b> |

In the real estate business carried on by Realia Business the following are considered inventories:

- Land and other properties held for sale or for inclusion in a property development.
- Developments and construction work in progress at the production, construction or development phase and held for sale in the ordinary course of business. These include the costs incurred in property developments (or in parts of a development) construction of which was unfinished at year-end, most notably those relating to building plots, urban development and construction and other direct and indirect costs associated therewith, excluding finance and sales costs.

The changes in these inventories since June, when the Realia Business Group was included in the FCC Group, were as follows:

|  | Land and buildable plots of land | Construction work in progress | Completed buildings | Advances to suppliers | Total            |
|--|----------------------------------|-------------------------------|---------------------|-----------------------|------------------|
| <b>Balance at 6 June 2007</b>  | <b>756,013</b>                   | <b>453,527</b>                | <b>100,880</b>      | <b>51,141</b>         | <b>1,361,561</b> |
| Entradas   | 17,327                           | 163,618                       | 1,655               | –                     | 182,600          |
| Salidas  | (37,555)                         | (4,463)                       | (183,729)           | –                     | (225,747)        |
| Changes in scope of consolidation, translation differences and other changes | 6,985                            | –                             | –                   | (3,310)               | 3,675            |
| Transfers  | (8,565)                          | (198,712)                     | 207,277             | –                     | –                |
| <b>Balance at 31 December 2007</b>   | <b>734,205</b>                   | <b>413,970</b>                | <b>126,083</b>      | <b>47,831</b>         | <b>1,322,089</b> |

Property development and land sale commitments entered into with customers at 31 December 2007 amounted to EUR 346,050 thousand, of which EUR 107,549 thousand had been received as cash and notes receivable, and these amounts were recognised under "Advances Received on Orders" (see note 12, "Accounts Receivable").

Also, at 31 December 2007 there were land purchase commitments amounting to EUR 276,904 thousand, of which EUR 47,831 thousand had been paid and recognised under "Property Assets – Advances to Suppliers".

Insurance has been taken out for all the property developments in progress and the appropriate community insurance has been taken out for completed developments.

The "Property Assets" contributed by the construction division include land intended for sale, acquired mainly in exchange for completed construction work or construction work not yet performed, including most notably "Tres Cantos" for EUR 436,300 thousand (31 December 2006: EUR 232,919 thousand) and "Ensanche Vallecas" for EUR 25,100 thousand (31 December 2006: EUR 45,313 thousand), located in the Madrid Autonomous Community, and "Fincas Sant Joan Despi" for EUR 46,040 thousand (same amount at 31 December 2006), located in the province of Barcelona.

The raw materials and other procurements include the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, replacement parts, fuel and other materials required to carry on the business activities.

## 12 Accounts receivable

This heading in the accompanying consolidated balance sheet includes the present value of the uncollected revenue, valued as indicated in note 21 ("Revenue and Expense Recognition"), contributed by the Group's various lines of business and forming the basis of the profit from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2007 and 2006 is as follows:

|  | 2007             | 2006             |
|--|------------------|------------------|
| Progress billings receivable and trade receivables for sales | 4,151,662        | 3,657,062        |
| Amounts to be billed for work performed                      | 932,902          | 807,145          |
| Retentions   | 70,099           | 63,044           |
| Production billed to associates not yet collected            | 126,493          | 240,857          |
| Allowances for doubtful debts                                | (186,205)        | (201,271)        |
| Accounts receivable  | 5,094,951        | 4,566,837        |
| Advances received on orders                                  | (1,561,587)      | (1,109,254)      |
| <b>Total net accounts receivable</b>                         | <b>3,533,364</b> | <b>3,457,583</b> |

The foregoing total is the net balance of trade receivables after considering the adjustments for the risk of doubtful debts and after deducting the balance of "Trade Payables - Advances Received on Orders" on the liability side of the accompanying consolidated balance sheet, which also includes the collected and uncollected prebillings and the advances received for property development and land sale commitments in the Real Estate business line.

"Progress Billings Receivable and Trade Receivables for Sales" reflects the amount of the completed project and services progress billings receivable at the consolidated balance sheet date.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured as explained in note 21 ("Revenue and Expense Recognition") and the amount billed up to the date of the consolidated financial statements is included under "Accounts Receivable - Amounts to Be Billed for Work Performed".

The Group companies assign trade receivables to banks, without the possibility of recourse against them in the event of non-payment. The balance of accounts receivable was reduced by EUR 241,575 thousand in this connection at 31 December 2007 (31 December 2006: EUR 200,790 thousand). These transactions bear interest at normal market rates. The Group companies continue to manage collection of these receivables. Also, future collection rights arising from construction project contracts awarded under the lump-sum payment method were sold for EUR 107,112 thousand (31 December 2006: EUR 28,111 thousand). This amount was deducted from the balance of "Amounts to Be Billed for Work Performed".

Through the sale and assignment of these collection rights, substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred, since no repurchase agreements have been entered into between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised.

## 13 Cash and cash equivalents

The main aim of cash management at the FCC Group is to optimise the cash position by controlling liquidity and endeavouring, through the efficient management of funds, to keep the balance of the Group's bank accounts as low as possible, and, in the event of cash shortfalls, to use financing lines in the most efficient manner for the Group's interests.

The cash of the subsidiaries directly or indirectly wholly-owned by Fomento de Construcciones y Contratas, S.A. is managed on a centralised basis. The liquidity positions of these investees flow towards the head of the Group, which ultimately transfers these positions to Asesoría Financiera y de Gestión, S.A., the Group company wholly owned by Fomento de Construcciones y Contratas, S.A. responsible for achieving a return on any cash surpluses by making investments on the best possible terms, bearing in mind liquidity and safety limits at all times.

In accordance with IAS 7 "Cash Flow Statements", the cash and cash equivalent position includes only items maturing in less than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Consequently, these financial assets relate basically to very short-term, highly liquid investments with a high turnover whose immediate realisation would not give rise to significant costs.

The detail, by item, of "Cash and Cash Equivalents" is as follows:

|  | 2007             | 2006             |
|--|------------------|------------------|
| Cash   | 1,133,247        | 730,855          |
| Deposits and guarantees maturing within less than three months | 36,337           | 35,087           |
| Held-for-trading fixed-income securities                       | 7,084            | 37,695           |
| Held-to-maturity fixed-income securities                       | 288,102          | 194,827          |
| Credits  | 70,489           | 372,586          |
| Other financial assets maturing within less than three months  | 79,040           | 59,104           |
| <b>Total</b>   | <b>1,614,299</b> | <b>1,430,154</b> |

The breakdown, by currency, of the cash and cash equivalent position in 2007 and 2006, including current financial assets (see note 10), is as follows:

|                                | 2007             | 2006             |
|--------------------------------|------------------|------------------|
| Cash and cash equivalents      | 1,614,299        | 1,430,154        |
| Other current financial assets | 162,450          | 155,275          |
| <b>Total</b>                   | <b>1,776,749</b> | <b>1,585,429</b> |

|                           | 2007             | 2006             |
|---------------------------|------------------|------------------|
| Euro                      | 1,428,325        | 1,379,300        |
| US dollar                 | 23,998           | 46,100           |
| Pound sterling            | 167,087          | 63,000           |
| Czech koruna              | 28,590           | 28,100           |
| Latin American currencies | 63,797           | 31,450           |
| Non-euro Europe           | 60,720           | 25,550           |
| Other                     | 4,232            | 11,929           |
| <b>Total</b>              | <b>1,776,749</b> | <b>1,585,429</b> |

## 14 Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale should be expected to be completed within one year from the date of classification.

At 2007 year-end, the available-for-sale assets included in the accompanying financial statements were contributed by the Realia Business Group and related to four buildings located in Paris. These assets had no related liabilities.

## 15 Equity

The accompanying consolidated statements of changes in equity for the years ended 31 December 2007 and 2006 show the changes in equity attributable to the shareholders of the Parent and to the minority interests in those years.

### I. Equity attributable to shareholders of the Parent

#### a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index and are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

With regard to the investments of 10% or more owned directly or indirectly (through subsidiaries) by other companies, as required by current legislation B 1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.483% in the share capital. Also, per the data recorded at the Spanish National Securities Market Commission (CNMV), Inmobiliaria Colonial, S.A. has an ownership interest of 15.066%.

The aforementioned company, B 1998, S.L. - whose capital is held by Esther Koplowitz Romero de Juseu (83.927%, following the acquisition on 30 January 2008 of the 10.552% held by Ibersuizas Holdings, S.L.), Simante, S.L. (5.726%), Larranza XXI, S.L. (5.339%) and Eurocis, S.A. (5.008%), has certain commitments to its shareholders which are recorded and published by the CNMV and in the FCC Group's Corporate Governance Report.

At the Annual General Meeting held on 21 June 2005, the shareholders of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to increase share capital over five years, including through the issuance of shares carrying no voting rights, in conformity with Article 153.1 b) of the Spanish Companies Law. Under this authorisation, these increases may not exceed an aggregate amount of EUR 65,283 thousand, i.e. one-half of the Parent's share capital.

#### b) Retained earnings and other reserves

The breakdown of the balance of this heading in the accompanying consolidated balance sheets at 31 December 2007 and 2006 is as follows:

|  | 2007             | 2006             |
|--|------------------|------------------|
| Reserves of the Parent                                   | 757,818          | 729,476          |
| Reserves for treasury share transactions                 | (315,125)        | 944              |
| Consolidation reserves                                   | 1,560,803        | 1,300,621        |
| Revaluations in business combinations achieved in stages | 40,040           | 53,702           |
| Changes in the fair value of financial instruments       | (6,347)          | 1,360            |
| Translation differences                                  | (80,791)         | (8,902)          |
|  | <b>1,956,398</b> | <b>2,077,201</b> |

**b.1) Reserves of the Parent**

This heading relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, arising mainly from retained earnings and, where appropriate, from compliance with the applicable legislation.

The detail at 31 December 2007 and 2006 is as follows:

|                             | 2007           | 2006           |
|-----------------------------|----------------|----------------|
| Share premium               | 242,133        | 242,133        |
| Legal reserve               | 26,113         | 26,113         |
| Reserve for treasury shares | 8,156          | 8,156          |
| Reserve for retired shares  | 2,770          | 2,770          |
| Voluntary reserves          | 478,646        | 450,304        |
|                             | <b>757,818</b> | <b>729,476</b> |

**Share premium**

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

**Legal reserve**

Under the Consolidated Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2007, the Parent's legal reserve had reached the stipulated level.

**Reserve for treasury shares**

At the balance sheet date, the Parent held 375,986 treasury shares of EUR 1 par value each, representing 0.29% of its share capital, with a carrying amount of EUR 8,156 thousand. There were no changes in treasury shares in 2007.

In compliance with the obligation provided for under Article 79.3 of the Companies Law, the Company recognised, with a charge to voluntary reserves, a reserve for treasury shares amounting to EUR 8,156 thousand. This reserve is restricted until the shares are disposed of or retired.

**Reserve for retired shares**

This reserve includes the par value of the treasury shares retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

**Voluntary reserves**

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent's profit following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

**b.2) Reserves for treasury share transactions**

This heading includes the shares of the Parent owned by it or by other Group companies, at the net amount resulting from the purchases and sales made, which includes any results, net of taxes, that arise on these transactions.

On 28 June 2007, the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to derivatively acquire treasury shares and to authorise the subsidiaries to acquire shares of the Parent, all within the limits and in accordance with the requirements of Article 75 et seq. of the Spanish Companies Law.

The changes in treasury shares in 2007 and 2006 were as follows:

|                                    |                  |
|------------------------------------|------------------|
|                                    |                  |
| <b>Balance at 31 December 2005</b> | <b>(26,874)</b>  |
| Acquisitions                       | (26,038)         |
| Sales                              | 43,649           |
| Gains on sales                     | 10,207           |
| <b>Balance at 31 December 2006</b> | <b>944</b>       |
| Acquisitions                       | (316,069)        |
| <b>Balance at 31 December 2007</b> | <b>(315,125)</b> |

The detail of treasury shares at 31 December 2007 and 2006 is as follows:

|  | 2007             |                  | 2006             |                 |
|--|------------------|------------------|------------------|-----------------|
|  | Number of shares | Carrying amount  | Number of shares | Carrying amount |
| Fomento de Construcciones y Contratas, S.A.    | 375,986          | (8,156)          | 375,986          | (8,156)         |
| Compañía Auxiliar de Agencia y Mediación, S.A. | 316,098          | (1,107)          | 316,098          | (1,107)         |
| Asesoría Financiera y de Gestión, S.A.         | 5,046,871        | (316,069)        | –                | –               |
| <b>Carrying amount of treasury shares</b>      | <b>–</b>         | <b>(325,332)</b> | <b>–</b>         | <b>(9,263)</b>  |
| <b>Gains on treasury share transactions</b>    | <b>–</b>         | <b>10,207</b>    | <b>–</b>         | <b>10,207</b>   |
| <b>Total</b>                                   | <b>5,738,955</b> | <b>(315,125)</b> | <b>692,084</b>   | <b>944</b>      |

At 31 December 2007, the shares of the Parent owned by it or by its subsidiaries represented 4.40% of the share capital (31 December 2006: 0.53%).

### b.3) Consolidation reserves

This heading in the accompanying consolidated balance sheet includes the reserves at fully and proportionately consolidated companies and at companies accounted for using the equity method generated from the date on which the companies were acquired. The detail of the amounts included under "Consolidation Reserves" for each of the most significant companies at 31 December 2007 and 2006, including, where appropriate, their subsidiaries, is as follows:

|   | 2007             | 2006             |
|---|------------------|------------------|
| Cementos Portland Valderrivas Group     | 414,473          | 354,289          |
| Afigesa Group                           | 290,688          | 262,900          |
| FCC Construcción Group                  | 189,144          | 141,148          |
| Corporación Financiera Hispánica, S.A.  | 100,221          | 103,147          |
| FCC Versia, S.A.                        | 73,822           | 55,980           |
| FCC Medio Ambiente, S.A.                | 65,828           | 51,546           |
| Aqualia Gestión Integral del Agua, S.A. | 34,166           | 1,851            |
| Alfonso Benítez, S.A.                   | 30,367           | 26,489           |
| Flightcare, S.L.                        | 25,203           | 11,742           |
| Fedemés, S.L.                           | 13,045           | 13,076           |
| Other and consolidation adjustments     | 323,846          | 278,453          |
|   | <b>1,560,803</b> | <b>1,300,621</b> |

The share corresponding to the Parent of the reserve arising from the revaluation made at certain cement business subsidiaries pursuant to Royal Decree-Law 7/1996 (as indicated in note 5) amounted to EUR 23,335 thousand at 31 December 2007 (31 December 2006: EUR 23,195 thousand).

**b.4) Revaluations in business combinations achieved in stages**

This heading includes the increase in the Group's reserves due to the recognition at fair value, net of taxes, of the assets and liabilities of the companies in which control was obtained by stages, in accordance with the criteria established in IFRS 3 "Business Combinations", since their recognition at fair value entails an increase in value of the holdings owned before the date on which control was obtained.

The detail, by company, of these reserves at 31 December 2007 is as follows:

|                            | 2007          | 2006          |
|----------------------------|---------------|---------------|
| Tacel Group                | 13,662        | 27,324        |
| Cementos Leona Group       | 24,321        | 24,321        |
| Dragon Alfa Cement Limited | 2,057         | 2,057         |
|                            | <b>40,040</b> | <b>53,702</b> |

**b.5) Changes in the fair value of financial instruments**

This heading includes the changes, net of taxes, in the fair value of available-for-sale financial assets (see note 10) and of cash flow hedging derivatives (see note 24).

The detail of the reserves arising from changes in the fair value of financial instruments at 31 December 2007 and 2006 is as follows:

|  | 2007     |                | 2006    |              |
|--|----------|----------------|---------|--------------|
| <b>Available-for-sale financial assets</b> | –        | (5,641)        | –       | 11,694       |
| World Trade Center Barcelona, S.A.         | 3,363    | –              | 3,243   | –            |
| Vertederos de Residuos, S.A.               | 4,660    | –              | 3,247   | –            |
| SCL Terminal Aéreo de Santiago, S.A.       | 1,165    | –              | 1,124   | –            |
| Xfera Móviles, S.A.                        | (16,460) | –              | 2,794   | –            |
| Other                                      | 1,631    | –              | 1,286   | –            |
| <b>Financial derivatives</b>               | –        | (706)          | –       | (10,334)     |
| Autovía del Camino, S.A.                   | (4,059)  | –              | (7,963) | –            |
| Urbs Iudex et Causidicus, S.A.             | (6,544)  | –              | (9,918) | –            |
| Cementos Portland Valderrivas Group        | 8,909    | –              | 4,043   | –            |
| Other                                      | 988      | –              | 3,504   | –            |
|  | –        | <b>(6,347)</b> | –       | <b>1,360</b> |

### b.6) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2007 and 2006 is as follows:

|  | 2007           |                 | 2006         |                |
|--|----------------|-----------------|--------------|----------------|
| <b>U.S.A.</b>                            |                |                 |              |                |
| Giant Cement Holding, Inc.               | (21,462)       | –               | (8,303)      | –              |
| Cemusa Group                             | <u>(8,383)</u> | (29,845)        | <u>(894)</u> | (9,197)        |
| <b>Latin America</b>                     |                |                 |              |                |
| Proactiva Group                          | (2,278)        | –               | (1,112)      | –              |
| Cemusa Group                             | 2,187          | –               | 1,378        | –              |
| Corporación M&S Internacional C.A., S.A. | (1,322)        | –               | 368          | –              |
| Other                                    | <u>(3,658)</u> | (5,071)         | <u>(555)</u> | 79             |
| <b>Egypt</b>                             |                |                 |              |                |
| Egypt Environmental Services, S.A.E.     | 826            | –               | 804          | –              |
| Giza Environmental Services, S.A.E.      | 1,701          | 2,527           | 670          | 1,474          |
| <b>European Union</b>                    |                |                 |              |                |
| Dragon Alfa Cement Limited               | (905)          | –               | (169)        | –              |
| Waste Recycling Group                    | (46,036)       | –               | (334)        | –              |
| Other                                    | <u>3,134</u>   | (43,807)        | <u>731</u>   | 228            |
| <b>Other</b>                             |                |                 |              |                |
| Corporación Uniland Group                | (4,985)        | –               | (1,944)      | –              |
| Other                                    | <u>390</u>     | (4,595)         | <u>458</u>   | (1,486)        |
|  | –              | <b>(80,791)</b> | –            | <b>(8,902)</b> |

In 2007, unlike in 2006, the depreciation of the US dollar, the pound sterling and of the main Latin American currencies gave rise to exchange losses.

Net investment abroad in currencies other than the euro represented approximately 29% of the FCC Group's equity (2006: 45%). The detail, by geographical market, of this net investment, after translation to euros as described in note 2-c), is as follows:

|                | 2007             | 2006             |
|----------------|------------------|------------------|
| United Kingdom | 819,536          | 1,129,483        |
| U.S.A.         | 260,745          | 233,426          |
| Latin America  | 147,902          | 141,551          |
| Other          | 29,571           | 30,729           |
|                | <b>1,257,754</b> | <b>1,535,189</b> |

### c) Earnings per share

Earnings per share are calculated by dividing the profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year.

At the Group, the basic earnings per share and the diluted earnings per share are the same, since there are no options, warrants or equivalent or any other type of instrument convertible into ordinary shares or contracts that might have a dilutive effect on earnings per share.

The detail of the Group's basic and diluted earnings per share for 2007 and 2006 is as follows:

|                           | 2007     | 2006     |
|---------------------------|----------|----------|
| <b>Earnings per share</b> |          |          |
| Basic                     | EUR 5.76 | EUR 4.14 |
| Diluted                   | EUR 5.76 | EUR 4.14 |

#### d) Interim dividend

On 18 December 2007, the Parent, Fomento de Construcciones y Contratas, S.A., resolved to distribute an interim dividend out of 2007 profit equal to 106.5% gross of the par value of the shares (EUR 1.065 per share). This dividend (EUR 138,654 thousand) was paid on or after 9 January 2008.

## II. Minority interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of the companies in which the Group's minority shareholders have ownership interests.

The detail of the balances of the minority interests relating to the main companies at 31 December 2007 and 2006 is as follows:

|  | Equity         |                  |                | Total            |
|--|----------------|------------------|----------------|------------------|
|  | Share capital  | Reserves         | Profit or loss |                  |
| <b>2007</b>                                      |                |                  |                |                  |
| Realia Business Group                            | 150,000        | 568,858          | 69,381         | 788,239          |
| Cementos Portland Valderrivas Group              | 13,638         | 550,288          | 109,282        | 673,208          |
| Alpine Bau Group                                 | 23             | 68,575           | (1,255)        | 67,343           |
| Tacel Group                                      | 7,314          | 18,109           | (2,751)        | 22,672           |
| Other  | 38,431         | 6,900            | 7,893          | 53,224           |
|  | <b>209,406</b> | <b>1,212,730</b> | <b>182,550</b> | <b>1,604,686</b> |
| <b>2006</b>                                      |                |                  |                |                  |
| Cementos Portland Valderrivas Group              | 13,638         | 561,200          | 72,063         | 646,901          |
| Alpine Bau Group                                 | 23             | 65,415           | 1,115          | 66,553           |
| Tacel Group                                      | 14,629         | 35,163           | (3,156)        | 46,636           |
| Compañía Concesionaria del Túnel de Sóller, S.A. | 7,238          | (3,491)          | (301)          | 3,446            |
| Other  | 23,108         | 14,410           | 3,376          | 40,894           |
|  | <b>58,636</b>  | <b>672,697</b>   | <b>73,097</b>  | <b>804,430</b>   |

The main changes under this heading presented in the accompanying consolidated statement of changes in equity are due to the additions to the scope of consolidation, detailed in note 3 ("Changes in the Scope of Consolidation") to these consolidated financial statements, such as the Realia Business Group in 2007.

The share of the minority interests of Cementos Portland Valderrivas, S.A. of the reserve for asset revaluation made by the cement companies pursuant to Royal Decree-Law 7/1996, as indicated in note 5, amounted to EUR 10,946 thousand at 31 December 2007 (31 December 2006: EUR 11,086 thousand).

FCC Construcción, S.A. has granted a minority shareholder of Alpine Holding GmbH a put option exercisable in 2009 on 52% of its ownership interest and in 2011 on the portion not previously exercised and on the remainder of its total ownership interest (20.73%). The exercise price is based on the performance of Ebitda and profit before tax in the financial statements for 2008, if the option is exercised in 2009, or in those for 2010 if it is exercised in 2011. The price for the exercise of the option on the total ownership interest is estimated at between EUR 115,000 thousand and EUR 300,000 thousand, depending on the value of the aforementioned financial indicators applicable when the option is exercised.

The aforementioned minority shareholder has simultaneously granted FCC Construcción, S.A. a call option on its total ownership interest in Alpine Holding GmbH, exercisable at any time until 31 December 2012. The exercise price depends on the same parameters as those indicated above and the price for the total ownership interest is estimated at between EUR 105,000 thousand and EUR 300,000 thousand, depending on when the option is exercised.

## 16 Bank borrowings and other non-current and current liabilities

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities. In this connection, the Group companies are furnished with the credit facilities required to cater for their budgetary plans, which are monitored on a monthly basis. Also, risk is generally spread over various banks and the Group companies currently have credit facilities with more than 150 financial institutions.

Should the financial transaction so require, the Group arranges interest-rate hedging transactions on the basis of the type and structure of each transaction (see note 24).

In certain types of financing, particularly structured non-recourse borrowings, the arrangement of some kind of interest-rate hedge is obligatory and the Group assesses the best hedging instrument based on the project's cash flow and the term of the debt.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

These liabilities are measured at the fair value of the consideration received, i.e. at the amount of principal drawn down, plus the related unmatured accrued interest, which is taken to income on the basis of the amount of principal outstanding.

### a) Non-current and current bank borrowings

The detail at 31 December 2007 and 2006 is as follows:

|  | Non-Current      | Current          | Total            |
|--|------------------|------------------|------------------|
| <b>2007</b>                              |                  |                  |                  |
| Credit facilities and loans              | 3,893,812        | 1,953,542        | 5,847,354        |
| Limited recourse project financing loans | 3,074,103        | 367,411          | 3,441,514        |
| Amounts payable under finance leases     | 49,968           | 87,156           | 137,124          |
|  | <b>7,017,883</b> | <b>2,408,109</b> | <b>9,425,992</b> |
| <b>2006</b>                              |                  |                  |                  |
| Credit facilities and loans              | 2,082,831        | 2,401,204        | 4,484,035        |
| Limited recourse project financing loans | 1,870,448        | 37,593           | 1,908,041        |
| Amounts payable under finance leases     | 44,576           | 57,394           | 101,970          |
|  | <b>3,997,855</b> | <b>2,496,191</b> | <b>6,494,046</b> |

The 80.3% increase in limited recourse project financing loans with respect to 2006 was due mainly to the inclusion of Realia in the scope of consolidation. The inclusion of Realia in the Group and, to a lesser extent, transactions such as the acquisition of Group treasury shares for EUR 316 million and 20% of Torre Picasso for EUR 170 million, also accounted for the increase in total bank borrowings.

The most noteworthy of these transactions are as follows:

- Syndicated loan arranged by the Group on 25 January 2007. This loan replaced the bridge loan of EUR 1,030,000 thousand arranged in 2006 as part of the structured recourse financing for the acquisition of the UK company Waste Recycling Group Ltd and its corporate group. The loan is structured in two tranches: the first for an initial amount of EUR 819,700 thousand and the second for GBP 200,000 thousand. Both tranches mature in December 2013, with half-yearly settlements of 4.615% of the total initial amount of the loan and a final maturity of 40.005%. The interest rate applicable to the tranche denominated in euros is Euribor plus a spread based on the variation in the net debt/Ebitda ratio, which initially stands at 0.375%. The spread established for the euro tranche is also applicable to the tranche denominated in pounds sterling. Various financial derivatives associated with the syndicated loan have been arranged. Banco Bilbao Vizcaya Argentaria acted as the agent bank and as an underwriter and the other underwriters were Banco Santander and The Royal Bank of Scotland.
- Arrangement on 19 July 2007 of a long-term syndicated financing facility of EUR 800,000 thousand maturing on 19 July 2012, with the possibility of an extension until 2014. Banco Santander acted as the agent bank and an underwriter and the other underwriters were Société Générale and The Royal Bank of Scotland.

The agreement consists of two tranches:

- a) A long-term loan of EUR 280,000 thousand with a partial repayment of 50% one year prior to maturity.
- b) A long-term credit facility amounting to EUR 520,000 thousand.

The established price comprises the reference rate (Euribor) plus a spread based on the variation in the consolidated net debt/consolidated Ebitda ratio, which initially stands at 0.325%.

- Realia Business, S.A., a listed company in which the FCC Group held a direct and indirect ownership interest of 28.2% at 31 December 2007, formed Realia Patrimonio, S.L., to which it transferred all its rental properties.

In April 2007 a financing transaction for EUR 1,632,000 thousand was executed to finance the assets of Realia Patrimonio, S.L. and those of SIIC de Paris, a company in which the former held an ownership interest of 80.31% at 31 December 2007.

This non-recourse transaction is structured as follows:

- EUR 1,087,000 thousand for Realia Patrimonio, S.L., maturing at the end of 2017.
- EUR 545,000 thousand for SIIC de Paris, maturing at the end of 2017.

The established price comprises the reference rate (Euribor) plus a spread based on the ratio of the amount drawn down of the loan to the value of the property assets. The spread on both loans at the balance sheet date was 0.85% and the loan agreement provides that from January 2008 the spread will be 0.75%. Caja Madrid acted as the agent bank and the co-underwriter together with Banesto.

Following is a detail of the amounts payable at 31 December 2007 relating to the projects financed through "Limited Recourse Project Financing Loans":

|   | 2007             | 2006             |
|---|------------------|------------------|
| Realia Business Group                                 | 1,406,765        | –                |
| Waste Recycling Group project                         | 1,003,108        | 1,114,294        |
| Cementos Portland Valderrivas Group (Uniland project) | 615,430          | 574,846          |
| Other   | 416,211          | 218,901          |
|   | <b>3,441,514</b> | <b>1,908,041</b> |

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2007 and 2006, is as follows:

|  | Euro             | US Dollar      | Pound Sterling   | Czech Koruna   | Brazilia Real | Other          | Total            |
|--|------------------|----------------|------------------|----------------|---------------|----------------|------------------|
| <b>2007</b>                              |                  |                |                  |                |               |                |                  |
| Credit facilities and loans              | 5,027,622        | 136,023        | 283,600          | 192,029        | 32,598        | 175,482        | 5,847,354        |
| Amounts payable under finance leases     | 125,052          | –              | 5,041            | 1,455          | 96            | 5,480          | 137,124          |
| Limited recourse project financing loans | 2,425,419        | –              | 1,003,108        | –              | –             | 12,987         | 3,441,514        |
| <b>Total</b>                             | <b>7,578,093</b> | <b>136,023</b> | <b>1,291,749</b> | <b>193,484</b> | <b>32,694</b> | <b>193,949</b> | <b>9,425,992</b> |
| <b>2006</b>                              |                  |                |                  |                |               |                |                  |
| Credit facilities and loans              | 4,034,087        | 162,146        | 2,573            | 174,641        | 27,598        | 82,990         | 4,484,035        |
| Amounts payable under finance leases     | 94,209           | –              | 6,367            | –              | 198           | 1,196          | 101,970          |
| Limited recourse project financing loans | 777,894          | –              | 1,130,147        | –              | –             | –              | 1,908,041        |
| <b>Total</b>                             | <b>4,906,190</b> | <b>162,146</b> | <b>1,139,087</b> | <b>174,641</b> | <b>27,796</b> | <b>84,186</b>  | <b>6,494,046</b> |

The credit facilities and loans denominated in US dollars are being used mainly to finance the assets of Cementos Portland, M&S Concesiones S.A. and Versia in the United States; those arranged in pounds sterling relate to the financing of the assets of WRG (Waste Recycling Group Ltd) in the United Kingdom; and those arranged in Czech koruna are being used to finance the transactions of SmVaK (Severomoravské Vodovody a Kanalizace Ostrava, A.S.) and the assets of Alpine Bau in the Czech Republic.

The credit facilities and loans in Brazilian reais and other currencies are being used to finance 50% of the consolidation of Proactiva's activities in Latin America, Cemusa's assets in Brazil, the positions held by Alpine Bau and A.S.A. in currencies other than the euro in Eastern Europe, and Uniland's operations in Tunisia.

With regard to the Group's financing, it should be noted that certain ratios must be met concerning coverage of financial expenses and levels of net debt in relation to Ebitda. The ratios established were being met at year-end.

## b) Non-current and current debt instruments and other held-for-trading liabilities

The most significant items recognised under these headings include those contributed by the cement group Portland Valderrivas (through the US company Giant Cement Holding, Inc.) relating to an issue of non-convertible bonds amounting to USD 96 million (approximately EUR 65,092 thousand), repayable in a single maturity in 2013 and bearing interest tied to Libor. The Group has arranged an interest rate hedging contract on this debt for a notional amount of USD 96 million and an interest rate of 6.093%. Also, Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK) issued non-convertible debentures amounting to CSK 2,000 million (EUR 73,777 thousand). These debentures, which were traded on the Prague Stock Exchange, mature in 2015 and bear nominal interest of 5%. As security for this issue, the Czech company is obliged not to grant additional pledges on its assets to third parties, not to sell assets above a certain cumulative value, and not to become indebted in excess of a certain amount. Furthermore, this company is obliged to maintain a certain debt coverage ratio, for which purpose an interest rate hedge transaction was arranged amounting to CSK 500 million, maturing in 2015.

## c) Other non-current financial liabilities

This balance-sheet heading includes, on the one hand, EUR 312,393 thousand relating to the put option on 14.47% of the shares of Corporación Uniland, S.A., whose shareholders are entitled to exercise the option over a maximum period of four years, as discussed in note 10-a.3 to these consolidated financial statements and, on the other hand, mainly the debts earmarked for the acquisition of non-current assets amounting to EUR 102,421 thousand (31 December 2006: EUR 123,097 thousand) which, as the case may be, bear interest at market rates.

## d) Other current financial liabilities

This balance sheet heading includes various non-interest-bearing debt items, including most notably that relating to the payment of the 2007 interim dividend amounting to EUR 138,654 thousand.

## e) Repayment schedule

The repayment schedule for the bank borrowings, debt instruments and other held-for-trading liabilities and other non-current financial liabilities is as follows:

|   | 2009             | 2010           | 2011           | 2012             | 2013 and subsequent years | Total            |
|---|------------------|----------------|----------------|------------------|---------------------------|------------------|
| Non-current bank borrowings   | 1,180,138        | 669,005        | 824,646        | 1,108,323        | 3,235,771                 | 7,017,883        |
| Non-current debt instruments and other held-for-trading liabilities | 453              | –              | –              | –                | 138,870                   | 139,323          |
| Other non-current financial liabilities                             | 27,770           | 13,619         | 4,411          | 5,190            | 454,609                   | 505,599          |
|   | <b>1,208,361</b> | <b>682,624</b> | <b>829,057</b> | <b>1,113,513</b> | <b>3,829,250</b>          | <b>7,662,805</b> |

## f) Other non-current and current liabilities

These headings include non-trade payables incurred by the Group in the course of its business activities. Such liabilities include mainly payment obligations to employees in relation to wage accruals and accrued salaries not yet claimable, non-interest-bearing deferred accounts payable to non-current asset suppliers, and payables in relation to royalties and other items which the concession operators, generally of water services, charge to the end user on behalf of the concession providers.

The detail at 31 December 2007 and 2006 is as follows:

|                             | 2007           | 2006           |
|-----------------------------|----------------|----------------|
| <b>Non-current</b>          |                |                |
| Non-current asset suppliers | 16,123         | 15,736         |
| Other                       | 25,382         | 24,972         |
|                             | <b>41,505</b>  | <b>40,708</b>  |
| <b>Current</b>              |                |                |
| Remuneration payable        | 183,437        | 124,054        |
| Non-current asset suppliers | 129,691        | 74,862         |
| Royalties and other items   | 168,759        | 79,047         |
|                             | <b>481,887</b> | <b>277,963</b> |

## 17 Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as finance costs in the consolidated income statement.

A significant portion of the environmental provisions is recognised by increasing the value of the assets relating to the environmental protection obligations acquired. Profit or loss is affected when the asset concerned is depreciated on the basis of the rates indicated in note 5 ("Property, Plant and Equipment").

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

The detail of the provisions at 31 December 2007 and 2006 is as follows:

|  | 2007    |         | 2006    |         |
|--|---------|---------|---------|---------|
| <b>Non-current</b>   |         |         |         |         |
| Provisions for pensions and similar obligations                    | 88,178  | –       | 84,046  | –       |
| Provisions for litigation  | 171,599 | –       | 169,972 | –       |
| Environmental provisions   | 362,999 | –       | 378,878 | –       |
| Provisions for contractual and legal guarantees and obligations    | 82,726  | –       | 106,436 | –       |
| Provisions for other contingencies and charges                     | 204,568 | 910,070 | 225,209 | 964,541 |
| <b>Current</b>   |         |         |         |         |
| Provisions for construction contract settlement and project losses | 75,045  | –       | 43,281  | –       |
| Provisions for termination benefits to site personnel              | 7,577   | 82,622  | 6,197   | 49,478  |

The changes in "Provisions" in 2007 and 2006 were as follows:

|  | Non-Current provisions | Current provisions |
|--|------------------------|--------------------|
| <b>Balance at 31-12-2005</b>   | <b>414,805</b>         | <b>30,688</b>      |
| Environmental expenses for the withdrawal or dismantling of assets               | 16,271                 | –                  |
| Provisions recognised/(reversed)   | 35,603                 | 7,886              |
| Amounts used   | (9,620)                | –                  |
| Changes in the scope of consolidation, translation differences and other changes | 507,482                | 10,904             |
| <b>Balance at 31-12-2006</b>   | <b>964,541</b>         | <b>49,478</b>      |
| Environmental expenses for the withdrawal or dismantling of assets               | 17,433                 | –                  |
| Provisions recognised/(reversed)   | 40,827                 | 7,451              |
| Amounts used   | (40,002)               | –                  |
| Changes in the scope of consolidation, translation differences and other changes | (72,729)               | 25,693             |
| <b>Balance at 31-12-2007</b>   | <b>910,070</b>         | <b>82,622</b>      |

The provisions recognised in 2007 include EUR 15,810 thousand (2006: EUR 6,292 thousand) relating to the discount to present value of the provisions.

"Environmental Expenses for the Withdrawal or Dismantling of Assets", in accordance with IAS 16 ("Property, Plant and Equipment"), includes the balancing item for the increased asset value relating to the discounted present value of the expenses that will be incurred when operation of the asset ceases.

"Changes in the Scope of Consolidation, Translation Differences and Other Changes" in 2007 includes most notably EUR 27,290 thousand relating to translation losses arising mainly from the provisions in pounds sterling at the Waste Recycling Group; and a decrease of EUR 72,895 thousand in non-current provisions and an increase of EUR 21,077 thousand in current provisions due to transfers and reclassifications to other balance sheet items arising at the Alpine Bau Group. This heading also reflects the inclusions in the scope of consolidation, mainly that of the Realia Group. In 2006 the most significant changes related mainly to the acquisitions in the year (see note 3, "Changes in the Scope of Consolidation"), the detail being as follows:

|   | Total Group    | A.S.A. Abfall Service Group | Waste Recycling Group | Alpine Bau Group | Other         |
|---|----------------|-----------------------------|-----------------------|------------------|---------------|
| Provisions for pensions and similar obligations                 | 66,023         | 3,853                       | 5,752                 | 39,498           | 16,920        |
| Provisions for litigation                                       | 1,404          | –                           | –                     | 1,457            | (53)          |
| Environmental provisions  | 314,411        | 38,024                      | 273,664               | 132              | 2,591         |
| Provisions for contractual and legal guarantees and obligations | 34,482         | –                           | –                     | 34,575           | (93)          |
| Provisions for other contingencies and charges                  | 91,162         | 3,772                       | 10,990                | 47,008           | 29,392        |
|   | <b>507,482</b> | <b>45,649</b>               | <b>290,406</b>        | <b>122,670</b>   | <b>48,757</b> |

The timing of the expected outflows of economic benefits at 31 December 2007 arising from the obligations covered by non-current provisions is as follows:

|   | Up to five years | Over five years | Total          |
|---|------------------|-----------------|----------------|
| Provisions for pensions and similar obligations                 | 22,184           | 65,994          | 88,178         |
| Provisions for litigation                                       | 45,595           | 126,004         | 171,599        |
| Environmental provisions  | 145,113          | 217,886         | 362,999        |
| Provisions for contractual and legal guarantees and obligations | 63,004           | 19,722          | 82,726         |
| Provisions for other contingencies and charges                  | 96,121           | 108,447         | 204,568        |
|   | <b>372,017</b>   | <b>538,053</b>  | <b>910,070</b> |

**Provisions for pensions and similar obligations**

E“Non-Current Provisions” in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in note 19.

**Provisions for litigation**

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, represent scantily material amounts when considered individually and none of them are particularly noteworthy.

**Environmental provisions**

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at 31 December 2007 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 23 to these consolidated financial statements (“Information on the Environment”) supplements the information set forth with respect to environmental provisions.

**Provisions for contractual and legal guarantees and obligations**

This heading includes the provisions to cover the expenses relating to the obligations arising from non-environmental contractual and legal commitments such as the withdrawals of facilities on completion of certain contracts and expenses incurred in guaranteeing service quality.

**Provisions for other contingencies and charges**

This heading includes the items not classified in the foregoing accounts, comprising most notably the provisions to cover risks arising from international business

**Provisions for construction contract settlements and project losses**

These provisions are recognised for losses budgeted on construction projects in accordance with the measurement bases set forth in note 21, and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

**Provisions for termination benefits to site personnel**

The Group companies recognise provisions for the termination of permanent site personnel in accordance with the Consolidated Workers' Statute for contracts of this type. The impact of these provisions on the consolidated income statement is not material.

## 18 Tax matters

This Note describes the headings in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

The approval of Law 35/2006, of 28 November, which partially amends income tax for companies resident in Spain, established, inter alia, the reduction over two years of the standard income tax rate. Consequently, the rate applied in 2007 was 32.5% (35% in 2006), and in 2008 it will be 30%. The FCC Group companies affected by this measure recalculated the amount of the deferred tax assets and liabilities at 31 December 2007 in order to adjust them to the new rate of 30%, as indicated in note 18-c) below (“Income Tax Expense”).

Under authorisation 18/89, the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. In relation to the years which have been reviewed, in certain cases the criteria applied by the tax authorities gave rise to tax assessments, which are currently being appealed against by the related Group companies. However, the Parent's directors consider that the resulting liabilities, relating both to the years open for review and to the assessments issued, will not significantly affect the Group's equity.

#### a) Deferred tax assets and liabilities

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed.

The Fomento de Construcciones y Contratas Group has capitalised the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

The deferred tax assets arise mainly as a result of the differences between the depreciation and amortisation charges and impairment losses that will become deductible from the income tax base in future years. In general, each year the Group companies take the tax credits provided for under tax legislation and, therefore, the deferred tax assets do not include any material tax credit carryforwards.

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies, mainly foreign cement companies, recognised deferred tax assets relating to tax losses amounting to EUR 30,322 thousand, since they considered that there are no doubts as to their recoverability (31 December 2006: EUR 36,350 thousand).

Deferred tax liabilities arose mainly as a result of:

- The differences between the tax base and the carrying amount resulting from the recognition of assets at fair value in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in note 3. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.
- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, including most notably EUR 9,973 thousand (31 December 2006: EUR 10,166 thousand) relating to 30% of the depreciation taken early on the Torre Picasso building, which qualifies for the tax benefits provided for in Royal Decree-Law 2/1985.
- The profit of joint ventures that will be included in the income tax base for the following year.
- The tax deductibility of the goodwill arising on the acquisition of non-resident companies (up to a limit of one-twentieth of the total) since, in accordance with IFRS 3 "Business Combinations", goodwill is not amortisable for accounting purposes.

In 2007 "Retained Earnings and Other Reserves" includes an increase of EUR 38,502 thousand (decrease of EUR 2,314 thousand at 31 December 2006) arising from the tax effect of translation differences and the adjustment of the fair value of financial instruments, with a balancing entry in the related deferred taxes.

Additionally, note 18-c) below ("Income Tax Expense") shows the changes in the other deferred taxes which include the tax deductible portion of the goodwill that arose on the acquisition of foreign companies and which reduced the income tax payable in 2007 by EUR 21,369 thousand (31 December 2006: EUR 10,850 thousand).

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

|             | 2008    | 2009   | 2010   | 2011   | 2012 and subsequent years | Total     |
|-------------|---------|--------|--------|--------|---------------------------|-----------|
| Assets      | 78,043  | 9,743  | 16,447 | 9,808  | 323,099                   | 437,140   |
| Liabilities | 149,847 | 51,601 | 41,360 | 41,546 | 846,135                   | 1,130,489 |

## b) Tax receivables and payables

The detail at 31 December 2007 and 2006 of the current assets and liabilities included under "Tax Receivables" and "Tax Payables", respectively, is as follows:

### Current assets

|                           | 2007           | 2006           |
|---------------------------|----------------|----------------|
| VAT refundable            | 177,555        | 130,481        |
| Remaining taxes and other | 66,639         | 37,308         |
|                           | <b>244,194</b> | <b>167,789</b> |

### Current liabilities

|                           | 2007           | 2006           |
|---------------------------|----------------|----------------|
| VAT payable               | 248,372        | 245,851        |
| Income tax payable        | 138,020        | 178,323        |
| Remaining taxes and other | 276,850        | 263,616        |
|                           | <b>663,242</b> | <b>687,790</b> |

## c) Income tax expense

The expense for income tax included in the accompanying consolidated income statement is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the legislation applicable to each company is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The income tax expense incurred in 2007 amounts to EUR 349,216 thousand (2006: EUR 278,022 thousand), as shown in the accompanying consolidated income statement. Following is the reconciliation of the expense to the tax charge payable:

|   | 2007            |                 |                  | 2006            |                 |                |
|---|-----------------|-----------------|------------------|-----------------|-----------------|----------------|
| <b>Consolidated accounting profit for the year before tax</b> | –               | –               | <b>1,269,617</b> | –               | –               | <b>886,630</b> |
|   | <b>Increase</b> | <b>Decrease</b> |                  | <b>Increase</b> | <b>Decrease</b> |                |
| Consolidation adjustments and eliminations                    | –               | (15,876)        | (15,876)         | –               | (55,168)        | (55,168)       |
| Permanent differences   | 49,313          | (73,979)        | (24,666)         | 33,014          | (36,147)        | (3,133)        |
| <b>Adjusted consolidated accounting profit</b>                | –               | –               | <b>1,229,075</b> | –               | –               | <b>828,329</b> |
| <b>Temporary differences</b>                                  |                 |                 |                  |                 |                 |                |
| Arising in the year   | 168,014         | (413,959)       | (245,945)        | 209,052         | (233,437)       | (24,385)       |
| Arising in prior years  | 340,271         | (137,128)       | 203,143          | 225,929         | (187,544)       | 38,385         |
| <b>Consolidated taxable profit</b>                            | –               | –               | <b>1,186,273</b> | –               | –               | <b>842,329</b> |

|   | 2007           | 2006           |
|---|----------------|----------------|
| Adjusted consolidated accounting profit | 1,229,075      | 828,329        |
| Income tax charge                       | 390,491        | 290,188        |
| Tax credits and tax relief              | (60,549)       | (15,032)       |
| Adjustments due to change in tax rate   | 12,173         | (184)          |
| Other adjustments                       | 7,101          | 3,050          |
| <b>Income tax expense</b>               | <b>349,216</b> | <b>278,022</b> |

The tax credits and tax relief include those for environmental protection, foreign investments, R&D and the reinvestment of gains on the sale of non-current assets (most notably EUR 36,960 thousand arising from the gains on the sale of 21.52% of Realia Business. S.A.).

## 19 Pension plans and similar obligations

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, certain executive directors and executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

- a) Unilateral decision of the Company.
- b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacity.
- e) Substantial change in professional terms and conditions.
- f) Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
- g) Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

The accompanying consolidated income statement includes premium payments in relation to this insurance policy amounting to EUR 970 thousand (2006: EUR 4,619 thousand) and income from rebates on the premiums paid amounting to EUR 4,108 thousand (2006: EUR 235 thousand). At 31 December 2007, following payment of the aforementioned net amounts, the fair value of the premiums contributed covered all the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2007 includes the present value, totalling EUR 3,180 thousand (2006: EUR 3,225 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former executives. Also, remuneration amounting to EUR 221 thousand was paid with a charge to this provision in both 2007 and 2006.

Certain of the Group's foreign subsidiaries have undertaken to supplement the retirement benefits and other similar obligations accruing to their employees. The accrued obligations and any assets assigned thereto were measured by independent actuaries using generally accepted actuarial methods and techniques. Where appropriate, the obligations were recognised in the accompanying consolidated balance sheet under "Non-Current Provisions - Pensions and Similar Obligations", as established by IFRSs (see note 17).

The most significant benefits of those referred to in the preceding paragraph are as follows:

- The cement company Giant Cement Holding Inc., resident in the U.S.A., is obliged to supplement its employees' retirement pension benefits. The valuation of the plan assets and the accrued obligations was performed by independent actuaries. The projected unit credit method was used for this purpose, with an average actuarial discount rate of 6.20%. At 31 December 2007, the fair value of the plan assets amounted to EUR 42,079 thousand (2006 year-end: EUR 45,758 thousand) and the actuarial value of the accrued obligations totalled EUR 41,317 thousand (2006 year-end: EUR 44,810 thousand).

In addition, Giant Cement Holding, Inc. has undertaken to maintain the medical and life insurance of certain of its employees after they have left the company's employ. In this connection, in 2007 EUR 16,775 thousand (2006: EUR 12,738 thousand) were recognised under "Non-Current Provisions - Provisions for Pensions and Similar Obligations" in the consolidated balance sheet.

At 31 December 2007, the actuarial deficit for the employee retirement benefit and medical insurance obligations assumed by the company amounted to EUR 9,024 thousand (31 December 2006: EUR 9,066 thousand). This amount was not provisioned in the consolidated books of account of the Cementos Portland Valderrivas Group since, as permitted by IAS 19 ("Employee Benefits"), this Group opted to defer the actuarial gains and losses, which will be recognised in the income statement systematically over the employees' remaining years of working life for pension obligations and over their remaining years of life expectancy for medical insurance obligations.

- The accompanying consolidated balance sheet at 31 December 2007 includes the employee benefit obligations of the Waste Recycling Group companies, resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 38,488 thousand (31 December 2006: EUR 40,409 thousand), and the actuarial value of the accrued obligations amounted to EUR 39,224 thousand (31 December 2006: EUR 45,213 thousand). The net difference, representing a liability of EUR 736 thousand (31 December 2006: EUR 4,804 thousand), was recognised under "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet. The heading "(Charge to)/Reversal of Operating Allowances" in the accompanying consolidated income statement includes income of EUR 1,252 thousand (31 December 2006: EUR 944 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 5.6%.
- At 31 December 2007, the Alpine Bau Group companies contributed EUR 46,173 thousand (31 December 2006: EUR 39,498 thousand) relating to the actuarial value of their accrued pension and termination benefit obligations to which no assets have been assigned. The amount of these obligations is recognised under "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet. A cost of EUR 7,676 thousand is included in the accompanying consolidated income statement in respect of the aforementioned items.
- Lastly, Flightcare Italia, SpA also contributed EUR 14,209 thousand (31 December 2006: EUR 17,643 thousand) to "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet at 31 December 2007. This amount relates to the actuarial value of the accrued obligations, to which no assets have been assigned. The heading "(Charge to)/Reversal of Operating Allowances" in the accompanying consolidated income statement includes income of EUR 2,504 thousand (31 December 2006: EUR 962 thousand) relating to the net difference between the service cost and the discounted present value. The average actuarial rate applied was 4.78%.

## 20 Guarantee commitments to third parties and other contingent liabilities

At 31 December 2007, the Group had provided EUR 4,749,437 thousand (31 December 2006: EUR 3,103,596 thousand) of guarantees to third parties, mostly consisting of completion bonds provided to government agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see note 17). The lawsuits, although numerous, represent scanty material amounts when considered individually and none of them are particularly noteworthy. Accordingly, on the basis of past experience and the existing provisions, the resulting liabilities would not have a significant effect on the Group's equity.

In relation to the Group companies' interests in businesses managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements, economic interest groupings and other entities of a similar legal nature, the venturers share joint and several liability with respect to the activity carried on (see note 9).

There are non-cancellable future payment obligations amounting to EUR 328,800 thousand (2006: EUR 355,952 thousand) in relation to operating leases on buildings and structures entered into mainly by the companies engaging in the logistics business, which are recognised in the income statement on an accrual basis.

## 21 Revenue and expense recognition

In construction activities, the Group recognises results by reference to the stage of completion, determined by measuring the construction work performed in the year and the construction costs, which are recognised on an accrual basis. It recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the owners, or by amendments thereto approved by the owners, or the revenue with respect to which there is reasonable certainty regarding its recovery, since construction project revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Budgeted losses are recognised as an expense in the income statement for the year.

In the real estate business, the Group companies recognise property development sales and the related revenue and expenses when the properties are handed over and title thereto has been transferred. Revenue from the sale of land and buildable plots is recognised when the risks and rewards are transferred to the purchaser, which normally coincides with the date of execution of the related public deeds and the transfer of ownership. Rental income is recognised on an accrual basis.

The revenue and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. The performance and operating costs include the interest accrued at market rates during the customary payment period in the construction and services industries.

### a) Operating income

The companies classify operating income under "Revenue", except for that arising from Group work on non-current assets and grants related to income, which is recognised as "Other Income" in the accompanying consolidated income statement. Also, the real estate business contributes to "Other Income" the expenses chargeable to tenants and income from the sale of property assets.

Note 22 ("Segment Reporting") shows the contribution of the business lines to consolidated revenue.

The detail of "Other Income" in 2007 and 2006 is as follows:

|   | 2007           | 2006          |
|---|----------------|---------------|
| Group work on non-current assets                | 87,829         | 28,720        |
| Compensation received from insurance companies  | 46,559         | 5,715         |
| Chargeable expenses of the real estate business | 25,739         | 6,001         |
| Grants related to income                        | 17,083         | 13,080        |
| Income from sale of property assets             | 18,468         | –             |
| Selling price of investment property            | 42,595         | –             |
| Cost of sales                                   | (24,127)       | –             |
|   | <b>195,678</b> | <b>53,516</b> |

### b) Procurements and other external expenses

The detail of the balance of "Procurements and Other External Expenses" at 31 December 2007 and 2006 is as follows:

|  | 2007             | 2006             |
|--|------------------|------------------|
| Work performed by subcontractors and other companies | 3,852,502        | 2,878,400        |
| Purchases and procurements                           | 2,499,751        | 1,634,444        |
| Other external expenses                              | 2,588,603        | 1,512,614        |
|  | <b>8,940,856</b> | <b>6,025,458</b> |

### c) Staff costs

The detail of staff costs in 2007 and 2006 is as follows:

|                       | 2007             | 2006             |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,388,455        | 1,649,381        |
| Social security costs | 616,622          | 457,513          |
| Other staff costs     | 88,432           | 73,156           |
|                       | <b>3,093,509</b> | <b>2,180,050</b> |

The average number of employees at the Group, by professional category, in 2007 and 2006 was as follows:

|                                   | 2007          | 2006          |
|-----------------------------------|---------------|---------------|
| Managers and university graduates | 4,727         | 4,574         |
| Other qualified line personnel    | 6,727         | 5,366         |
| Clerical and similar staff        | 7,040         | 5,681         |
| Other salaried employees          | 77,684        | 60,435        |
|                                   | <b>96,178</b> | <b>76,056</b> |

### d) Finance income and costs

Both finance income and finance costs, as the case may be, are calculated using the effective interest method and are recorded in the accompanying consolidated income statement on an accrual basis.

The detail of the finance income in 2007 and 2006, based on the assets giving rise thereto, is as follows:

|  | 2007           | 2006          |
|--|----------------|---------------|
| Held-for-trading financial assets        | 1,920          | 2,095         |
| Available-for-sale financial assets      | 5,130          | 3,983         |
| Held-to-maturity investments             | 6,724          | 5,002         |
| Current and non-current loans            | 37,556         | 29,439        |
| "Lump-sum payment" construction projects | 3,606          | 5,254         |
| Cash and cash equivalents                | 52,852         | 25,762        |
|  | <b>107,788</b> | <b>71,535</b> |

The detail of "Finance Costs" in 2007 and 2006 is as follows:

|  | 2007           | 2006           |
|--|----------------|----------------|
| Credit facilities and loans  | 316.532        | 128.103        |
| Limited recourse project financing loans                                       | 118.080        | 29.131         |
| Amounts payable under finance leases   | 5.283          | 3.620          |
| Other payables to third parties  | 4.528          | 4.448          |
| Assignment of accounts receivable and "lump-sum payment" construction projects | 31.167         | 23.106         |
| Cash discount and other finance costs  | 39.664         | 20.731         |
|  | <b>515.254</b> | <b>209.139</b> |

### e) Gains on changes in value of financial instruments

The detail of the balance of "Gains on Changes in Value of Financial Instruments" is as follows:

|                                     | 2007          | 2006          |
|-------------------------------------|---------------|---------------|
| <b>Changes in value</b>             |               |               |
| Held-for-trading financial assets   | 676           | (212)         |
| Available-for-sale financial assets | 1,758         | 5,436         |
| Held-to-maturity investments        | (51)          | 963           |
| Receivables                         | (135)         | (1,280)       |
| Derivatives                         | 12,695        | 55,823        |
| <b>Impairment</b>                   |               |               |
| Held-for-trading financial assets   | 204           | 159           |
| Available-for-sale financial assets | (151)         | (5,789)       |
| Held-to-maturity investments        | (26)          | –             |
| Receivables                         | 647           | 1,203         |
|                                     | <b>15,617</b> | <b>56,303</b> |

"Derivatives" includes EUR 12,571 thousand (2006: EUR 54,226 thousand) relating to a derivative financial instrument (swap) on cash flows determined by the market price of equity securities, which matured on 30 March 2007.

### f) Other gains or losses

"Other Gains or Losses" in the accompanying consolidated income statement for 2007 includes gains on sales of non-current assets and of investments in consolidated companies, provided that such sales did not lead to discontinued operations or give rise to non-current assets held for sale. The sales of investments include most notably the public offering of 21.52% of the share capital of Realía Business, S.A.

In 2006 "Other Gains or Losses" included mainly gains on sales of property, plant and equipment and of investments in consolidated companies.

|  | 2007           |
|--|----------------|
| <b>2007</b>  |                |
| Realía Business Group public offering (note 3)                       | 258,524        |
| Gains on contributions to Global Vía Infraestructuras, S.A. (note 3) | 29,295         |
| Sale of Reparalia, S.A.  | 23,213         |
| Sale of Corporación Española de Transporte, S.A.                     | 11,017         |
| Sales of property, plant and equipment                               | 11,154         |
| Other  | 15,047         |
|  | <b>348,250</b> |
| <b>2006</b>  |                |
| Sales of property, plant and equipment                               | 4,732          |
| Sales of investments in Group companies of the services business     | 2,654          |
| Other  | (634)          |
|  | <b>6,752</b>   |

## 22 Segment reporting

### a) Business segments

The business segments presented coincide with the business areas, as stated in note 1. The segment information shown in the following tables was prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

In 2007 the real estate business line, represented by the Realia Business Group, was added to the FCC Group to which it contributed business since June, as indicated in note 3 ("Changes in the Scope of Consolidation").

The "Other Businesses" column includes the financial activity arising from the Group's centralised cash management, the operation of the Torre Picasso building, the investment in the Realia Business Group accounted for using the equity method from January to May 2007 (see Note 8) and the companies that do not belong to any of the aforementioned Group activities.

#### *Income statement by segment*

In particular, the information shown in the following tables includes as the segment result for 2007 and 2006 the following items:

- All operating income and expenses of the subsidiaries and joint ventures relating to the business carried on by the segment.
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial assets of the segment.
- The share of the results of associates accounted for using the equity method.
- Impairment losses on property, plant and equipment and intangible assets and other gains and losses (see note 21), which are included under "Other Results".
- The income tax expense relating to the transactions performed by each segment.
- The "Other Businesses" column includes, in addition to the aforementioned items, the eliminations due to financial or other transactions between Group segments.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under "Contribution to FCC Group Profit".

|  | Total Group      | Services       |               |                | Cement         | Real Estate    | Other Businesses |
|--|------------------|----------------|---------------|----------------|----------------|----------------|------------------|
|  |                  | Environment    | Versia        | Construction   |                |                |                  |
| <b>2007</b>  |                  |                |               |                |                |                |                  |
| Revenue from non-Group customers   | 13,880,633       | 3,752,694      | 960,844       | 6,957,027      | 1,888,749      | 472,368        | (151,049)        |
| Gross profit from operations   | 2,042,107        | 739,762        | 95,613        | 357,721        | 620,812        | 210,770        | 17,429           |
| Percentage of revenue  | 14.71%           | 19.71%         | 9.95%         | 5.14%          | 32.87%         | 44.62%         | (11.54%)         |
| Depreciation and amortisation charge   | (725,672)        | (343,155)      | (58,222)      | (116,489)      | (187,151)      | (17,142)       | (3,513)          |
| (Charge to)/Reversal of operating allowances   | (17,057)         | (19,544)       | 2,406         | 16,268         | (9,777)        | (9,560)        | 3,150            |
| <b>Net profit from operations</b>  | <b>1,299,378</b> | <b>377,063</b> | <b>39,797</b> | <b>257,500</b> | <b>423,884</b> | <b>184,068</b> | <b>17,066</b>    |
| Percentage of revenue  | 9.36%            | 10.05%         | 4.14%         | 3.70%          | 22.44%         | 38.97%         | (11.30%)         |
| Financial profit (loss)  | (407,347)        | (226,337)      | (17,376)      | (41,391)       | (91,350)       | (57,576)       | 26,683           |
| Result of associates   | 32,024           | 4,388          | 227           | (6,835)        | 4,479          | (1,660)        | 31,425           |
| Net impairment losses (recognised)/reversed on property, plant and equipment and intangible assets | (2,688)          | (730)          | 329           | –              | (2,287)        | –              | –                |
| Other results  | 348,250          | 3,749          | 13,573        | 53,437         | 12,302         | 4,729          | 260,460          |
| <b>Profit before tax from continuing operations</b>  | <b>1,269,617</b> | <b>158,133</b> | <b>36,550</b> | <b>262,711</b> | <b>347,028</b> | <b>129,561</b> | <b>335,634</b>   |
| Income tax expense   | (349,216)        | (41,282)       | (13,001)      | (91,346)       | (101,045)      | (38,776)       | (63,766)         |
| Minority interests   | (182,550)        | (5,845)        | (217)         | 2,175          | (44,177)       | (51,310)       | (83,176)         |
| <b>Profit attributable to the Parent</b>   | <b>737,851</b>   | <b>111,006</b> | <b>23,332</b> | <b>173,540</b> | <b>201,806</b> | <b>39,475</b>  | <b>188,692</b>   |
| <b>Contribution to FCC Group profit</b>  | <b>737,851</b>   | <b>111,006</b> | <b>23,332</b> | <b>173,540</b> | <b>136,763</b> | <b>21,405</b>  | <b>271,805</b>   |

|  | Total Group | Services    |          |              | Cement    | Real Estate | Other Businesses |
|--|-------------|-------------|----------|--------------|-----------|-------------|------------------|
|  |             | Environment | Versia   | Construction |           |             |                  |
| <b>2006</b>                                  |             |             |          |              |           |             |                  |
| Revenue from non-Group customers             | 9,480,928   | 2,835,632   | 867,080  | 4,395,254    | 1,466,557 | –           | (83,595)         |
| Gross profit from operations                 | 1,387,308   | 501,371     | 104,184  | 268,635      | 485,315   | –           | 27,803           |
| Percentage of revenue                        | 14.63%      | 17.68%      | 12.02%   | 6.11%        | 33.09%    | –           | –                |
| Depreciation and amortisation charge         | (474,506)   | (218,031)   | (54,079) | (51,574)     | (148,290) | –           | (2,532)          |
| (Charge to)/Reversal of operating allowances | (31,528)    | (32,428)    | 8,166    | 23,981       | (2,015)   | –           | (29,232)         |
| Net profit from operations                   | 881,274     | 250,912     | 58,271   | 241,042      | 335,010   | –           | (3,961)          |
| Percentage of revenue                        | 9.30%       | 8.85%       | 6.72%    | 5.48%        | 22.84%    | –           | –                |
| Financial profit (loss)                      | (85,708)    | (81,430)    | (20,911) | (13,007)     | (53,607)  | –           | 83,247           |
| Share of results of associates               | 89,078      | 4,289       | 187      | 624          | 5,210     | –           | 78,768           |
| Other results                                | 1,986       | 435         | (636)    | 281          | 1,380     | –           | 526              |
| Profit before tax from continuing operations | 886,630     | 174,206     | 36,911   | 228,940      | 287,993   | –           | 158,580          |
| Income tax expense                           | (278,022)   | (46,175)    | (12,367) | (91,384)     | (97,225)  | –           | (30,871)         |
| Minority interests                           | (73,097)    | (4,420)     | 513      | 2,870        | (14,904)  | –           | (57,156)         |
| Profit attributable to the Parent            | 535,511     | 123,611     | 25,057   | 140,426      | 175,864   | –           | 70,553           |
| Contribution to FCC Group profit             | 535,511     | 123,611     | 25,057   | 140,426      | 118,706   | –           | 127,711          |

With regard to “Other Businesses” in the table above, the following items are particularly worthy of note in 2006 and 2007:

#### Revenue from non-Group customers

|   | 2007             | 2006            |
|---|------------------|-----------------|
| Torre Picasso                             | 21,759           | 19,519          |
| Elimination of inter-segment transactions | (181,602)        | (111,580)       |
| Other                                     | 8,794            | 8,466           |
|   | <b>(151,049)</b> | <b>(83,595)</b> |

#### Contribution to FCC Group profit (net of tax)

|   | 2007           | 2006           |
|---|----------------|----------------|
| Share of results of the Realia Business Group from January to May (notes 3 and 8) | 31,385         | 78,739         |
| Torre Picasso (note 5)  | 10,960         | 9,571          |
| Financial management  | 18,012         | 54,080         |
| Public offering of 21.52% of Realia Business, S.A. (note 3)                       | 211,772        | –              |
| Other   | (324)          | (14,679)       |
|   | <b>271,805</b> | <b>127,711</b> |

## Balance sheet by segment

|  | Total Group       | Services         |                  |                  | Cement           | Real Estate      | Other Businesses |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |                   | Environment      | Versia           | Construction     |                  |                  |                  |
| <b>2007</b>  |                   |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>  |                   |                  |                  |                  |                  |                  |                  |
| Non-current assets   | 13,823,772        | 5,266,232        | 696,525          | 1,820,316        | 3,389,107        | 2,285,525        | 366,067          |
| Property, plant and equipment                                | 8,979,350         | 3,365,248        | 356,986          | 875,438          | 2,035,083        | 2,115,041        | 231,554          |
| Intangible assets  | 3,313,226         | 1,603,744        | 232,819          | 370,559          | 1,041,288        | 12,612           | 52,204           |
| Investments accounted for using the equity method            | 488,947           | 40,184           | 2,687            | 307,162          | 34,163           | 104,550          | 201              |
| Non-current financial assets                                 | 543,726           | 176,898          | 22,248           | 74,153           | 216,520          | 41,778           | 12,129           |
| Other non-current assets                                     | 498,523           | 80,158           | 81,785           | 193,004          | 62,053           | 11,544           | 69,979           |
| Current assets   | 9,858,876         | 1,783,983        | 441,249          | 5,199,374        | 887,124          | 1,596,043        | (48,897)         |
| Inventories  | 2,708,796         | 45,697           | 41,875           | 1,092,417        | 215,034          | 1,312,886        | 887              |
| Trade and other receivables                                  | 5,373,331         | 1,351,932        | 311,584          | 3,294,650        | 438,083          | 77,430           | (100,348)        |
| Other current financial assets                               | 162,450           | 86,012           | 10,039           | 44,387           | 14,944           | 38,903           | (31,835)         |
| Cash and cash equivalents                                    | 1,614,299         | 300,342          | 77,751           | 767,920          | 219,063          | 166,824          | 82,399           |
| Non-current assets held for sale and discontinued operations | 30,539            | –                | –                | –                | –                | 30,539           | –                |
| <b>Total assets</b>  | <b>23,713,187</b> | <b>7,050,215</b> | <b>1,137,774</b> | <b>7,019,690</b> | <b>4,276,231</b> | <b>3,912,107</b> | <b>317,170</b>   |
| <b>Equity and liabilities</b>                                |                   |                  |                  |                  |                  |                  |                  |
| Equity   | 4,290,848         | 577,129          | 167,620          | 644,014          | 1,460,179        | 990,563          | 451,343          |
| Non-current liabilities                                      | 9,744,869         | 2,771,394        | 352,202          | 602,387          | 2,359,472        | 2,015,786        | 1,643,628        |
| Bank borrowings and other non-current financial liabilities  | 7,662,805         | 1,777,506        | 255,620          | 335,500          | 1,957,214        | 1,912,405        | 1,424,560        |
| Non-current provisions                                       | 910,070           | 463,034          | 58,213           | 144,841          | 57,342           | 26,311           | 160,329          |
| Other non-current liabilities                                | 1,171,994         | 530,854          | 38,369           | 122,046          | 344,916          | 77,070           | 58,739           |
| Current liabilities  | 9,677,470         | 3,701,692        | 617,952          | 5,773,289        | 456,580          | 905,758          | (1,777,801)      |
| Bank borrowings and other current financial liabilities      | 2,593,456         | 622,690          | 201,662          | 810,929          | 120,817          | 245,114          | 592,244          |
| Trade payables and other current liabilities                 | 7,001,392         | 1,151,555        | 253,969          | 4,889,165        | 335,763          | 655,091          | (284,151)        |
| Current provisions   | 82,622            | 3,785            | 88               | 73,195           | –                | 5,553            | 1                |
| Inter-segment transactions                                   | –                 | 1,923,662        | 162,233          | –                | –                | –                | (2,085,895)      |
| <b>Total equity and liabilities</b>                          | <b>23,713,187</b> | <b>7,050,215</b> | <b>1,137,774</b> | <b>7,019,690</b> | <b>4,276,231</b> | <b>3,912,107</b> | <b>317,170</b>   |

|   | Services          |                  |                  |                  |                  |             |                  |
|---|-------------------|------------------|------------------|------------------|------------------|-------------|------------------|
|   | Total Group       | Environment      | Versia           | Construction     | Cement           | Real Estate | Other Businesses |
| <b>2006</b>   |                   |                  |                  |                  |                  |             |                  |
| <b>Assets</b>   |                   |                  |                  |                  |                  |             |                  |
| Non-current assets  | 11,580,539        | 5,240,180        | 626,584          | 1,808,388        | 3,422,887        | –           | 482,500          |
| Property, plant and equipment                               | 6,718,156         | 3,363,227        | 307,579          | 912,260          | 2,079,698        | –           | 55,392           |
| Intangible assets   | 3,257,872         | 1,633,560        | 245,869          | 357,321          | 975,618          | –           | 45,504           |
| Investments in associates                                   | 583,512           | 31,381           | 2,504            | 221,580          | 30,914           | –           | 297,133          |
| Non-current financial assets                                | 605,190           | 170,739          | 23,117           | 121,442          | 276,313          | –           | 13,579           |
| Other non-current assets                                    | 415,809           | 41,273           | 47,515           | 195,785          | 60,344           | –           | 70,892           |
| Current assets  | 7,441,535         | 1,531,699        | 441,265          | 4,363,240        | 810,244          | –           | 295,087          |
| Inventories   | 1,079,834         | 39,217           | 34,895           | 825,188          | 179,962          | –           | 572              |
| Trade and other receivables                                 | 4,776,272         | 1,170,568        | 350,125          | 2,900,944        | 410,463          | –           | (55,828)         |
| Other current financial assets                              | 155,275           | 115,388          | 7,615            | 40,264           | 13,104           | –           | (21,096)         |
| Cash and cash equivalents                                   | 1,430,154         | 206,526          | 48,630           | 596,844          | 206,715          | –           | 371,439          |
| <b>Total assets</b>   | <b>19,022,074</b> | <b>6,771,879</b> | <b>1,067,849</b> | <b>6,171,628</b> | <b>4,233,131</b> | <b>–</b>    | <b>777,587</b>   |
| <b>Equity and liabilities</b>                               |                   |                  |                  |                  |                  |             |                  |
| Equity  | 3,417,518         | 634,184          | 163,237          | 590,448          | 1,374,254        | –           | 655,395          |
| Non-current liabilities                                     | 6,857,976         | 2,973,495        | 299,880          | 727,796          | 2,446,997        | –           | 409,808          |
| Bank borrowings and other non-current financial liabilities | 4,738,460         | 1,924,295        | 222,146          | 353,622          | 2,032,384        | –           | 206,013          |
| Non-current provisions                                      | 964,541           | 484,895          | 47,574           | 225,532          | 46,973           | –           | 159,567          |
| Other non-current liabilities                               | 1,154,975         | 564,305          | 30,160           | 148,642          | 367,640          | –           | 44,228           |
| Current liabilities   | 8,746,580         | 3,164,200        | 604,732          | 4,853,384        | 411,880          | –           | (287,616)        |
| Bank borrowings and other current financial liabilities     | 2,656,421         | 2,077,923        | 361,320          | 453,387          | 98,741           | –           | (334,950)        |
| Trade payables and other current liabilities                | 6,040,681         | 1,081,764        | 242,723          | 4,355,722        | 313,139          | –           | 47,333           |
| Current provisions  | 49,478            | 4,513            | 689              | 44,275           | –                | –           | 1                |
| <b>Total equity and liabilities</b>                         | <b>19,022,074</b> | <b>6,771,879</b> | <b>1,067,849</b> | <b>6,171,628</b> | <b>4,233,131</b> | <b>–</b>    | <b>777,587</b>   |

**Cash flows by segment**

|  | Services       |               |               |                  |                |                |                  |
|--|----------------|---------------|---------------|------------------|----------------|----------------|------------------|
|  | Total Group    | Environment   | Versia        | Construction     | Cement         | Real Estate    | Other Businesses |
| <b>2007</b>                              |                |               |               |                  |                |                |                  |
| From operating activities                | 1,261,348      | 609,062       | 158,519       | (44,081)         | 449,404        | 167,647        | (79,203)         |
| From investing activities                | (929,977)      | (581,422)     | (120,729)     | (66,893)         | (302,860)      | (36,212)       | 178,139          |
| From financing activities                | (144,507)      | 72,281        | 941           | 282,914          | (133,125)      | 35,300         | (402,818)        |
| <b>Total net cash flows for the year</b> | <b>186,864</b> | <b>99,921</b> | <b>38,731</b> | <b>171,940</b>   | <b>13,419</b>  | <b>166,735</b> | <b>(303,882)</b> |
| <b>2006</b>                              |                |               |               |                  |                |                |                  |
| From operating activities                | 1,159,024      | 456,083       | 41,635        | 310,523          | 322,046        | –              | 28,737           |
| From investing activities                | (4,502,527)    | (2,450,382)   | (165,179)     | (546,168)        | (1,384,042)    | –              | 43,244           |
| From financing activities                | 3,738,369      | 2,093,458     | 132,677       | (64,861)         | 1,204,576      | –              | 372,519          |
| <b>Total net cash flows for the year</b> | <b>394,866</b> | <b>99,159</b> | <b>9,133</b>  | <b>(300,506)</b> | <b>142,580</b> | <b>–</b>       | <b>444,500</b>   |

## b) Activities and investments by geographical market

Approximately 36% of the Group's business is conducted abroad (2006: 18%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2007 and 2006 is as follows:

|                | Total Group      | Services         |                |                  | Cement         | Real Estate   |
|----------------|------------------|------------------|----------------|------------------|----------------|---------------|
|                |                  | Environment      | Versia         | Construction     |                |               |
| <b>2007</b>    |                  |                  |                |                  |                |               |
| European Union | 3,829,165        | 1,222,395        | 233,750        | 2,287,312        | 52,597         | 33,111        |
| U.S.A.         | 272,146          | –                | 29,072         | –                | 243,074        | –             |
| Latin America  | 370,093          | 131,648          | 15,193         | 140,557          | 82,695         | –             |
| Other          | 524,244          | 11,938           | 328            | 432,200          | 79,778         | –             |
|                | <b>4,995,648</b> | <b>1,365,981</b> | <b>278,343</b> | <b>2,860,069</b> | <b>458,144</b> | <b>33,111</b> |
| <b>2006</b>    |                  |                  |                |                  |                |               |
| European Union | 1,104,562        | 531,103          | 167,802        | 364,342          | 41,315         | –             |
| U.S.A.         | 266,046          | –                | 15,957         | –                | 250,089        | –             |
| Latin America  | 261,797          | 118,850          | 17,804         | 89,078           | 36,065         | –             |
| Other          | 85,635           | 22,745           | 711            | 36,633           | 25,546         | –             |
|                | <b>1,718,040</b> | <b>672,698</b>   | <b>202,274</b> | <b>490,053</b>   | <b>353,015</b> | <b>–</b>      |

The detail, by geographical area, of the Group's assets and liabilities and the cost of the investments made in property, plant and equipment and intangible assets in 2007 and 2006 is as follows:

|   | Total Group       | Spain             | United Kingdom   | Other European Union Countries | U.S.A.         | Latin America  | Other         |
|---|-------------------|-------------------|------------------|--------------------------------|----------------|----------------|---------------|
| <b>2007</b>   |                   |                   |                  |                                |                |                |               |
| <b>Assets</b>   |                   |                   |                  |                                |                |                |               |
| <b>Non-current assets</b>   | <b>13,823,772</b> | <b>7,305,827</b>  | <b>2,774,008</b> | <b>3,007,675</b>               | <b>553,496</b> | <b>152,836</b> | <b>29,930</b> |
| Property, plant and equipment                                       | 8,979,350         | 4,290,691         | 1,890,942        | 2,297,457                      | 411,170        | 78,925         | 10,165        |
| Intangible assets   | 3,313,226         | 1,813,592         | 835,543          | 610,429                        | 40,306         | 13,356         | –             |
| Investments in associates   | 488,947           | 409,700           | –                | 38,323                         | –              | 26,079         | 14,845        |
| Non-current financial assets  | 543,726           | 459,784           | 15               | 48,687                         | 9,395          | 25,842         | 3             |
| Other non-current assets  | 498,523           | 332,060           | 47,508           | 12,779                         | 92,625         | 8,634          | 4,917         |
| <b>Current assets</b>   | <b>9,858,876</b>  | <b>7,485,169</b>  | <b>202,129</b>   | <b>1,840,621</b>               | <b>97,332</b>  | <b>229,496</b> | <b>4,129</b>  |
| Inventories   | 2,708,796         | 2,451,894         | 1,167            | 181,448                        | 53,682         | 19,862         | 743           |
| Trade and other receivables   | 5,373,331         | 3,747,910         | 108,303          | 1,334,723                      | 36,034         | 143,316        | 3,045         |
| Other current financial assets                                      | 162,450           | 122,735           | 65               | 32,765                         | 788            | 6,080          | 17            |
| Cash and cash equivalents   | 1,614,299         | 1,162,630         | 92,594           | 291,685                        | 6,828          | 60,238         | 324           |
| <b>Non-current assets held for sale and discontinued operations</b> | <b>30,539</b>     | <b>–</b>          | <b>–</b>         | <b>30,539</b>                  | <b>–</b>       | <b>–</b>       | <b>–</b>      |
| <b>Total assets</b>   | <b>23,713,187</b> | <b>14,790,996</b> | <b>2,976,137</b> | <b>4,878,835</b>               | <b>650,828</b> | <b>382,332</b> | <b>34,059</b> |

|   | Total Group       | Spain             | United Kingdom   | Other European Union Countries | U.S.A.         | Latin America  | Other         |
|---|-------------------|-------------------|------------------|--------------------------------|----------------|----------------|---------------|
| <b>Equity and liabilities</b>   |                   |                   |                  |                                |                |                |               |
| Non-current liabilities   | 9,744,869         | 6,133,528         | 1,848,152        | 1,350,598                      | 326,153        | 83,370         | 3,068         |
| Bank borrowings and other non-current financial liabilities               | 7,662,805         | 5,122,935         | 1,213,707        | 1,078,933                      | 198,518        | 48,393         | 319           |
| Non-current provisions  | 910,070           | 424,656           | 270,988          | 127,490                        | 64,766         | 20,814         | 1,356         |
| Other non-current liabilities   | 1,171,994         | 585,937           | 363,457          | 144,175                        | 62,869         | 14,163         | 1,393         |
| Current liabilities   | 9,677,470         | 7,378,440         | 308,449          | 1,774,171                      | 63,930         | 151,060        | 1,420         |
| Bank borrowings and other current financial liabilities                   | 2,593,456         | 1,868,709         | 85,840           | 516,638                        | 23,761         | 98,467         | 41            |
| Trade payables and other current liabilities                              | 7,001,392         | 5,464,225         | 222,609          | 1,222,142                      | 40,169         | 50,868         | 1,379         |
| Current provisions  | 82,622            | 45,506            | –                | 35,391                         | –              | 1,725          | –             |
| Assets less liabilities   | 4,290,848         | 1,279,028         | 819,536          | 1,754,066                      | 260,745        | 147,902        | 29,571        |
| <b>Total equity and liabilities</b>                                       | <b>23,713,187</b> | <b>14,790,996</b> | <b>2,976,137</b> | <b>4,878,835</b>               | <b>650,828</b> | <b>382,332</b> | <b>34,059</b> |
| <b>Investments in property, plant and equipment and intangible assets</b> | <b>1,362,384</b>  | <b>802,694</b>    | <b>98,142</b>    | <b>332,874</b>                 | <b>92,292</b>  | <b>35,812</b>  | <b>570</b>    |
|   | Total Group       | Spain             | United Kingdom   | Other European Union Countries | U.S.A.         | Latin America  | Other         |
| <b>2006</b>   |                   |                   |                  |                                |                |                |               |
| <b>Assets</b>   |                   |                   |                  |                                |                |                |               |
| Non-current assets  | 11,580,539        | 6,374,124         | 2,996,099        | 1,511,235                      | 512,263        | 159,989        | 26,829        |
| Property, plant and equipment   | 6,718,156         | 3,318,028         | 2,105,291        | 790,671                        | 386,231        | 107,059        | 10,876        |
| Intangible assets   | 3,257,872         | 1,717,190         | 875,347          | 603,761                        | 48,604         | 12,970         | –             |
| Investments in associates   | 583,512           | 558,488           | –                | 5,890                          | –              | 7,901          | 11,233        |
| Non-current financial assets  | 605,190           | 456,427           | 13,192           | 100,023                        | 9,060          | 26,486         | 2             |
| Other non-current assets  | 415,809           | 323,991           | 2,269            | 10,890                         | 68,368         | 5,573          | 4,718         |
| Current assets  | 7,441,535         | 5,645,088         | 237,679          | 1,285,583                      | 111,948        | 157,785        | 3,452         |
| Inventories   | 1,079,834         | 953,730           | 1,026            | 69,014                         | 43,892         | 11,436         | 736           |
| Trade and other receivables   | 4,776,272         | 3,511,592         | 129,559          | 981,148                        | 38,070         | 113,838        | 2,065         |
| Other current financial assets  | 155,275           | 77,369            | 48,898           | 18,740                         | 139            | 10,110         | 19            |
| Cash and cash equivalents   | 1,430,154         | 1,102,397         | 58,196           | 216,681                        | 29,847         | 22,401         | 632           |
| <b>Total assets</b>   | <b>19,022,074</b> | <b>12,019,212</b> | <b>3,233,778</b> | <b>2,796,818</b>               | <b>624,211</b> | <b>317,774</b> | <b>30,281</b> |

|   | Total Group       | Spain             | United Kingdom   | Other European Union Countries | U.S.A.         | Latin America  | Other         |
|---|-------------------|-------------------|------------------|--------------------------------|----------------|----------------|---------------|
| <b>Equity and liabilities</b>   |                   |                   |                  |                                |                |                |               |
| Non-current liabilities   | 6,857,976         | 3,855,015         | 1,863,252        | 720,564                        | 338,260        | 75,691         | 5,194         |
| Bank borrowings and other non-current financial liabilities               | 4,738,460         | 2,927,939         | 1,145,899        | 406,082                        | 208,774        | 47,024         | 2,742         |
| Non-current provisions  | 964,541           | 382,702           | 303,436          | 200,143                        | 60,006         | 16,437         | 1,817         |
| Other non-current liabilities   | 1,154,975         | 544,374           | 413,917          | 114,339                        | 69,480         | 12,230         | 635           |
| Current liabilities   | 8,746,580         | 7,278,976         | 241,043          | 1,071,966                      | 52,525         | 100,532        | 1,538         |
| Bank borrowings and other current financial liabilities                   | 2,656,421         | 2,253,992         | 3,362            | 306,741                        | 25,806         | 66,517         | 3             |
| Trade payables and other current liabilities                              | 6,040,681         | 4,991,233         | 237,681          | 751,087                        | 26,719         | 32,426         | 1,535         |
| Current provisions  | 49,478            | 33,751            | –                | 14,138                         | –              | 1,589          | –             |
| Assets less liabilities   | 3,417,518         | 885,221           | 1,129,483        | 1,004,288                      | 233,426        | 141,551        | 23,549        |
| <b>Total equity and liabilities</b>                                       | <b>19,022,074</b> | <b>12,019,212</b> | <b>3,233,778</b> | <b>2,796,818</b>               | <b>624,211</b> | <b>317,774</b> | <b>30,281</b> |
| <b>Investments in property, plant and equipment and intangible assets</b> | <b>687,773</b>    | <b>526,880</b>    | <b>42,265</b>    | <b>56,974</b>                  | <b>33,070</b>  | <b>28,444</b>  | <b>140</b>    |

### c) Headcount

The average number of employees in 2007 and 2006, by business area, was as follows:

|                  | 2007          | 2006          |
|------------------|---------------|---------------|
| Services         | 64,578        | 59,767        |
| Construction     | 26,047        | 12,321        |
| Cement           | 4,929         | 3,595         |
| Real estate      | 240           | –             |
| Other businesses | 384           | 373           |
|                  | <b>96,178</b> | <b>76,056</b> |

## 23 Information on the environment

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventive planning and an environmental analysis of the Group's various activities in order to minimise their impact on the environment. The implementation of quality management and environmental management systems and follow-up audits are illustrative of the measures taken by the FCC Group in this area. With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

- a) Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.
- b) Decrease in environmental impact through adequate planning.
- c) Ongoing analysis of risks and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

- a) Identification of environmental issues and of applicable legislation.
- b) Impact evaluation criteria.
- c) Measures to be adopted.
- d) A system for measuring the objectives achieved.

The non-current assets used in environmental conservation activities are classified under "Property, Plant and Equipment" and are depreciated over their useful lives. Also, the companies recognise the expenses and provisions arising from their environmental commitments in accordance with current accounting legislation.

By their very nature, the activities of the Environmental Services business line are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, wastewater treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Environmental Services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2007, the acquisition cost of the non-current assets assigned to production in the Services area totalled EUR 7,329,888 thousand (31 December 2006: EUR 7,119,128 thousand), and the related accumulated depreciation amounted to EUR 2,360,896 thousand (31 December 2006: EUR 2,122,341 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 340,025 thousand (31 December 2006: EUR 362,212 thousand).

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At year-end the Cementos Portland Valderrivas Group had non-current assets relating to environmental conservation and protection amounting to EUR 135,926 thousand (net of depreciation) (2006: EUR 122,248 thousand).

The Group continues to record its CO<sub>2</sub> emission allowances as non-amortisable intangible assets. The allowances received for no consideration under the related national allocation plans are measured at the market price prevailing when they are received, and an item of deferred income is recognised for the same amount. The Group opted to apply the method permitted under IFRSs of recognising non-refundable grants as a reduction of the subsidised assets, and the related amount was deducted from the intangible asset recognised.

In 2007, under the National Allocation Plan for 2005-2007 approved in Spain, the Cementos Portland Valderrivas Group received for no consideration emission allowances equivalent to 7,779 thousand tonnes. These allowances related to Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A. In 2007 the Cementos Portland Valderrivas Group used 7,583 thousand tonnes of emission allowances (2006: 6,454 thousand tonnes). The cost incurred for the emission of greenhouse gases, which amounted to EUR 51,514 thousand (2006: EUR 139,281 thousand), was recognised with a charge to "Other External Expenses" in the accompanying consolidated income statement, against which the application of the grant for allowances received for no consideration was also recognised for the same amount.

On 27 November 2007, the Council of Ministers Resolution approving the allocation of greenhouse gas emission allowances to the facilities included in the National Allocation Plan for 2008-2012 was published in the Official State Gazette, whereby the Cementos Portland Valderrivas Group was allocated a total of 7,729 thousand tonnes for each year in the period covered by the plan.

The Construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges, with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land, and the development of specific training programs for line personnel involved in the environmental decision-making process. It has also implemented an "Environmental Behaviour Code" which establishes the environmental conservation and protection requirements for subcontractors and suppliers.

For further information on the matters discussed in this note, please refer to the Group's Corporate Social Responsibility report, which is published annually on FCC's website, [www.fcc.es](http://www.fcc.es), among other channels.

## 24 Financial risk management policies

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements.

The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all the times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group organisation in the appropriate manner.

In line with this risk policy, the FCC Group arranges hedges solely to hedge the underlying transaction and not for speculative purposes.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

### Interest rate risk

The fluctuations and volatility of the money markets give rise to interest rate changes that entail variations in the finance charges related to the Group's debt. In order to ensure a position that is in the FCC Group's best interest, an interest-rate risk management policy is actively implemented.

Given the nature of the Group's activities, closely linked to inflation, its financial policy consists of ensuring that both its current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt are partially tied to floating interest rates.

Even so, the FCC Group performed interest rate hedging transactions in 2007, ending the year with various hedging instruments of varying maturities on 51% of the Group's total net debt, including project financing hedges.

Complying with the policy of classifying original instruments as hedges, the FCC Group has arranged interest rate hedges, mainly swaps (IRSs) in which the Group companies pay a fixed rate and receive a floating rate.

### Foreign exchange risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign exchange risk can have on the balance sheet and the income statement.

The Group actively manages its foreign exchange risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows to the financing. However, there are occasions when, due to the weakness of the currency of the country of origin of the investment, this is not possible because long-term financing cannot be obtained in that currency. In this case, financing will be obtained either in the currency of the consolidated group or in the most closely related foreign currency.

Foreign exchange risk, which is expressed as the portion of the Group's equity denominated in currencies other than the euro, stands at approximately 29% (as indicated in note 15-b.6, "Equity"), the most noteworthy currency being pound sterling, which accounts for 19% of equity.

### Solvency risk

At 31 December 2007, the FCC Group's financial debt amounted to EUR 7,967,339 thousand, as shown in the following table:

|   | 2007             | 2006             |
|---|------------------|------------------|
| Bank borrowings   | 9,425,992        | 6,494,046        |
| Debt instruments and other held-for-trading liabilities | 141,902          | 148,397          |
| Other interest-bearing financial debt                   | 176,194          | 146,680          |
| Current financial assets                                | (162,450)        | (155,275)        |
| Cash and cash equivalents                               | (1,614,299)      | (1,430,154)      |
| <b>Net financial debt</b>                               | <b>7,967,339</b> | <b>5,203,694</b> |
| <b>Net limited recourse debt</b>                        | <b>3,120,314</b> | <b>1,867,141</b> |
| <b>Net recourse debt</b>                                | <b>4,847,025</b> | <b>3,336,553</b> |

The most relevant ratios for the purposes of measuring solvency are as follows:

|   | Consolidated |
|---|--------------|
| <b>Net debt/ Ebitda ratios</b>              |              |
| Net debt with recourse/Ebitda with recourse | 2.7          |
| Total net debt/total annualised Ebitda      | 3.6          |
| Gearing ratio                               | 52.9%        |
| Net finance cost/operating cash flow ratio  | 32.3%        |

For the purposes of calculating the net debt/Ebitda ratio of the companies acquired in 2007, Ebitda was normalised and annualised for a full year.

### Liquidity risk

The FCC Group is present at all times in various markets in order to facilitate the obtainment of financing and to mitigate liquidity risk.

Despite the adverse situation of the financial markets since the second half of 2007, the FCC Group has remained extremely well positioned and has anticipated any potential adversity by paying close attention to the evolution of the factors that may help to resolve liquidity difficulties in the future and to the various sources of financing and their characteristics.

The detail of the credit lines granted at consolidated level, taking into account only current and non-current bank borrowings and excluding the items accounted for as non-recourse borrowings, amounts payable under finance leases and accrued interest payable, is as follows:

|              | Amount granted | Undrawn balance | Balance drawn down |
|--------------|----------------|-----------------|--------------------|
| Consolidated | 8,114,453      | 2,311,860       | 5,802,593          |

It is estimated that the Group will not only maintain its existing credit lines but will also be able to increase them, within reasonable limits, if this is necessary.

## Concentration risk

This risk arises from the concentration of financing transactions with common features such as:

- Sources of financing: the FCC Group obtains financing from over 150 Spanish and international banks.
- Markets/geographical area (Spanish, foreign): the FCC Group operates in wide variety of Spanish and international markets and 78.8% of the Group's debt is concentrated in euros and 21.2% in various currencies in several international markets.
- Products: the FCC Group arranges a broad spectrum of financial products, including loans, credit facilities, debt instruments, syndicated transactions and discounting facilities.
- Currency: the FCC Group finances its operations in a wide variety of currencies. Although there is a significant concentration of investments in euros, US dollars and pounds sterling, investments tend to be financed in the local currency provided this is possible in the country of origin.

## Risk-hedging financial derivatives

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign exchange or interest rate risks or risks associated with balances and transactions.

Hedging relationships are of three types:

- Fair value hedge (FV).
- Cash flow hedge (CF).
- Hedge of a net investment in a foreign operation.

Taking into account the introduction of IAS 39 "Financial Instruments: Recognition and Measurement", in order to be considered a hedge, a financial derivative must meet the following requirements:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- Prospective (analytical) evidence of the effectiveness of the hedge.
- Objective and verifiable ex-post measurements.

At 31 December 2007, the FCC Group had arranged interest rate hedging transactions totalling EUR 4,508,315 thousand (31 December 2006: EUR 2,451,830 thousand), mainly in the form of IRSs in which the Group companies pay fixed interest rates and receive floating interest rates. The detail of the cash flow hedges and the fair value thereof is as follows:

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31-12-06 | Notional amount at 31-12-07 | Value at 31-12-06 | Value at 31-12-07 | Maturity Date |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|-------------------|-------------------|---------------|
| <b>Fully consolidated companies</b>         |                    |               |          |                             |                             |                   |                   |               |
| Fomento de Construcciones y Contratas, S.A. | IRS                | CF            | 100.0    | 296,780                     | 246,845                     | (732)             | (3,908)           | 30-12-2013    |
|   | IRS                | CF            | 2.0      | –                           | 19,077                      | –                 | 149               | 30-12-2013    |
|   | IRS                | CF            | 20.0     | –                           | 159,770                     | –                 | 88                | 30-12-2013    |
|   | IRS                | CF            | 31.0     | –                           | 243,232                     | –                 | (674)             | 30-12-2013    |
|   | IRS                | CF            | 17.0     | –                           | 135,923                     | –                 | 163               | 30-12-2013    |
| Autopista Central Galega, S.A.              | IRS                | CF            | 44.0     | 84,375                      | –                           | (1,750)           | –                 | 31-07-2013    |
|   | IRS                | CF            | 26.0     | 50,625                      | –                           | (1,050)           | –                 | 31-07-2013    |
| Azincourt Investment, S.L.                  | IRS                | CF            | 15.0     | –                           | 130,370                     | –                 | (2,628)           | 31-12-2013    |
|   | IRS                | CF            | 15.0     | –                           | 130,370                     | –                 | (2,628)           | 31-12-2013    |
|   | IRS                | CF            | 15.0     | –                           | 130,370                     | –                 | (2,628)           | 31-12-2013    |
|   | IRS                | CF            | 14.0     | –                           | 114,419                     | –                 | (2,306)           | 31-12-2013    |
| Aqualia Gestión Integral del Agua, S.A.     | IRS                | CF            | 23.0     | –                           | 41,475                      | –                 | 322               | 31-12-2013    |
|   | IRS                | CF            | 23.0     | –                           | 41,475                      | –                 | 326               | 06-11-2008    |

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31-12-06 | Notional amount at 31-12-07 | Value at 31-12-06 | Value at 31-12-07 | Maturity Date |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|-------------------|-------------------|---------------|
| Waste Recycling Group                     | IRS                | CF            | 25.0     | 10,525                      | 28,111                      | 459               | 189               | 30-09-2009    |
|   | IRS                | CF            | 16.0     | 9,334                       | 8,424                       | 129               | 51                | 30-09-2009    |
|   | IRS                | CF            | 82.0     | –                           | 44,298                      | (628)             | (218)             | 30-09-2009    |
|   | IRS                | CF            | 37.0     | 75,519                      | 68,010                      | (4,356)           | (555)             | 31-03-2027    |
|   | IRS                | CF            | 16.0     | 32,135                      | 29,147                      | –                 | (238)             | 31-03-2027    |
|   | IRS                | CF            | 27.0     | 53,024                      | 48,579                      | –                 | (396)             | 31-03-2027    |
|   | IRS                | CF            | 99.0     | –                           | 6,461                       | –                 | (214)             | 31-03-2010    |
|   | IRS                | CF            | 99.0     | –                           | –                           | –                 | (1,365)           | 30-09-2032    |
|   | IRS                | CF            | 100.0    | –                           | 4,329                       | –                 | (14)              | 10-02-2009    |
| Concesionaria Túnel de Coatzacoalcos, S.A | IRS                | CF            | 100.0    | –                           | 9,740                       | –                 | (207)             | 10-06-2014    |
| SmVaK                                     | IRS                | FV            | 25.0     | –                           | 18,852                      | –                 | (823)             | 16-11-2015    |
| Cementos Portland Valderrivas, S.A.       | IRS                | CF            | 100.0    | 150,000                     | 150,000                     | (130)             | 2,055             | 22-02-2001    |
|   | IRS                | CF            | 81.1     | 498,108                     | 498,108                     | 3,947             | 9,652             | 15-07-2011    |
| Portland. S.L.                            | IRS                | CF            | 92.7     | 99,746                      | 96,629                      | 352               | 2,006             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 53,710                      | 52,031                      | 140               | 1,037             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 99,746                      | 96,629                      | 352               | 2,006             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 53,710                      | 52,031                      | 140               | 1,037             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 99,746                      | 96,629                      | 352               | 2,006             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 53,709                      | 52,031                      | 141               | 1,037             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 49,873                      | 48,315                      | 176               | 1,003             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 26,855                      | 26,016                      | 70                | 519               | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 49,873                      | 48,315                      | 176               | 1,003             | 15-07-2012    |
|   | IRS                | CF            | 92.7     | 26,855                      | 26,016                      | 70                | 519               | 15-07-2012    |
| Giant Cement Holding, Inc.                | IRS                | CF            | 66.7     | 22,779                      | 20,379                      | 286               | 66                | 01-08-2008    |
|   | IRS                | CF            | 100.0    | 72,759                      | 65,093                      | (540)             | (2,856)           | 22-05-2013    |
|   | IRS                | CF            | 85.7     | –                           | 40,758                      | –                 | (1,668)           | 27-10-2014    |
|   | IRS                | CF            | 85.7     | –                           | 40,758                      | –                 | (1,668)           | 27-19-2014    |
|   | IRS                | CF            | –        | 10,847                      | –                           | 354               | –                 | 18-01-2007    |
|   | IRS                | CF            | –        | 10,847                      | –                           | 365               | –                 | 18-01-2007    |
| Cementos Leмона                           | IRS                | CF            | –        | 3,300                       | –                           | 32                | –                 | 01-06-2012    |
|   | IRS                | CF            | –        | 1,265                       | –                           | 12                | –                 | 01-06-2012    |
|   | IRS                | CF            | –        | 2,250                       | –                           | 20                | –                 | 20-07-2012    |
|   | IRS                | CF            | 50.0     | –                           | 7,425                       | –                 | (60)              | 14-06-2012    |
|   | IRS                | CF            | 50.0     | –                           | 7,200                       | –                 | (37)              | 01-06-2012    |
|   | IRS                | CF            | 50.0     | –                           | 3,563                       | –                 | (20)              | 20-07-2012    |
| Lemona Industrial, S.A.                   | IRS                | CF            | 30.3     | 825                         | 525                         | 8                 | 7                 | 27-07-2009    |
| Tecami Ofitas, S.A.                       | IRS                | CF            | 76.6     | 1,210                       | 770                         | 12                | 10                | 27-07-2009    |
| Uniland Cementera, S.A.                   | IRS                | CF            | –        | –                           | 9,015                       | –                 | –                 | 22-07-2009    |
| Realia Patrimonio                         | IRS                | CF            | 2.9      | –                           | 22,683                      | –                 | (422)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,683                      | –                 | (407)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (485)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (989)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (989)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (815)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,683                      | –                 | (495)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,683                      | –                 | (422)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (485)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (989)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (990)             | 30-06-2014    |
|   | IRS                | CF            | 5.8      | –                           | 45,365                      | –                 | (815)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,682                      | –                 | (495)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,682                      | –                 | (422)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,682                      | –                 | (422)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,682                      | –                 | (407)             | 30-06-2014    |
|   | IRS                | CF            | 2.9      | –                           | 22,682                      | –                 | (407)             | 30-06-2014    |
|   | IRS                | CF            | 5.0      | –                           | 27,250                      | –                 | (491)             | 30-06-2014    |

|   | Type of derivative | Type of hedge | % hedged | Notional amount at 31-12-06 | Notional amount at 31-12-07 | Value at 31-12-06 | Value at 31-12-07 | Maturity Date |
|---|--------------------|---------------|----------|-----------------------------|-----------------------------|-------------------|-------------------|---------------|
| Realia Patrimonio (continuation)                      | IRS                | CF            | 5.0      | –                           | 27,250                      | –                 | (418)             | 30-06-2014    |
|   | IRS                | CF            | 10.0     | –                           | 54,500                      | –                 | (983)             | 30-06-2014    |
|   | IRS                | CF            | 10.0     | –                           | 54,500                      | –                 | (478)             | 30-06-2014    |
|   | IRS                | CF            | 10.0     | –                           | 54,500                      | –                 | (478)             | 30-06-2014    |
|   | IRS                | CF            | 10.0     | –                           | 54,500                      | –                 | (983)             | 30-06-2014    |
|   | IRS                | CF            | 5.0      | –                           | 27,250                      | –                 | (491)             | 30-06-2014    |
|   | IRS                | CF            | 5.0      | –                           | 27,250                      | –                 | (418)             | 30-06-2014    |
| <b>Total fully consolidated companies</b>             |                    |               |          | <b>2,000,330</b>            | <b>3,968,893</b>            | <b>(1,593)</b>    | <b>(14,649)</b>   |               |
| <b>Joint ventures (proportionately consolidated)</b>  |                    |               |          |                             |                             |                   |                   |               |
| Aguas y Servicios de la Costa Tropical Granada, A.I.E | IRS                | CF            | 59.0     | 2,543                       | 2,137                       | (6)               | 11                | 04-11-2008    |
| Autopista Central Calega, S.A.                        | IRS                | CF            | 44.0     | –                           | 42,188                      | –                 | 297               | 31-07-2013    |
|   | IRS                | CF            | 26.0     | –                           | 25,312                      | –                 | 179               | 31-07-2013    |
| Atlántica de Graneles y Moliendas, S.A.               | IRS                | CF            | 100.0    | 1,969                       | 1,531                       | 56                | 50                | 02-06-2011    |
|   | IRS                | CF            | 100.0    | 1,969                       | 1,531                       | 56                | 50                | 02-06-2011    |
|   | IRS                | CF            | 100.0    | 1,969                       | 1,531                       | 57                | 50                | 02-06-2011    |
|   | IRS                | CF            | 100.0    | 1,968                       | 1,532                       | 57                | 50                | 02-06-2011    |
| <b>Total proportionately consolidated entities</b>    |                    |               |          | <b>10,418</b>               | <b>75,762</b>               | <b>220</b>        | <b>687</b>        |               |
| <b>Associates</b>                                     |                    |               |          |                             |                             |                   |                   |               |
| Tramvia Metropolità, S.A.                             | IRS                | CF            | 56.0     | 10,211                      | 9,808                       | (1,607)           | (1,039)           | 31-10-2023    |
|   | IRS                | CF            | 24.0     | 4,376                       | 4,204                       | (688)             | (445)             | 31-10-2023    |
| Tramvia Metropolità del Besós, S.A.                   | IRS                | CF            | 64.0     | 12,224                      | 11,854                      | (1,130)           | (559)             | 31-10-2023    |
|   | IRS                | CF            | 16.0     | 3,056                       | 2,964                       | (283)             | (140)             | 31-10-2023    |
| Ruta de los Pantanos, S.A.                            | IRS                | CF            | 42.0     | 1,953                       | 1,909                       | (499)             | (245)             | 22-01-2018    |
| Autovía del Camino, S.A.                              | SWAP<br>INFLACIÓN  | CF            | 18.0     | 4,095                       | 4,096                       | (632)             | (1,627)           | 15-12-2027    |
|   | IRS                | CF            | 100.0    | 66,600                      | 56,000                      | (7,053)           | (2,674)           | 15-12-2027    |
|   | IRS                | CF            | 62.0     | 27,200                      | 34,721                      | (3,863)           | (1,641)           | 15-12-2027    |
|   | IRS                | CF            | 42.0     | 2,278                       | 2,278                       | (249)             | 144               | 18-12-2030    |
| Terminal Polivalente de Castellón, S.A.               | IRS                | CF            | 70.0     | 8,889                       | 4,170                       | 87                | 70                | 28-07-2009    |
| Cedinsa Eix del Llobregat, S.A.                       | IRS                | CF            | 70.0     | 52,729                      | 52,729                      | 1,279             | 4,423             | 01-05-2033    |
| Urbs Iudex et Causidicus, S.A.                        | IRS                | CF            | 100.0    | 29,934                      | 69,206                      | (14,692)          | (13,753)          | 02-01-2008    |
| Autopista de la Costa Cálida, S.A.                    | IRS                | CF            | 25.0     | 40,219                      | 20,110                      | 1,527             | 909               | 15-12-2012    |
|   | IRS                | CF            | 25.0     | 40,219                      | 20,109                      | 1,528             | 909               | 15-12-2012    |
| Hospital del Sureste, S.A.                            | IRS                | CF            | 52.0     | 10,813                      | 10,654                      | 318               | 857               | 31-12-2032    |
|   |                    |               | 84.0     | 10,964                      | 5,004                       | (49)              | 105               | 31-12-2032    |
| Túnel d'Envalira, S.A.                                | COLLAR             | CF            | 61.0     | 7,254                       | 7,211                       | (83)              | 127               | 20-07-2022    |
| Madrid 407, S.A.                                      | IRS                | CF            | 70.0     | 23,184                      | 23,184                      | (1,317)           | 362               | 10-07-2033    |
|   | IRS                | CF            |          | 16,560                      | –                           | 4                 | –                 | 10-04-2007    |
| Cedinsa d'Aro, S.A.                                   | CAP                | CF            | 80.0     | 1,360                       | 1,360                       | 2                 | 3                 | 04-01-2010    |
|   | IRS                | CF            | –        | 8,449                       | 8,449                       | (237)             | 228               | 03-01-2033    |
| Ibisan, S.A.  | IRS                | CF            | –        | 29,257                      | 29,257                      | 273               | 1,784             | 30-12-2027    |
|   | IRS                | CF            | –        | 29,258                      | –                           | (6)               | –                 | 30-03-2007    |
| N6 (Concession) Limited                               | IRS                | CF            | 25.0     | –                           | 3,828                       | –                 | 92                | 30-06-2013    |
|   | IRS                | CF            | 27.0     | –                           | 178                         | –                 | 106               | 30-06-2034    |
|   | IRS                | CF            | 27.0     | –                           | 741                         | –                 | 13                | 30-06-2034    |
|   | IRS                | CF            | 25.0     | –                           | 3,290                       | –                 | 12                | 04-01-2010    |
|   | IRS                | CF            | 19.0     | –                           | 2,468                       | –                 | 11                | 04-01-2010    |

|  | Type of derivative | Type of hedge | % hedged | Notional amount at 31-12-06 | Notional amount at 31-12-07 | Value at 31-12-06 | Value at 31-12-07 | Maturity Date |
|--|--------------------|---------------|----------|-----------------------------|-----------------------------|-------------------|-------------------|---------------|
| N6 (Concession) Limited (continuation) | IRS                | CF            | 19.0     | –                           | 2,872                       | –                 | 92                | 28-06-2013    |
|  | IRS                | CF            | 20.0     | –                           | 133                         | –                 | 105               | 30-06-2034    |
|  | RS                 | CF            | 20.0     | –                           | 556                         | –                 | 12                | 30-06-2034    |
|  | IRS                | CF            | 25.0     | –                           | 3,216                       | –                 | 1                 | 04-01-2010    |
|  | IRS                | CF            | 25.0     | –                           | 3,829                       | –                 | 122               | 28-06-2013    |
|  | IRS                | CF            | 27.0     | –                           | 178                         | –                 | 141               | 30-06-2034    |
|  | IRS                | CF            | 27.0     | –                           | 756                         | –                 | 16                | 30-06-2034    |
|  | IRS                | CF            | 25.0     | –                           | 3,291                       | –                 | 17                | 04-01-2010    |
|  | IRS                | CF            | 25.0     | –                           | 3,829                       | –                 | 122               | 28-06-2013    |
|  | IRS                | CF            | 27.0     | –                           | 178                         | –                 | 140               | 30-06-2034    |
|  | IRS                | CF            | 27.0     | –                           | 742                         | –                 | 16                | 30-06-2034    |
| Tranvía de Parla, S.A.                 | IRS                | CF            | 70.0     | –                           | 22,837                      | –                 | 19                | 30-12-2022    |
| Portsur Castellón, S.A.                | IRS                | CF            | 100.0    | –                           | 8,933                       | –                 | (16)              | 31-10-2031    |
| Nova Bocana Barcelona, S.A.            | IRS                | CF            | 17.0     | –                           | 2,099                       | –                 | 7                 | 30-06-2025    |
|  | IRS                | CF            | 33.0     | –                           | 4,199                       | –                 | 14                | 30-06-2025    |
| M50 (Concession) Limited               | IRS                | CF            | 22.0     | –                           | 1,392                       | –                 | (208)             | 28-03-2040    |
|  | IRS                | CF            | 22.0     | –                           | 1,392                       | –                 | (240)             | 28-03-2040    |
|  | IRS                | CF            | 22.0     | –                           | 1,393                       | –                 | (240)             | 28-03-2040    |
|  | IRS                | CF            | 22.0     | –                           | 1,393                       | –                 | (240)             | 28-03-2040    |
|  | IRS                | CF            | 25.0     | –                           | 2,665                       | –                 | (12)              | 27-10-2010    |
|  | IRS                | CF            | 25.0     | –                           | 2,665                       | –                 | (12)              | 27-10-2010    |
|  | IRS                | CF            | 25.0     | –                           | 2,665                       | –                 | (12)              | 27-10-2010    |
|  | IRS                | CF            | 25.0     | –                           | 2,665                       | –                 | (12)              | 27-10-2010    |
| <b>Total associates</b>                |                    |               |          | <b>441,082</b>              | <b>463,660</b>              | <b>(27,370)</b>   | <b>(12,136)</b>   |               |

The changes in the fair value of cash flow hedges are taken, net of the tax effect, to reserves (see note 15-b.5) and are recognised in profit or loss for the year to the extent that the hedged item affects profit or loss.

The financial derivatives were measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black model was used.

In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2007 is as follows:

|  | 2008    | 2009    | Notional maturity |         |                           |
|--|---------|---------|-------------------|---------|---------------------------|
|  |         |         | 2010              | 2011    | 2012 and Subsequent Years |
| Fully consolidated companies                       | 253,434 | 263,012 | 239,242           | 676,333 | 2,536,872                 |
| Joint ventures                                     | 3,887   | 1,750   | 1,750             | 875     | 67,500                    |
| Associates (accounted for using the equity method) | 10,992  | 21,959  | 46,150            | 41,249  | 343,310                   |

## Effectiveness tests on derivatives

Effectiveness tests are adapted to the type of hedge and the nature of the instruments used.

In cash flow hedges, it is first verified that the critical terms of the hedging instrument and the hedged item – amounts, maturities, repayments, reference indexes, review dates, etc. – are all the same.

In the case of IRSs, in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test estimates the variance of these annualised costs both in the original hedged borrowings and in the portfolio that combines these borrowings with the hedging instrument. A hedge is considered to be fully effective when it achieves a reduction of at least 80% in the original variance of flows, i.e. when the instrument used reduces the variability of the flows by 80% or more. If this is not the case, the derivative is classified as speculative and its changes in value are recognised in profit or loss.

For cash flow hedges in which the derivative hedging instrument is not an IRS but an option (such as an interest rate cap), the reduction in the variance of costs is estimated only if the hedge is “activated”, i.e. if the reference rates fall outside the unhedged variability range. The methodology applied once the hedge has been activated is the same as that used to test the effectiveness of IRS.

The effectiveness test of fair value hedges -arranged using IRSs - is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

## Derivatives that do not qualify for hedge accounting

Although certain hedging instruments are recognised as speculative, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the FCC Group have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument. When this does not occur, the changes in value of the instruments classified as speculative are recognised in profit or loss together with the transaction.

This heading therefore includes the financial derivatives arranged by the Company to serve as hedges but which do not qualify for hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement” because they do not pass the effectiveness tests prescribed by this standard. The changes in the fair value of these derivatives are recognised under “Gains (Losses) on Changes in Value of Financial Instruments” or “Share of Results of Associates”, as appropriate.

The transactions that did not qualify for hedge accounting at 31 December 2007, originated mainly at companies included in the scope of consolidation in 2007 (such as Realia) and at companies not controlled by the Group, such as proportionately consolidated companies or those accounted for using the equity method, are as follows:

|   | Type of derivative  | Notional amount at 31-12-06 | Notional amount at 31-12-07 | Value at 31-12-06 | Value at 31-12-07 | Maturity Date |
|---|---------------------|-----------------------------|-----------------------------|-------------------|-------------------|---------------|
| <b>Fully consolidated companies</b>         |                     |                             |                             |                   |                   |               |
| Aqualia Gestión Integral del Agua, S.A.     | COLLAR              | 10,007                      | 9,677                       | (63)              | –                 | 02-01-2008    |
| Recuperaciones Madrileñas del Papel, S.A.   | IRS                 | 428                         | 291                         | –                 | –                 | 30-09-2009    |
| Fomento de Construcciones y Contratas, S.A. | IRS                 | 31,323                      | –                           | (74)              | –                 | 30-11-2007    |
| A.S.A. Group                                | COLLAR              | –                           | 8,667                       | –                 | (1,549)           | 28-03-2024    |
| SmVaK Group                                 | IRS                 | 18,230                      | –                           | (11)              | –                 | 16-11-2015    |
| Realia Business Group                       | Cross Currency SWAP | –                           | 4,200                       | –                 | (240)             | 06-03-2009    |
|   | Cross Currency SWAP | –                           | 13,000                      | –                 | (862)             | 14-12-2009    |
| FCC Logística, S.A.                         | COLLAR              | 2,500                       | –                           | (1)               | –                 | 21-05-2007    |
| <b>Total fully consolidated companies</b>   |                     | <b>62,488</b>               | <b>35,835</b>               | <b>(149)</b>      | <b>(2,651)</b>    |               |

|  | Type of derivative  | Notional amount at 31-12-06 | Notional amount at 31-12-07 | Value at 31-12-06 | Value at 31-12-07 | Maturity Date |
|--|---------------------|-----------------------------|-----------------------------|-------------------|-------------------|---------------|
| <b>Joint ventures (proportionately consolidated)</b> |                     |                             |                             |                   |                   |               |
| Zabalgarbi, S.A.                                     | BARRIER SWAP        | 3,900                       | 3,900                       | (63)              | (44)              | 26-01-2010    |
|  | BARRIER SWAP        | 2,600                       | 2,600                       | (43)              | (11)              | 26-01-2014    |
|  | BARRIER SWAP        | 2,600                       | 2,600                       | (50)              | (34)              | 26-01-2010    |
|  | BARRIER SWAP        | 2,600                       | 2,600                       | (34)              | (1)               | 26-01-2009    |
|  | BARRIER SWAP        | 3,900                       | 3,900                       | (239)             | (117)             | 27-01-2014    |
|  | BARRIER SWAP        | 2,600                       | 2,600                       | (2)               | –                 | 26-01-2010    |
|  | BARRIER SWAP        | 2,600                       | 2,600                       | –                 | –                 | 26-01-2014    |
|  | BARRIER SWAP        | 3,900                       | –                           | (33)              | –                 | 26-01-2007    |
|  | BARRIER SWAP        | 2,600                       | –                           | –                 | –                 | 27-01-2007    |
|  | BARRIER SWAP        | 2,600                       | –                           | –                 | –                 | 26-01-2007    |
| <b>Total proportionately consolidated entities</b>   |                     | <b>29,900</b>               | <b>20,800</b>               | <b>(464)</b>      | <b>(207)</b>      |               |
| <b>Associates</b>                                    |                     |                             |                             |                   |                   |               |
| Concesiones de Madrid, S.A.                          | IRS                 | 33,621                      | 33,621                      | (595)             | (15)              | 27-08-2008    |
| Ruta de los Pantanos, S.A.                           | IRS                 | 8,321                       | 8,100                       | (438)             | (217)             | 01-09-2009    |
| Tirme, S.A.  | IRS                 | 1,202                       | –                           | (8)               | –                 | 22-01-2007    |
| Túnel d'Envalira, S.A.                               | IRS                 | 1,396                       | –                           | (39)              | –                 | 10-07-2007    |
| Realia Business Group                                | Cross Currency SWAP | 2,065                       | –                           | 14                | –                 | 06-03-2009    |
|  | Cross Currency SWAP | 6,392                       | –                           | –                 | –                 | 14-12-2009    |
| <b>Total associates</b>                              |                     | <b>52,997</b>               | <b>41,721</b>               | <b>(1,066)</b>    | <b>(232)</b>      |               |

Following is a detail, by maturity, of the notional amount hedged by derivatives that do not qualify for hedge accounting:

|  | 2008   | 2009   | Notional maturity |       |                           |
|--|--------|--------|-------------------|-------|---------------------------|
|  |        |        | 2010              | 2011  | 2012 and Subsequent Years |
| Empresas que consolidan por integración global | 9.833  | 17.335 | 2.667             | 3.556 | 2.444                     |
| Empresas de gestión conjunta                   | –      | 2.600  | 11.700            | –     | 6.500                     |
| Empresas asociadas                             | 33.872 | 7.849  | –                 | –     | –                         |

### Sensitivity test on derivatives and net debt

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, a simulation was performed which assumed a 100-basis point increase and decrease in the interest rates at 31 December 2007.

Following are the results obtained for the derivatives outstanding at year-end, distinguishing between Group companies and joint ventures and associates, together with the impact on equity and on the income statement on the basis of the related percentage of ownership.

|  | Fully/proportionately consolidated companies |                   | Associates        |                   |
|--|--|-------------------|-------------------|-------------------|
|  | -100 basis points                            | +100 basis points | -100 basis points | +100 basis points |
| Impact on equity (hedging derivatives)   | (116,130)                                    | 100,140           | (34,100)          | 31,380            |
| Impact on the income statement (derivatives not qualifying for hedge accounting) | (240)  | 70                | (190)             | 190               |

It should also be noted that a 100-basis point increase and decrease in the interest rates on the net debt, after excluding any hedged debt, would give rise to a cost of EUR 44,700 thousand or income of EUR 44,700 thousand, respectively, in profit before tax in the FCC Group's income statement.

### Risk measurement

Through the tool for measuring and controlling financial risk, the FCC Group quantifies the risk of its debt portfolio, risk being defined as the losses that the Group could suffer due to fluctuations in the interest and exchange rates to which it is exposed.

Using a stochastic methodology based on MonteCarlo simulation techniques, a series of probability distributions are established for the debt portfolio and the representative parameters are calculated (maximum, minimum and expectations) in order to obtain an overview of the possible future behaviour of corporate variables such as finance costs and value of debt.

The MonteCarlo simulation offers a beneficial degree of randomness with respect to the precision of the results, since the same probability of occurrence is allocated at the outset to different potential behaviours of the risk factors to which the Group is exposed: parallel shifts in interest rate curves, changes in the slope of interest rate curves, etc. By establishing a functional relationship between the debt variables that are being quantified and the behaviour of interest and exchange rates, the FCC Group analyses the distribution of the possible values of these variables in the future and determines which value of the debt variable is most often repeated over a particular time frame.

Consequently, by measuring the risk to which its financing is exposed, the FCC Group is able to take decisions and manage its debt portfolio with the support of a series of probabilistic and purely stochastic measures which, on the basis of the possible future behaviour of interest and exchange rates, determine the basic level of finance costs from the standpoint of debt management.

## 25 Information on related party transactions

### a) Transactions with significant shareholders of the Parent

The detail of the significant transactions involving a transfer of resources or obligations between Group companies and significant shareholders is as follows:

| Shareholder  | Group company                          | Type of transaction | Type of relationship  | Amount |
|--------------|--|---------------------|-----------------------|--------|
| B 1998, S.L. | Servicios Especiales de Limpieza, S.A. | Contractual         | Rendering of services | 10.80  |
| B 1998, S.L. | FCC Construcción, S.A.                 | Contractual         | Rendering of services | 260.70 |
| B 1998, S.L. | FCC Medio Ambiente, S.A.               | Contractual         | Rendering of services | 6.92   |
| B 1998, S.L. | Eurman, S.A.                           | Contractual         | Rendering of services | 4.55   |

## b) Transactions with the Company's directors and senior executives

The detail of the remuneration earned by the directors of Fomento de Construcciones y Contratas, S.A. in 2007 and 2006 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

|  | 2007         | 2006         |
|--|--------------|--------------|
| Fixed remuneration                     | 2,645        | 2,365        |
| Variable remuneration                  | 565          | 519          |
| Bylaw-stipulated directors' emoluments | 3,388        | 2,754        |
| Attendance fees                        | 6            | 6            |
|  | <b>6,604</b> | <b>5,644</b> |

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 5,663 thousand in 2007 (2006: EUR 4,852 thousand). Termination benefits paid amounting to EUR 4,000 thousand were also recognised.

| 2007   |   |
|--|---|
| Ignacio Bayón Marín                                | Chairman of Realía Business, S.A.   |
| José Luís de la Torre Sánchez                      | Chairman of FCC Servicios   |
| Antonio Gómez Ciria                                | General Internal Audit Manager  |
| José Ignacio Martínez-Ynzenga Cánovas del Castillo | Chairman of Cementos Portland Valderrivas                                     |
| José Mayor Oreja                                   | Chairman of FCC Construcción, S.A.  |
| Victor Pastor Fernández                            | General Finance Manager   |
| José Luís Vasco Hernando                           | General Administration Manager  |
| Gerard Ries  | Assistant General Manager of Strategy and International Corporate Development |
| José Eugenio Trueba Gutiérrez                      | General Administration and Finance Manager                                    |
| 2006   |   |
| Ignacio Bayón Marín                                | Chairman of Realía Business, S.A.   |
| José Ignacio Martínez-Ynzenga Cánovas del Castillo | CEO of Cementos Portland Valderrivas  |
| José Mayor Oreja                                   | Chairman of FCC Construcción, S.A.  |
| José Eugenio Trueba Gutiérrez                      | General Administration and Finance Manager                                    |
| José Luís Vasco Hernando                           | General Administration Manager  |
| José Luís de la Torre Sánchez                      | Chairman of FCC Servicios   |
| Antonio Gómez Ciria                                | Internal Audit Manager  |

In June 2007, José Eugenio Trueba resigned from his position as General Administration and Finance Manager.

The payments made by the Group in relation to the insurance policy taken out for, among others, certain executive directors and senior executives of the Company or the Group are disclosed in note 19. The beneficiaries received EUR 7,341 thousand from the insurance company in 2007 (no payments were made in 2006).

Except as indicated in note 19, no other remuneration, advances, loans or guarantees were granted to the Board members.

Set forth below are the required disclosures in relation to the ownership interests held by the directors of Fomento de Construcciones y Contratas, S.A. in the share capital of non-FCC Group companies; the activities (if any) performed by them, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the company object of the FCC Group; and the transactions (if any) conducted by them or by persons acting on their behalf, with the Company or with any company in the same Group that are not part of the Company's normal business activities or are not conducted on an arm's length basis:

- The director Miguel Blesa de la Parra declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of Fomento de Construcciones y Contratas, S.A., in his capacity as Chairman of the Boards of Directors of Caja Madrid and of Corporación Financiera Caja de Madrid, S.A., which hold direct or indirect ownership interests in Realia Business, S.A., a company in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect shareholding. Caja Madrid holds 20% of RB Business Holdings (which holds a 51% direct ownership interest in Realia Business, S.A.), Corporación Financiera Caja de Madrid, S.A. owns 30% and Fomento de Construcciones y Contratas, S.A. the remaining 50%.
- The director Luis Portillo Muñoz declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of Fomento de Construcciones y Contratas, S.A., in his capacity as:
  - Director acting severally of Alinilam, S.L.
  - Sole director of Expo-An, S.A.U.
  - Sole director of Lamesash, S.L.
  - Sole director of Plaza de Toros de Marbella, S.A.U.
  - Sole director of Nazaria E.C., S.L.
  - Sole director of Inversiones Vendome, S.L.
  - Chairman and CEO of Ábaco Grupo Financiero Inmobiliario, S.A.U.
  - Chairman and CEO of Las Salinas de Roquetas, S.L.
  - Representative of the sole director of the Portival Group at Gestiones Empresariales Jarque, S.L.
  - Joint CEO of Inrama Gestiones, S.L.
  - Representative of the sole director of the Portival Group at Inmópolis Calidad Sevilla, S.A.U.
  - Sole director of Explotaciones Forestales y Cinegéticas Alta Baja, S.A.
  - Director of Sociedad Herdade da Rendeira Agropecuaria, S.A.
  - Director of Sociedad Agropecuaria Corujeira, S.A.
  - Sole director of Massilia Inversiones, S.A.
  - Sole director of Inversiones Tres Cantos, S.L.
  - Representative of the Chairman of the Portival Group at Entrenúcleos Desarrollo Inmobiliario, S.L.
  - Representative of the Chairman of the Portival Group at Dehesa de Valme, S.L.
- The other directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, as independent professionals or as employees, that is identical, similar or complementary to the activity that constitutes the Company's object.
- The other Board members of the Company do not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- In 2007 the other directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company in the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on an arm's length basis.

Certain directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas, S.A. directly or indirectly holds a majority of the voting power.

Following is a detail of the significant transactions giving rise to a transfer of resources or obligations between Group companies and their executives or directors:

| Name or corporate name of the directors or executives | Name or corporate name of the group company or entity | Type of Transaction | Type of Relationship  | Amount |
|---|---|---------------------|-----------------------|--------|
| Dominum Desga, S.A.                                   | Servicios Especiales de Limpieza, S.A.                | Contractual         | Rendering of services | 9      |
| Larranza XXI, S.L.                                    | FCC Construcción, S.A.                                | Contractual         | Rendering of services | 8,600  |
| Larranza XXI, S.L.                                    | FCC Construcción, S.A.                                | Contractual         | Rendering of services | 185    |

### c) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, if they are significant, are eliminated in the preparation of the consolidated financial statements. In relation to construction projects performed by fully consolidated infrastructure concession operators, it should be noted that the revenue from completed work is not eliminated in consolidation since, under these contracts, the construction work is deemed to be performed for third parties because it is being executed for the concession owner, i.e. the grantor public authority. In this connection, revenue of EUR 815 thousand (2006: EUR 15,310 thousand) was recognised in the accompanying 2007 consolidated financial statements.

The revenue recognised in the accompanying consolidated income statement includes EUR 370,669 thousand (2006: EUR 458,963 thousand) relating to Group company billings to associates.

The Group's consolidated financial statements also include purchases from associates amounting to EUR 16,526 thousand (2006: EUR 25,403 thousand).

### d) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their directors, executives and significant shareholders, as indicated in Article 25 of the Board's Regulations.

## 26 Fees paid to auditors

The 2007 and 2006 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

|  | 2007          | 2006         |
|--|---------------|--------------|
| <b>Fees for financial audit services</b> | <b>8,243</b>  | <b>4,424</b> |
| Principal auditor                        | 3,624         | 1,864        |
| Other auditors                           | 4,619         | 2,560        |
| <b>Fees for other services</b>           | <b>3,919</b>  | <b>2,042</b> |
| Principal auditor                        | 296           | 366          |
| Other auditors                           | 3,623         | 1,676        |
|  | <b>12,162</b> | <b>6,466</b> |

## 27 Explanation added for translation to english

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

## Appendix I. Subsidiaries (fully consolidated)

| Company   | Registered office  | Effective percentage of ownership | Auditor   |
|---|--|-----------------------------------|---|
| <b>Environmental services</b>   |  |                                   |   |
| Abastecimientos y Saneamientos del Norte, S.A. Sole-Shareholder Company                       | Uruguay, 11 - Vigo (Pontevedra)                                    | 100.00                            |   |
| Abrantaqua-Serviço de Aguas Residuais Urbanas do Municipio de Abrantes, S.A.                  | Portugal   | 60.00                             |   |
| Adobs Orgànics, S.L.  | Sant Benet, 21 - Manresa (Barcelona)                               | 60.00                             |   |
| AEBA Ambiente y Ecología de Buenos Aires, S.A.  | Argentina  | 52.50                             |   |
| Aguas Jaén, S.A.  | Plaza de los Jardinitos, 6 - Jaén                                  | 60.00                             | Deloitte, S.L.                                    |
| Aguas Torrelavega, S.A.   | La Viña, 4 - Torrelavega (Cantabria)                               | 51.00                             | Enrique Campos & Cia. Censores Jurados de Cuentas |
| Aigües de l'Alt Empordà, S.A.   | Lluís Companys, 43 - Roses (Girona)                                | 51.40                             |   |
| Aigües de Vallirana, S.A.   | Conca de Tremp, 14 - Vallirana (Barcelona)                         | 100.00                            |   |
| Alfonso Benítez, S.A.   | Federico Salmón, 13 - Madrid                                       | 100.00                            | Deloitte, S.L.                                    |
| Aqua Campiña, S.A.  | Avda. Blas Infante, 6 - Écija (Sevilla)                            | 90.00                             | Audinfo, S.L.                                     |
| Aqualia Gestión Integral del Agua, S.A.   | Federico Salmón, 13 - Madrid                                       | 100.00                            | KPMG  |
| Aqualia Infraestructuras Inzenyring s.r.o.  | Czech Republic   | 100.00                            | Ing. Ladislav Balaz.                              |
| Aqualia Infraestructuras, S.A.  | Ulises, 18 - Madrid  | 100.00                            | KPMG  |
| Aquamaior-Aguas de Campo Maior, S.A.  | Portugal   | 100.00                            |   |
| Augas Municipais de Arteixo, S.A.   | Plaza Alcalde Ramón Dopico - Arteixo (La Coruña)                   | 51.00                             | Centium Auditores, S.L.                           |
| Azincourt Investment, S.L. Sole-Shareholder Company   | Federico Salmón, 13 - Madrid                                       | 100.00                            | KPMG  |
| Baltecma Gestión de Residuos Industriais, S.L.  | Conradores, parcela 34 P.I. Marratxi - Marratxi (Balearic Islands) | 70.00                             |   |
| Castellana de Servicios, S.A.   | Federico Salmón, 13 - Madrid                                       | 100.00                            | Deloitte, S.L.                                    |
| Chemipur Químicos, S.L. Sole-Shareholder Company  | Pincel, 25 - Sevilla   | 100.00                            |   |
| Colaboración, Gestión y Asistencia, S.A.  | Federico Salmón, 13 - Madrid                                       | 100.00                            |   |
| Compañía Catalana de Servicios, S.A.  | Balmes, 36 - Barcelona   | 100.00                            | Price Waterhouse Coopers Auditores, S.L.          |
| Compañía de Control de Residuos, S.L.   | Peña Redonda, 27 - P.I. Silvota - Llanera (Asturias)               | 64.00                             |   |
| Compañía Onubense de Aguas, S.A.  | Avda. Martín Alonso Pinzón, 8 - Huelva                             | 60.00                             |   |
| Corporación Ibérica, S.A.   | Ulises, 18 - Madrid  | 100.00                            |   |
| Cristales Molidos, S.L.   | Partida San Gregorio - Cadrete (Zaragoza)                          | 100.00                            |   |
| Ecoactiva de Medio Ambiente, S.A. Sole-Shareholder Company                                    | Cr. Puebla Albortón a Zaragoza Km. 25 - Zaragoza                   | 60.00                             |   |
| Ecodeal-Gestao Integral de Residuos Industriais, S.A.   | Portugal   | 55.00                             | Price Waterhouse Coopers Auditores, S.L.          |
| Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services               | Greece   | 51.00                             |   |
| Egypt Environmental Services, S.A.E.  | Egypt  | 100.00                            | Deloitte, S.L., Saleh, Barsoum and Abdel Aziz     |
| Ekonor, S.A.  | Larras de San Juan-Iruña de Oca (Álava)                            | 100.00                            | Price Waterhouse Coopers Auditores, S.L.          |
| Empresa Comarcal de Serveis Mediambientals del Baix Penedès-ECOBP, S.L.                       | Plaza del Centre, 3 - El Vendrell (Tarragona)                      | 80.00                             | Audinfo, S.L.                                     |
| Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A. | Princesa, 3 - Madrid   | 70.00                             |   |
| Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.                           | Plaza Vázquez de Molina, s/n - Úbeda (Jaén)                        | 90.00                             | Audinfo, S.L.                                     |
| Entemanser, S.A.  | Castillo, 13 - Adeje (Santa Cruz de Tenerife)                      | 97.00                             | Audinfo, S.L.                                     |
| Enviropower Investments Limited   | United Kingdom   | 100.00                            | KPMG Llp.   |
| F.S. Colaboración y Asistencia, S.A.  | Ulises, 18 Edificio H - Madrid                                     | 65.00                             | Audinfo, S.L.                                     |
| FCC Ámbito, S.A.  | Federico Salmón, 13 - Madrid                                       | 100.00                            | Price Waterhouse Coopers Auditores, S.L.          |
| FCC Medio Ambiente, S.A.  | Federico Salmón, 13 - Madrid                                       | 100.00                            | Deloitte, S.L.                                    |
| Focsa Services, U.K., Ltd.  | United Kingdom   | 100.00                            | Deloitte & Touche Llp.                            |
| Focsa Serviços de Saneamento Urbano de Portugal, S.A.   | Portugal   | 100.00                            | Horwarth & Asociados                              |
| Gamasur Campo de Gibraltar, S.L.  | Antigua Ctra. de Jimena de la Frontera, s/n - Los Barrios (Cádiz)  | 85.00                             | Price Waterhouse Coopers Auditores, S.L.          |
| GEMECAN, Gestora Medioambiental y de Residuos, S.L.   | Josefina Mayor, 12 - Telde (Las Palmas)                            | 100.00                            |   |
| Geneus Canarias, S.L.   | Josefina Mayor, 12 - Telde (Las Palmas)                            | 51.00                             |   |
| Gestió i Recuperació de Terrenys, S.A.  | Paratge Vacamorta - Cruilles (Girona)                              | 80.00                             | Audinfo, S.L.                                     |
| Gestión de Aguas del Norte, S.A.  | Avda. de Tirajana, 39 - San Bartolomé de Tirajana (Las Palmas)     | 51.00                             | Audinfo, S.L.                                     |
| Giza Environmental Services, S.A.E.   | Egypt  | 100.00                            | Deloitte, S.L., Saleh, Barsoum and Abdel Aziz     |
| Gonzalo Mateo, S.L.   | Partida San Gregorio - Cadrete (Zaragoza)                          | 100.00                            | Price Waterhouse Coopers Auditores, S.L.          |
| Graver Española, S.A. Sole-Shareholder Company  | Epalza, 8 - Bilbao (Vizcaya)                                       | 100.00                            |   |
| A.S.A. Group  | Austria  |                                   | PWC Price Waterhouse Coopers GmbH                 |
| 1. Polabská   | Czech Republic   | 100.00                            | Rödl & Partner                                    |
| ASA Abfall Service AG   | Austria  | 100.00                            | PWC Price Waterhouse Coopers GmbH                 |
| ASA Abfall Service Betriebs GmbH  | Austria  | 100.00                            |   |
| ASA Abfall Service Halbenrain GmbH  | Austria  | 100.00                            | PWC Price Waterhouse Coopers GmbH                 |
| ASA Abfall Service Halbenrain GmbH & Co Nfg KG  | Austria  | 100.00                            |   |
| ASA Abfall Service Industrieviertel Betriebs GmbH   | Austria  | 100.00                            |   |
| ASA Abfall Service Industrieviertel GmbH & Co Nfg KG  | Austria  | 100.00                            |   |
| ASA Abfall Service Neunkirchen GmbH   | Austria  | 100.00                            |   |
| ASA Abfall Service Oberösterreich GmbH  | Austria  | 100.00                            |   |
| ASA Abfall Service Wiener Neustadt GmbH   | Austria  | 100.00                            |   |
| ASA Abfall Service Zistersdorf GmbH   | Austria  | 100.00                            |   |
| ASA Abfall Sortieranlage Asten Betriebs GmbH Nfg KG   | Austria  | 100.00                            |   |

| Company  | Registered office  | Effective percentage of ownership | Auditor                           |
|--|--------------------|-----------------------------------|-----------------------------------|
| ASA Abfallservice Halbenrain Gmb & Co Nfg KG                     | Austria            | 99.80                             |                                   |
| ASA Areal spol. s.r.o  | Czech Republic     | 100.00                            | Rödl & Partner                    |
| ASA České Budějovice s.r.o                                       | Czech Republic     | 75.00                             | Rödl & Partner                    |
| ASA Dačice s.r.o   | Czech Republic     | 60.00                             | Rödl & Partner                    |
| ASA KO Bih d.o.o   | Bosnia Herzegovina | 100.00                            |                                   |
| ASA EKO d.o.o  | Serbia             | 100.00                            |                                   |
| ASA EKO Polska sp. z.o.o.  | Poland             | 100.00                            |                                   |
| ASA EKO s.r.o.   | Slovakia           | 100.00                            | PWC Price Waterhouse Coopers GmbH |
| ASA EKO Znojmo s.r.o   | Austria            | 49.72                             | Rödl & Partner                    |
| ASA Ekologické Služby spol. s.r.o.                               | Slovakia           | 100.00                            |                                   |
| ASA Ekoloski Servis d.o.o.                                       | Slovakia           | 100.00                            |                                   |
| ASA Es d.o.o.  | Serbia             | 100.00                            |                                   |
| ASA Es Únanov s.r.o.   | Czech Republic     | 66.41                             | Rödl & Partner                    |
| ASA Finanzdienstleistungen GmbH                                  | Austria            | 100.00                            |                                   |
| ASA Hódmezővásárhelyi Köztisztasági Kft                          | Hungary            | 61.83                             | PWC Price Waterhouse Coopers GmbH |
| ASA Hp spol. s.r.o.  | Czech Republic     | 100.00                            | Rödl & Partner                    |
| ASA International Environmental Services GmbH                    | Austria            | 100.00                            |                                   |
| ASA Kikinda d.o.o.   | Serbia             | 80.00                             |                                   |
| ASA Kisalföld Szállító Környezetvédelmi Es H Kft                 | Hungary            | 100.00                            | PWC Price Waterhouse Coopers GmbH |
| ASA Kosické Olsany s.r.o.  | Slovakia           | 95.00                             |                                   |
| ASA Liberec s.r.o.   | Czech Republic     | 55.00                             | Rödl & Partner                    |
| ASA Magyarország Környezetvédelem És H Kft                       | Hungary            | 100.00                            | PWC Price Waterhouse Coopers GmbH |
| ASA Marcelová s.r.o.   | Slovakia           | 49.00                             |                                   |
| ASA Odpady Litovel s.r.o.  | Czech Republic     | 49.00                             | Rödl & Partner                    |
| ASA Olsava spol. s.r.o.  | Slovakia           | 100.00                            |                                   |
| ASA Pol spol. s.r.o.   | Czech Republic     | 100.00                            | Rödl & Partner                    |
| ASA Posázavi s.r.o.  | Czech Republic     | 100.00                            | Rödl & Partner                    |
| ASA Slovensko spol. s.r.o.                                       | Slovakia           | 100.00                            | PWC Price Waterhouse Coopers GmbH |
| ASA Služby Závresky s.r.o.                                       | Czech Republic     | 89.00                             | Rödl & Partner                    |
| ASA spol. s.r.o.   | Czech Republic     | 100.00                            |                                   |
| ASA TRNAVA spol. s.r.o.  | Slovakia           | 50.00                             | PWC Price Waterhouse Coopers GmbH |
| ASA Usluge Za Zastitu Okolisa d.o.o.                             | Croatia            | 100.00                            |                                   |
| ASA V.O.D.S. Sanacie s.r.o.                                      | Slovakia           | 51.00                             |                                   |
| ASA Vilnius UAB  | Lithuania          | 100.00                            |                                   |
| ASA Vrbak d.o.o.   | Serbia             | 51.02                             |                                   |
| ASA Zabčice spol. s.r.o.   | Czech Republic     | 80.00                             | Rödl & Partner                    |
| ASA Zohor spol. s.r.o.   | Slovakia           | 85.00                             | PWC Price Waterhouse Coopers GmbH |
| Abfallwirtschaftszentrum Mostviertel GmbH                        | Austria            | 100.00                            |                                   |
| Bec Odpady s.r.o.  | Czech Republic     | 99.60                             | Rödl & Partner                    |
| Eko Serwis sp. z.o.o.  | Poland             | 100.00                            |                                   |
| Entsorga Entsorgung GmbH Nfg KG                                  | Austria            | 100.00                            |                                   |
| EnviCon G s.r.o.   | Czech Republic     | 99.60                             | Rödl & Partner                    |
| Erd-Kom Erdi Kommunális Hulladékkezelő                           | Hungary            | 90.00                             | PWC Price Waterhouse Coopers GmbH |
| Esko-A S A s.r.o.  | Czech Republic     | 100.00                            | Rödl & Partner                    |
| Inerta Abfallbehandlungs GmbH                                    | Austria            | 100.00                            |                                   |
| Kreindl GmbH   | Austria            | 100.00                            |                                   |
| Matra-Kom Hulladékgyaldalkodási Szolgáltató Kft                  | Hungary            | 100.00                            |                                   |
| Miejska Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o. Zabrze | Poland             | 80.00                             |                                   |
| Obsed a.s.   | Czech Republic     | 100.00                            |                                   |
| Pergo a.s.   | Czech Republic     | 94.67                             |                                   |
| Quail spol. s.r.o.   | Czech Republic     | 100.00                            | Rödl & Partner                    |
| Regios AS  | Czech Republic     | 99.00                             | Rödl & Partner                    |
| Remat Jihlava s.r.o.   | Czech Republic     | 100.00                            |                                   |
| S C A S A Servicii Ecologice SRL                                 | Romania            | 100.00                            | PWC Price Waterhouse Coopers GmbH |
| SC Valmax Impex SRL  | Romania            | 60.00                             | SC Eculda SRL                     |
| Sárréti Közterület-Fenntartó Kft                                 | Hungary            | 25.50                             |                                   |
| Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.    | Poland             | 100.00                            |                                   |
| Technické Služby-A S A s.r.o.                                    | Slovakia           | 100.00                            | PWC Price Waterhouse Coopers GmbH |
| Textil Verwertung GmbH   | Austria            | 100.00                            |                                   |
| Tores-Technické, Obchodní a Rekreační Služby AS                  | Czech Republic     | 100.00                            | Rödl & Partner                    |
| Waste City spol. s.r.o. -in liquidation-                         | Slovakia           | 100.00                            |                                   |
| Waste Recycling Group:   | United Kingdom     |                                   | KPMG LLP.                         |
| 3C Holdings Limited  | United Kingdom     | 100.00                            | KPMG LLP.                         |
| 3C Waste Limited   | United Kingdom     | 100.00                            | KPMG LLP.                         |
| Advanced Natural Fuels Limited                                   | United Kingdom     | 100.00                            |                                   |

| Company   | Registered office   | Effective percentage of ownership | Auditor                                  |
|---|---|-----------------------------------|--|
| Airdriehill Quarries Limited                                | United Kingdom  | 100.00                            |  |
| Allington Waste Company Limited                             | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Anti-Rubbish Limited  | United Kingdom  | 100.00                            |  |
| Anti-Waste (Restoration) Limited                            | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Anti-Waste Limited  | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Arnold Waste Disposal Limited                               | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Arpley Gas Limited  | United Kingdom  | 100.00                            |  |
| BDR Waste Disposal Limited                                  | United Kingdom  | 80.00                             | KPMG Lp.                                 |
| CLWR Management 2001 Limited                                | United Kingdom  | 100.00                            |  |
| Darrington Quarries Limited                                 | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Derbyshire Waste Limited                                    | United Kingdom  | 80.00                             | KPMG Lp.                                 |
| East Waste Limited  | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Econowaste Limited  | United Kingdom  | 100.00                            |  |
| Finstop Limited   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Green Waste Services Limited                                | United Kingdom  | 100.00                            |  |
| GWS (Holdings) Limited                                      | United Kingdom  | 100.00                            |  |
| Herrington Limited  | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Humberside Wastewise Waste Management Services Limited      | United Kingdom  | 100.00                            |  |
| Integrated Waste Management Limited                         | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Kent Conservation & Management Limited                      | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Kent Energy Limited   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Kent Enviropower Limited                                    | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Landfill Management Limited                                 | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Lincwaste Limited   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Meadshores Limited  | United Kingdom  | 100.00                            |  |
| Norfolk Waste Limited                                       | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Oxfordshire Waste Limited                                   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Paper Product Developments Limited                          | United Kingdom  | 100.00                            |  |
| Pennine Waste Management Limited                            | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| RE3 Holding Limited   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| RE3 Limited   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Site&Field Equipment Limited                                | United Kingdom  | 100.00                            |  |
| T Shooter Limited   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Tawse Ellon (Haulage) Limited                               | United Kingdom  | 100.00                            |  |
| Waste Recovery Limited                                      | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Waste Recycling Group (Central) Limited                     | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Waste Recycling Group (Scotland) Limited                    | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Waste Recycling Group (South West) Limited                  | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Waste Recycling Group (Yorkshire) Limited                   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Waste Recycling Group Limited                               | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Waste Recycling Limited                                     | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Wastenotts (Reclamation) Limited                            | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Wastenotts Limited  | United Kingdom  | 100.00                            |  |
| Wastewise Limited   | United Kingdom  | 100.00                            |  |
| Wastewise Power Limited                                     | United Kingdom  | 100.00                            |  |
| Wastewise Trustees Limited                                  | United Kingdom  | 100.00                            |  |
| Welbeck Waste Management Limited                            | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| Winterton Power Limited                                     | United Kingdom  | 100.00                            |  |
| WRG (Management) Limited                                    | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG (Midlands) Limited                                      | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG (Northerm) Limited                                      | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG Acquisitions 2 Limited                                  | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG Berkshire Limited                                       | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG Environmental Limited                                   | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG PFI Holdings Limited                                    | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG Properties Limited                                      | United Kingdom  | 100.00                            |  |
| WRG Waste Services Limited                                  | United Kingdom  | 100.00                            | KPMG Lp.                                 |
| WRG Wrexham PFI Holdings Limited                            | United Kingdom  | 65.00                             | KPMG Lp.                                 |
| WRG Wrexham PFI Limited                                     | United Kingdom  | 65.00                             | KPMG Lp.                                 |
| Hidrotec Tecnología del Agua, S.L. Sole-Shareholder Company | Píncel, 25 - Sevilla  | 100.00                            |  |
| Instugasa, S.L. Sole-Shareholder Company                    | La Presa, 14 - Adeje (Santa Cruz de Tenerife)                         | 100.00                            | Audinfo, S.L.                            |
| Integraciones Ambientales de Cantabria, S.A.                | Lealtad, 14 - Santander (Cantabria)                                   | 90.00                             |  |
| International Services Inc., S.A. Sole-Shareholder Company  | Arquitecto Gaudi, 4 - Madrid  | 100.00                            |  |
| Inversora Riutort, S.L.                                     | Alfonso XIII - Sabadell (Barcelona)                                   | 90.00                             |  |
| Jaime Franquesa, S.A.                                       | P.I. Zona Franca Sector B calle D49 - Barcelona                       | 100.00                            |  |
| Jaume Oro, S.L.   | Avda. de les Garrigues, 15 - Bellpuig (Lleida)                        | 100.00                            | Audinfo, S.L.                            |
| Limpieza e Higiene de Cartagena, S.A.                       | Luis Pasteur, 6 - Cartagena (Murcia)                                  | 90.00                             | Deloitte, S.L.                           |
| Limpiezas Urbanas de Mallorca, S.A.                         | Ctra. San Margalida-Can Picafort - Santa Margalida (Balearic Islands) | 100.00                            | Audinfo, S.L.                            |
| Manipulación y Recuperación MAREPA, S.A.                    | Avda. San Martín de Valdeiglesias, 22 - Alcorcón (Madrid)             | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Mercia Waste Management Ltd.                                | United Kingdom  | 50.00                             | Deloitte & Touche Lp.                    |

| Company  | Registered office   | Effective percentage of ownership | Auditor                                  |
|--|---|-----------------------------------|--|
| Municipal de Serveis, S.A.   | Joan Torrà i Cabrosa, 7 - Girona                            | 80.00                             | Cataudit Auditors Associats, S.L.        |
| Nilo Medioambiente, S.L. Sole-Shareholder Company                  | Píncel, 25 - Sevilla  | 100.00                            | Audinfór, S.L.                           |
| Onyx Gibraltar, Ltd.   | United Kingdom  | 100.00                            |  |
| Ovod spol. s.r.o.  | Czech Republic  | 98.67                             | Ing. Ladislav Balaz                      |
| Papeles Hernández e Hijos, S.A.                                    | Guadalquivir, 16 - Fuenlabrada (Madrid)                     | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Papeles Vela, S.A.   | Álava, 90 - Barcelona                                       | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Recuperació de Pedreres, S.L.                                      | Paratge Vacamorta - Cruilles (Girona)                       | 80.00                             | Deloitte, S.L.                           |
| Saneamiento y Servicios, S.A.                                      | Ronda Vigilancia, s/n - Cádiz                               | 100.00                            |  |
| Senblen Bat, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                   | 83.64                             | Deloitte, S.L.                           |
| Serveis d'Escombreries i Neteja, S.A.                              | Coure, s/n - Pl. Riu Clar - Tarragona                       | 100.00                            | Deloitte, S.L.                           |
| Servicios de Levante, S.A.   | Ctra. de Valencia Km. 3 - Castellón de la Plana (Castellón) | 100.00                            | Deloitte, S.L.                           |
| Servicios Especiales de Limpieza, S.A.                             | Federico Salmón, 13 - Madrid                                | 100.00                            |  |
| Severn Waste Services Limited                                      | United Kingdom  | 50.00                             | Deloitte & Touche Llp.                   |
| Severomoravské Vodovody a Kanalizace Ostrava A.S.                  | Czech Republic  | 98.67                             | Deloitte, S.L.                           |
| Sociedad Española de Aguas Filtradas, S.A.                         | Ulises, 18 - Madrid   | 100.00                            | KPMG                                     |
| Sociedad Ibérica del Agua S.I.A., S.A. Sole-Shareholder Company    | Federico Salmón, 13 - Madrid                                | 100.00                            |  |
| Telford & Wrekin Services, Ltd.                                    | United Kingdom  | 100.00                            | Deloitte & Touche Llp.                   |
| Tratamiento Industrial de Aguas, S.A.                              | Federico Salmón, 13 - Madrid                                | 100.00                            | Audinfór, S.L.                           |
| Tratamiento y Reciclado Integral de Ocaña, S.A.                    | Federico Salmón, 13 - Madrid                                | 100.00                            |  |
| Tratamientos y Recuperaciones Industriales, S.A.                   | Angli, 31 - Barcelona                                       | 75.00                             | Price Waterhouse Coopers Auditores, S.L. |
| Valoración y Tratamiento de Residuos, S.A.                         | Alameda de Mazarredo, 15-4º A - Bilbao (Vizcaya)            | 100.00                            | Audinfór, S.L.                           |
| <b>VERZIA</b>  |   |                                   |  |
| Aparcamientos Concertados, S.A.                                    | Arquitecto Gaudí, 4 - Madrid                                | 100.00                            | Deloitte, S.L.                           |
| Aragonesa de Servicios I.T.V., S.A.                                | Federico Salmón, 13 - Madrid                                | 100.00                            | C.T.A. Auditores, S.A.                   |
| Beta de Administración, S.A.                                       | Federico Salmón, 13 - Madrid                                | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| C.G.T. Corporación General de Transportes, S.A.                    | Federico Salmón, 13 - Madrid                                | 100.00                            | Deloitte, S.L.                           |
| Camusa Corporación Americana de Mobiliario Urbano, S.A.            | Argentina   | 100.00                            |  |
| Casa Park Moulay Youssef, S.A.R.L.                                 | Morocco   | 100.00                            |  |
| Casa Park, S.A.  | Morocco   | 97.91                             |  |
| Cemusa Amazonia, S.A.  | Brazil  | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa Boston, Llc.  | U.S.A.  | 100.00                            |  |
| Cemusa Brasilia, S.A.  | Brazil  | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa Corporación Europea de Mobiliario Urbano, S.A.              | Francisco Sancha, 24 - Madrid                               | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa do Brasil Ltda.   | Brazil  | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa Inc.  | U.S.A.  | 100.00                            | KPMG                                     |
| Cemusa Italia, S.R.L.  | Italy   | 100.00                            |  |
| Cemusa Miami Ltd.  | U.S.A.  | 100.00                            |  |
| Cemusa NY, Llc.  | U.S.A.  | 100.00                            |  |
| Cemusa Portugal Companhia de Mobiliario Urbano e Publicidade, S.A. | Portugal  | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa Rio, S.A.   | Brazil  | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa Salvador, S.A.  | Brazil  | 65.00                             | Price Waterhouse Coopers Auditores, S.L. |
| Cemusa San Antonio GP, Llc.  | U.S.A.  | 100.00                            |  |
| Cemusa San Antonio, Ltd.   | U.S.A.  | 100.00                            |  |
| Cemusa Texas, Llc.   | U.S.A.  | 100.00                            |  |
| Concesionaria Zona 5, S.A.   | Argentina   | 100.00                            | Deloitte, S.L.                           |
| Conservación y Sistemas, S.A.                                      | Federico Salmón, 13 - Madrid                                | 100.00                            | Deloitte, S.L.                           |
| Empresa Mixta de Tráfico de Gijón, S.A.                            | Pl. Promosa nave 27 - El Plano - Tremañes (Gijón)           | 60.00                             | Deloitte, S.L.                           |
| Equipos y Procesos, S.A.   | Conde de Peñalver, 45 - Madrid                              | 80.73                             |  |
| Estacionamientos y Servicios, S.A.                                 | Federico Salmón, 13 - Madrid                                | 100.00                            | Deloitte, S.L.                           |
| FCC International, B.V.  | The Netherlands   | 100.00                            |  |
| FCC Logística Portugal, S.A.                                       | Portugal  | 99.99                             | Deloitte, S.L.                           |
| FCC Logística, S.A. Sole-Shareholder Company                       | Avda. Fuentemar, 19 - Coslada (Madrid)                      | 100.00                            | Deloitte, S.L.                           |
| FCC Versia, S.A.   | Federico Salmón, 13 - Madrid                                | 100.00                            | Deloitte, S.L.                           |
| Flightcare Belgium, Naamloze Vennootschap                          | Belgium   | 100.00                            | Deloitte, S.L.                           |
| Flightcare Cyprus Limited  | Cyprus  | 75.00                             |  |
| Flightcare Italia, S.p.A.  | Italy   | 100.00                            | Deloitte, S.L.                           |
| Flightcare, S.L.   | Federico Salmón, 13 - Madrid                                | 100.00                            | Deloitte, S.L.                           |
| General de Servicios I.T.V., S.A.                                  | Federico Salmón, 13 - Madrid                                | 100.00                            | C.T.A. Auditores, S.A.                   |
| Geral I.S.V. Brasil Ltda.  | Brazil  | 100.00                            |  |
| I.T.V., S.A.   | Argentina   | 100.00                            | Deloitte, S.L.                           |
| Industrial de Limpiezas y Servicios, S.A. Sole-Shareholder Company | Federico Salmón, 13 - Madrid                                | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Santos Renting, S.L. Sole-Shareholder Company                      | Francisco Medina y Mendoza - Guadalajara                    | 100.00                            |  |
| Servicios de Publicidad Urbanos, S.A.                              | Atenas, nave 46 Pl. San Luis - Málaga                       | 75.00                             |  |
| Sistemas y Vehículos de Alta Tecnología, S.A.                      | Conde de Peñalver, 45 - Madrid                              | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| VTV Verificaciones Técnicas Vehiculares de Argentina, S.A.         | Argentina   | 100.00                            | Deloitte, S.L.                           |
| Verauto La Plata, S.A.   | Argentina   | 98.45                             | Deloitte, S.L.                           |
| Versia Holding GmbH  | Austria   | 100.00                            |  |
| Zona Verde-Promoção e Marketing Limitada                           | Portugal  | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |

| Company  | Registered office   | Effective percentage of ownership | Auditor                                  |
|--|---|-----------------------------------|--|
| <b>Construction</b>  |   |                                   |  |
| Alpetrol, S.A.   | Camino Casa Sola, 1 - Chiloeches (Guadalajara)                | 100.00                            |  |
| Aremi Tecair, S.A.   | Avda. de les Corts Valencianes, 50 - Valencia                 | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Áridos de Melo, S.L.   | Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca) | 100.00                            | C.T.A. Auditores, S.A.                   |
| Autovia Conquense, S.A.  | Pedro Teixeira, 8 - Madrid                                    | 100.00                            |  |
| Auxiliar de Pipelines, S.A.  | Paseo del Club Deportivo, 1 - Pozuelo de Alarcón (Madrid)     | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| BBR Pretensados y Técnicas Especiales, S.L.                        | Retama, 5 - Madrid  | 100.00                            |  |
| Binatex al Maghreb, S.A.   | Morocco   | 100.00                            |  |
| Concesionaria Túnel de Coatzacoalcos, S.A. de CV                   | Mexico  | 85.59                             |  |
| Concesiones Viales de Costa Rica, S.A.                             | Costa Rica  | 100.00                            |  |
| Concesiones Viales, S. de R.L. de C.V.                             | Mexico  | 99.97                             |  |
| Conservial, S.L.   | Manuel Lasala, 36 - Zaragoza                                  | 100.00                            |  |
| Construcción y Filiales Mexicanas, S.A. de C.V.                    | Mexico  | 100.00                            |  |
| Constructora Túnel de Coatzacoalcos, S.A. de C.V.                  | Mexico  | 55.60                             |  |
| Contratas y Ventas, S.A.   | Asturias, 41 - Oviedo (Asturias)                              | 100.00                            | Deloitte, S.L.                           |
| Corporación M&S Internacional C.A, S.A.                            | Costa Rica  | 50.00                             |  |
| Dezvoltare Infrastructura, S.A.                                    | Romania   | 51.03                             |  |
| Dizara Inversión, S.L.   | Avda. General Perón, 36 - Madrid                              | 100.00                            |  |
| Elcen Obras Servicios y Proyectos, S.A.                            | Voluntarios Catalanes, 30 - Madrid                            | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Especialidades Eléctricas, S.A.                                    | Acanto, 22 - Madrid   | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Espelsa-Luwat, S.A.  | Acanto, 22 - Madrid   | 60.00                             |  |
| Eurman, S.A.   | Valentín Beato, 24-26 - Madrid                                | 100.00                            |  |
| FCC Construcción, S.A.   | Balmes, 36 - Barcelona  | 100.00                            | Deloitte, S.L.                           |
| FCC Constructii Romania, S.A.                                      | Romania   | 100.00                            |  |
| FCC Construction Inc.  | U.S.A.  | 100.00                            |  |
| FCC Construction International B.V.                                | The Netherlands   | 100.00                            |  |
| Fomento de Construcciones y Contratas Concessions Ireland Limited  | Ireland   | 100.00                            |  |
| Fomento de Construcciones y Contratas Construction Ireland Limited | Ireland   | 100.00                            |  |
| Gavisa Portugal Montagens Eléctricas Lda.                          | Portugal  | 97.00                             |  |
| Gestión Especializada en Instalaciones, S.A.                       | Valentín Beato, 24 - Madrid                                   | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Alpine Group:  |   |                                   | DKB & Partner Treuhand GmbH              |
| 3 G Netzwerk Errichtungs GmbH                                      | Austria   | 76.67                             |  |
| 3 G Netzwerk Errichtungs GmbH & Co KG                              | Austria   | 76.67                             |  |
| Acoton Projektmanagement & Bauträger GmbH                          | Austria   | 79.10                             |  |
| Ad Grundbesitzverwaltung GmbH                                      | Germany   | 80.54                             |  |
| Ajs Acoton Projektmanagement & Bautrager GmbH Co KG                | Austria   | 79.90                             |  |
| Alpine Aleksandar d.o.o.   | Macedonia   | 77.48                             |  |
| Alpine Bau Deutschland AG  | Germany   | 80.62                             | Deloitte, S.L.                           |
| Alpine Bau GmbH  | Austria   | 80.71                             | Deloitte, S.L., DKB                      |
| Alpine Bau GmbH Schweiz  | Switzerland   | 80.71                             |  |
| Alpine Bau Services GmbH Schweiz                                   | Switzerland   | 80.71                             |  |
| Alpine Bau Trostberg GmbH  | Germany   | 80.71                             | Deloitte, S.L.                           |
| Alpine Bau Zagreb d.o.o.   | Croatia   | 80.71                             | Leitner                                  |
| Alpine BH d.o.o. Travnik   | Bosnia Herzegovina  | 56.50                             |  |
| Alpine Building Services GmbH                                      | Germany   | 60.62                             |  |
| Alpine Bulgaria AG   | Bulgaria  | 41.16                             | Audit House B.C.                         |
| Alpine Consulting d.o.o. Gradbeni Inzeniring                       | Slovenia  | 80.71                             | Renoma                                   |
| Alpine d.o.o. Beograd  | Serbia/Montenegro   | 80.71                             | Milovan Stanisic                         |
| Alpine Dolomit AD  | Serbia/Montenegro   | 66.75                             | Milovan Stanisic                         |
| Alpine Energie Deutschland G m bH                                  | Germany   | 80.71                             | Deloitte, S.L.                           |
| Alpine Energie Holding AG  | Germany   | 80.71                             | Deloitte, s.L.                           |
| Alpine Energie Kommunikation Services GmbH (Österreich)            | Austria   | 80.71                             | Price Waterhouse Coopers Auditores, S.L. |
| Alpine Energie Luxembourg SARL                                     | Luxembourg  | 80.71                             |  |
| Alpine Energie Osterreich GmbH                                     | Austria   | 80.71                             |  |
| Alpine Energie Schweiz AG  | Switzerland   | 80.71                             |  |
| Alpine Granit AD   | Serbia  | 79.00                             | Milovan Stanisic                         |
| Alpine Holding GmbH  | Austria   | 79.27                             |  |
| Alpine Hungaria Bau GmbH   | Hungary   | 80.71                             |  |
| Alpine Investment d.o.o.   | Bosnia Herzegovina  | 41.16                             | Revsar                                   |
| Alpine Inzeniring Gradbeno Podjetje d.o.o. -in liquidation-        | Slovenia  | 80.71                             |  |
| Alpine Ips Ostrava Polska sp z.o.o.                                | Poland  | 80.71                             |  |
| Alpine Liegenschaftsverwertung GmbH                                | Austria   | 80.71                             |  |
| Alpine Mayreder Construction Co Ltd. AMCC                          | China   | 60.53                             | Tongdaoxing                              |
| Alpine Mayreder Romania SRL  | Romania   | 80.71                             |  |
| Alpine Podgorica d.o.o.  | Serbia/Montenegro   | 80.71                             | Deloitte, S.L.                           |
| Alpine Project Finance and Consulting GmbH                         | Germany   | 80.71                             | Deloitte, S.L.                           |
| Alpine Pzpb d.o.o.   | Serbia/Montenegro   | 80.71                             |  |
| Alpine Rudnik Krecnjaka Lapisnica d.o.o.                           | Bosnia Herzegovina  | 41.16                             | Milovan Stanisic                         |
| Alpine Skopje DOOEL  | Macedonia   | 80.71                             |  |

| Company  | Registered office  | Effective percentage of ownership | Auditor             |
|--|--------------------|-----------------------------------|---------------------|
| Alpine Slovakia spol s.r.o.  | Slovakia           | 80.71                             | Revsar              |
| Alpine Stavebni Spolecnost Cz s.r.o.   | Czech Republic     | 80.71                             |                     |
| AlpineTirana Sh.p.k.   | Albania            | 80.71                             |                     |
| Alpine Untertagebau GmbH   | Germany            | 80.62                             |                     |
| Alpine, S.A.   | Romania            | 40.16                             | Grant Thornton      |
| Alpine@Energie France S A R L  | France             | 80.71                             |                     |
| Altec Umwelttechnik GmbH   | Austria            | 80.71                             | Grant Thornton      |
| APT Alpine Project Technology GmbH   | Austria            | 80.71                             |                     |
| Bautechnische Prüf und Versuchsanstalt GmbH                                      | Austria            | 80.71                             |                     |
| Betotrub Ostrava S.r.o.  | Czech Republic     | 80.71                             |                     |
| Bewehrungszentrum Linz GmbH  | Austria            | 80.71                             |                     |
| Bruno Freibauer Fonds Unterstützungseinrichtung für die Mitarbeiter der Universa | Austria            | 80.71                             |                     |
| Bürozentrum U3 Projekt GmbH  | Austria            | 80.71                             |                     |
| Conex Warenhandels GmbH  | Austria            | 80.71                             |                     |
| CPI Czech Property Invest AG   | Austria            | 51.65                             |                     |
| E Gottschall & Co GmbH   | Germany            | 79.27                             |                     |
| Ecoenergetika d.o.o.   | Slovenia           | 80.71                             |                     |
| Emberger & Essl GmbH   | Austria            | 72.64                             |                     |
| Emberger & Heuberger Bau GmbH  | Austria            | 72.64                             | DKB                 |
| Erfurth Specialne Gradnje d.o.o.   | Slovenia           | 80.71                             |                     |
| Erfurth Spezialbau GmbH  | Austria            | 80.71                             |                     |
| Febarest Ltd.  | Cyprus             | 40.35                             |                     |
| Fels und Sprengtechnik GmbH  | Austria            | 80.71                             |                     |
| Ferro Betonit Bau GmbH   | Germany            | 80.71                             |                     |
| Ferro-Betonit-Werke Immobilien GmbH  | Austria            | 80.71                             |                     |
| Fritz & Co Bau GmbH  | Austria            | 80.71                             | DKB                 |
| Fröhlich Bau und Zimmereiunternehmen GmbH  | Austria            | 80.71                             |                     |
| Fundbud sp. z.o.o.   | Poland             | 80.71                             |                     |
| Garazna Hisa UKC d.o.o.  | Slovenia           | 80.71                             | Renoma              |
| Geospol BRNO spol. sro   | Czech Republic     | 80.71                             |                     |
| GmbH Alpine Mayreder   | Russia             | 80.71                             |                     |
| Granitul, S.A.   | Romania            | 33.68                             |                     |
| Gregorich GmbH   | Austria            | 80.71                             |                     |
| Grund Pfahl und Sonderbau GmbH   | Austria            | 80.71                             | DKB                 |
| Grund und Sonderbau GmbH   | Austria            | 80.71                             | Deloitte, S.L.      |
| Grund und Sonderbau GmbH ZNL Berlin  | Austria            | 80.71                             |                     |
| Hazet Bauunternehmung GmbH   | Austria            | 80.71                             | Deloitte, S.L., DKB |
| Hoch & Tief Bau Beteiligungs GmbH  | Austria            | 80.51                             |                     |
| Ing Arnulf Haderer GmbH  | Austria            | 80.71                             |                     |
| Intech Installationstechnik GmbH   | Austria            | 65.37                             |                     |
| JSC Alpine Gaz AG  | Russia             | 41.16                             |                     |
| Kai Center Errichtungs und Vermietungs GmbH                                      | Austria            | 79.90                             |                     |
| Klöcher Bau GmbH   | Austria            | 80.71                             | DKB                 |
| Konrad Beyer & Co Spezialbau GmbH  | Austria            | 80.71                             | DKB                 |
| Mas Bau Projekt und Handels GmbH   | Austria            | 80.71                             |                     |
| Mayreder Bau GmbH Budapest   | Hungary            | 80.71                             |                     |
| Mayreder Bohemia Stavebni Spolecnost spol. s.r.o.                                | Czech Republic     | 80.71                             |                     |
| Mayreder Hoch und Tiefbau GmbH   | Austria            | 80.71                             |                     |
| Mayreder Praha Stavebni Spolec spol. s.r.o.                                      | Czech Republic     | 80.71                             |                     |
| MLA Lieferasphalt GmbH   | Austria            | 80.71                             |                     |
| Mortinger-Grohmann Tief Hoch und Strassenbau GmbH                                | Austria            | 80.71                             | DKB                 |
| MWG Wohnbau GmbH   | Austria            | 79.90                             |                     |
| Netzbau Verwaltungs GmbH   | Germany            | 80.71                             |                     |
| Oekotechna Entsorgungs und Umwelttechnik GmbH                                    | Austria            | 80.71                             |                     |
| Osijek Koteks d.d.   | Croatia            | 56.23                             | Azurnost            |
| Parkgarage Makatplatz GmbH   | Austria            | 80.71                             |                     |
| Project Development GmbH   | Austria            | 80.71                             |                     |
| RMG d.o.o. -in liquidation-  | Bosnia Herzegovina | 41.16                             |                     |
| S C Scaep Giurgiu Port, S.A.   | Romania            | 30.84                             |                     |
| Salzburger Lieferasphalt O.H.G.  | Austria            | 48.43                             |                     |
| Schauer Eisenbahnbau GmbH  | Austria            | 80.71                             |                     |
| Song Consulting GmbH   | Austria            | 80.71                             |                     |
| Strazevica AD  | Serbia/Montenegro  | 48.20                             | Milovan Stanisic    |
| Stump Funderingstechnik B.V. -in liquidation-                                    | The Netherlands    | 80.71                             |                     |
| Stump Hydrobudowa sp. z.o.o. Warschan  | Poland             | 68.30                             | PKF                 |
| Stump Spezial Tiefbau GmbH   | Czech Republic     | 80.71                             | Deloitte, S.L.      |
| Stump Spezial Tiefbau spol. s.r.o. Trag  | Czech Republic     | 80.71                             | Norr Stiefenhofer   |
| Thalia Errichtungs und Vermietungs GmbH  | Austria            | 80.71                             |                     |
| Tiefbau Deutschlandsberg GmbH  | Austria            | 48.43                             |                     |
| Tiefbau Deutschlandsberg GmbH & Co KG  | Germany            | 48.43                             |                     |

| Company  | Registered office  | Effective percentage of ownership | Auditor                                  |
|--|--|-----------------------------------|--|
| Too Alpine KAZ   | Kazakhstan   | 48.43                             |  |
| TOV Alpine Ukraine   | Ukraine  | 80.71                             |  |
| Universale Bahnbau GmbH  | Austria  | 80.71                             |  |
| Universale Bau GmbH  | Austria  | 80.71                             | DKB                                      |
| Uno-Center s.r.o. Konkurs  | Czech Republic   | 51.65                             |  |
| Vela Borovica Koncern d.o.o.   | Croatia  | 80.71                             |  |
| Walter Hamann Hoch Tief und Stahlbetonbau GmbH                         | Germany  | 80.62                             |  |
| Weinfried Bauträger GmbH   | Austria  | 80.71                             |  |
| Ibérica de Servicios y Obras, S.A.                                     | Federico Salmán, 13 - Madrid                               | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Ibervia Construcciones y Contratas, S.L.                               | Avda. General Perón, 36 - Madrid                           | 100.00                            |  |
| Impulsa Infraestructura, S.A. de C.V.                                  | Mexico   | 52.00                             | Deloitte, S.L.                           |
| Internacional Tecair, S.A.   | Valentín Beato, 24-26 - Madrid                             | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| M & S Concesiones, S.A.  | Costa Rica   | 100.00                            |  |
| M & S DI-M & S Desarrollos Internacionales, S.A.                       | Costa Rica   | 100.00                            |  |
| Mantenimiento de Infraestructuras, S.A.                                | Avda. General Perón, 36 - Madrid                           | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Marcas Andaluzas, S.L.   | Hilera, 10 - Málaga  | 100.00                            |  |
| Megaplás Italia, S.p.A.  | Italy  | 100.00                            |  |
| Megaplás, S.A.   | Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid)    | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Metro Barajas Sociedad Concesionaria, S.A.                             | Pedro Texeira, 8 - Madrid                                  | 50.00                             | Deloitte, S.L.                           |
| Motre, S.L.  | Enginyer Algarra, 65 - Pals (Girona)                       | 100.00                            |  |
| Moviterra, S.A.  | Enginyer Algarra, 65 - Pals (Girona)                       | 100.00                            | Battle, Canovas y Cia.                   |
| Naturaleza, Urbanismo y Medio Ambiente, S.A.                           | Galena, 11 - Entreplanta - Valladolid                      | 100.00                            | Audinfo, S.L.                            |
| Nevasa Inversión, S.L.   | Avda. General Perón, 36 - Madrid                           | 100.00                            |  |
| Norseñal, S.L.   | Juan Flórez, 64 - La Coruña                                | 100.00                            |  |
| Operalia Infraestructuras, S.A.  | Pedro Texeira, 8 - Madrid                                  | 52.50                             |  |
| Participaciones Teide, S.A.  | Avda. General Perón, 36 - Madrid                           | 100.00                            |  |
| Pedreira Les Gavarres, S.L.  | Enginyer Algarra, 65 - Pals (Girona)                       | 100.00                            |  |
| Pi Promotora de Infraestructuras, S.A.                                 | Costa Rica   | 100.00                            |  |
| Pinturas Jaque, S.L.   | P.I. Oeste, Paraje Sangonera - El Palmar (Murcia)          | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Prefabricados Delta, S.A.  | Arquitecto Gaudí, 4 - Madrid                               | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Proyectos y Servicios, S.A.  | Torregalindo, 1 - Madrid                                   | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Ramalhó Rosa Cobetar Sociedade de Construções, S.A.                    | Portugal   | 100.00                            | Deloitte & Asociados, SROC, S.A.         |
| Señalizaciones de Vías Públicas, S.L.                                  | Avda. de Barber, 2 - Toledo                                | 100.00                            |  |
| Señalizaciones Levante, S.L.   | Itálica, 25 - Alicante                                     | 100.00                            |  |
| Sinclair, S.A. Sole-Shareholder Company                                | Federico Salmán, 13 - Madrid                               | 100.00                            |  |
| Tema Concesionaria, S.A.   | Porto Pi, 8 - Palma de Mallorca (Balearic Islands)         | 100.00                            | Audinfo, S.L.                            |
| Tulsa Inversión, S.L.  | Avda. General Perón, 36 - Madrid                           | 100.00                            |  |
| Viales de Andalucía, S.L.  | Avda. Kansas City, 9 - Seville                             | 100.00                            |  |
| Vialia, Sociedad Gestora de Concesiones de Infraestructuras, S.L.      | Avda. General Perón, 36 - Madrid                           | 100.00                            |  |
| Xequêvia Sinalização de Vias de Comunicação, Ltda.                     | Portugal   | 100.00                            |  |
| <b>Cement</b>  |  |                                   |  |
| Agregats Uniland, SARL   | France   | 40.12                             |  |
| Alquileres y Transportes, S.A. Sole-Shareholder Company                | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 67.29                             |  |
| Arenas y Hormigones Muñorrodero, S.A. Sole-Shareholder Company         | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 44.93                             |  |
| Áridos de Navarra, S.A.  | Estella, 6 - Pamplona (Navarra)                            | 44.93                             |  |
| Áridos Uniland, S.A. Sole-Shareholder Company                          | Torrenteres, 20 P.I. Sur-El Papiol (Barcelona)             | 40.12                             | Price Waterhouse Coopers Auditores, S.L. |
| Áridos y Premezclados, S.A. Sole-Shareholder Company                   | José Abascal, 59 - Madrid                                  | 68.07                             | Deloitte, S.L.                           |
| Arriberi, S.L.   | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 50.46                             | Deloitte, S.L.                           |
| Atracem, S.A. Sole-Shareholder Company                                 | José Abascal, 59 - Madrid                                  | 68.07                             | Deloitte, S.L.                           |
| Cántabra Industrial y Minera, S.A. Sole-Shareholder Company            | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Cantera Galdames II, S.A. Sole-Shareholder Company                     | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 67.29                             |  |
| Canteras de Alaiz, S.A.  | Estella, 6 - Pamplona (Navarra)                            | 47.66                             | KPMG                                     |
| Canteras del Pirineo Occidental, S.A.                                  | Estella, 6 - Pamplona (Navarra)                            | 67.76                             |  |
| Canteras Villallano, S.L.  | Poblado de Villallano - Villallano (Palencia)              | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Canteras y Construcciones de Vizcaya, S.A.                             | Barrio La Cadena, 10 - Carranza (Vizcaya)                  | 67.29                             |  |
| Carbocem, S.A.   | Paseo de la Castellana, 45 - Madrid                        | 53.07                             | KPMG                                     |
| Cemasilos, S.A.  | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Cementos Alfa, S.A.  | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Cementos Lemona, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                  | 67.29                             | Deloitte, S.L.                           |
| Cementos Portland Valderrivas, S.A.                                    | Estella, 6 - Pamplona (Navarra)                            | 68.07                             | Deloitte, S.L.                           |
| Cementos Villaverde, S.L. Sole-Shareholder Company                     | Almagro, 26 - Madrid                                       | 68.07                             | Deloitte, S.L.                           |
| Cementrade, S.A. Sole-Shareholder Company                              | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria) | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Cisternas Lemona, S.L. Sole-Shareholder Company                        | Barrio Arrabi, s/n - Lemona (Vizcaya)                      | 67.29                             |  |
| Coastal Cement Corporation   | U.S.A.   | 67.96                             |  |
| Compañía Auxiliar de Bombeo de Hormigón, S.A. Sole-Shareholder Company | José Abascal, 59 - Madrid                                  | 68.07                             |  |
| Corporación Uniland, S.A.  | Córcega, 299 - Barcelona                                   | 40.21                             | Price Waterhouse Coopers Auditores, S.L. |
| Dragon Alfa Cement Limited   | United Kingdom   | 59.86                             | Bentley Jennison Co. UK                  |
| Dragon Energy Ll.  | U.S.A.   | 67.96                             |  |

| Company   | Registered office   | Effective percentage of ownership | Auditor                                  |
|---|---|-----------------------------------|--|
| Dragon Products Company Inc.  | U.S.A.  | 67.96                             |  |
| Egur Birziklatu Bi Mila, S.L.   | Barrio Olazar, 2 - Zeberio (Vizcaya)                            | 40.37                             |  |
| Explotaciones San Antonio, S.L. Sole-Shareholder Company              | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)      | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Giant Cement Holding, Inc.  | U.S.A.  | 67.96                             | Deloitte, S.L.                           |
| Gulfland Cement Llc.  | U.S.A.  | 38.20                             | Postlethwaite & Netterville              |
| Hormigones Arkaitza, S.A. Sole-Shareholder Company                    | Estella, 6 - Pamplona (Navarra)                                 | 68.07                             | KPMG                                     |
| Hormigones de la Jacetania, S.A.                                      | Llano de la Victoria - Jaca (Huesca)                            | 42.54                             |  |
| Hormigones del Zadorra, S.A. Sole-Shareholder Company                 | Estella, 6 - Pamplona (Navarra)                                 | 67.76                             | KPMG                                     |
| Hormigones Galdames, S.A. Sole-Shareholder Company                    | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             | Deloitte, S.L.                           |
| Hormigones Lemona, S.A. Sole-Shareholder Company                      | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             |  |
| Hormigones Premezclados del Norte, S.A.                               | Barrio La Cadena - Carranza (Vizcaya)                           | 67.29                             |  |
| Hormigones Reinoso, S.A. Sole-Shareholder Company                     | Josefina de la Maza, 4 P.E. Piasca - Santander (Cantabria)      | 59.86                             | Price Waterhouse Coopers Auditores, S.L. |
| Hormigones Uniland, S.L. Sole-Shareholder Company                     | Ctra. Vilafranca del P. a Moja Km. 1 - Olérdola (Barcelona)     | 40.12                             | Price Waterhouse Coopers Auditores, S.L. |
| Hormigones y Morteros Preparados, S.A. Sole-Shareholder Company       | José Abascal, 59 - Madrid                                       | 68.07                             | Deloitte, S.L.                           |
| Lemona Industrial, S.A. Sole-Shareholder Company                      | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             | Deloitte, S.L.                           |
| Lurtarri, S.L.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 47.77                             |  |
| Morteros Bizkor, S.L.   | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 36.23                             | Deloitte, S.L.                           |
| Morteros Valderrivas, S.L. Sole-Shareholder Company                   | José Abascal, 59 - Madrid                                       | 68.07                             |  |
| Participaciones Estella 6, S.L. Sole-Shareholder Company              | Estella, 6 - Pamplona (Navarra)                                 | 68.07                             |  |
| Portland, S.L.  | José Abascal, 59 - Madrid                                       | 68.07                             | Price Waterhouse Coopers Auditores, S.L. |
| Prebesec Mallorca, S.A.   | Conradors, 48 - Marratxi - Palma de Mallorca (Balearic Islands) | 27.47                             | Price Waterhouse Coopers Auditores, S.L. |
| Prebesec, S.A. Sole-Shareholder Company                               | Torrenteres, 20 P.I. Sur - El Papiol (Barcelona)                | 40.12                             | Price Waterhouse Coopers Auditores, S.L. |
| Prefabricados Uniland, S.A. Sole-Shareholder Company                  | Córcega, 299 - Barcelona  | 40.12                             |  |
| Recisuelos, S.A. Sole-Shareholder Company                             | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             |  |
| RH Enterprises (1993) Limited   | United Kingdom  | 59.86                             | Bentley Jennison Co. UK                  |
| Santursaba, S.L. Sole-Shareholder Company                             | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             |  |
| Select Béton, S.A.  | Tunisia   | 35.33                             | Mourad Guellaty                          |
| Société des Ciments d'Enfida  | Tunisia   | 35.33                             | Mourad Guellaty, Deloitte & Touche, S.A. |
| Southern Cement Limited   | United Kingdom  | 40.21                             | Price Waterhouse Coopers Auditores, S.L. |
| Tecami Ofitas, S.A. Sole-Shareholder Company                          | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             | Deloitte, S.L.                           |
| Telsa, S.A.   | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             |  |
| Telsa, S.A. y Compañía Sociedad Regular Colectiva                     | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 67.29                             | Deloitte, S.L.                           |
| Transportes Gorozteta, S.L. Sole-Shareholder Company                  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                       | 50.46                             |  |
| Transportes Lemona, S.A.  | Arraibi - Lemona (Vizcaya)                                      | 67.29                             |  |
| Uniland Cementera, S.A.   | Córcega, 299 - Barcelona  | 40.12                             | Price Waterhouse Coopers Auditores, S.L. |
| Uniland International B.V.  | The Netherlands   | 40.21                             |  |
| Uniland Marítima, S.L. Sole-Shareholder Company                       | Córcega, 299 - Barcelona  | 40.12                             |  |
| Uniland Trading B.V.  | The Netherlands   | 40.21                             | Mazars Auditores, S.L.                   |
| Uniland USA Llc.  | U.S.A.  | 40.21                             |  |
| Utonka, S.A. Sole-Shareholder Company                                 | Torrenteres, 20 P.I. Sur - El Papiol (Barcelona)                | 40.12                             |  |
| <b>Real estate</b>  |   |                                   |  |
| Asuntos Generales Inmobiliarios, S.A.                                 | Acanto, 22 - Madrid   | 28.07                             |  |
| Boane 2003, S.A. Sole-Shareholder Company                             | Paseo de la Castellana, 41 - Madrid                             | 10.98                             |  |
| Fomento de Equipamientos Inmobiliarios, S.L.                          | Paseo de la Castellana, 216 - Madrid                            | 9.60                              | Price Waterhouse Coopers Auditores, S.L. |
| Fomento Inmobiliario Levantino, S.L.                                  | Aragón, 30 - Madrid   | 14.40                             |  |
| Halduria, S.L.U.  | Paseo de la Castellana, 216 - Madrid                            | 28.83                             |  |
| Hermanos Revilla, S.A.  | Paseo de la Castellana, 41 - Madrid                             | 10.98                             | Price Waterhouse Coopers Auditores, S.L. |
| Mindaza, S.L. Sole-Shareholder Company                                | Paseo de la Castellana, 216 - Madrid                            | 28.23                             |  |
| Nasozena, S.L.  | Picavia, 5 - La Coruña  | 21.12                             |  |
| Noralia, S.A.   | Paseo de la Castellana, 216 - Madrid                            | 14.40                             | Price Waterhouse Coopers Auditores, S.L. |
| Planiges, S.A.  | Paseo de la Castellana, 216 - Madrid                            | 20.04                             |  |
| Portfolio de Grandes Áreas Comerciales, S.A. Sole-Shareholder Company | Paseo de la Castellana, 216 - Madrid                            | 28.23                             |  |
| R y G-55 Promociones Alcarreñas, S.L.                                 | Paseo de la Castellana, 216 - Madrid                            | 14.40                             | Deloitte, S.L.                           |
| RB Business Holding, S.L.   | Paseo de la Castellana, 216 - Madrid                            | 50.00                             | Deloitte, S.L.                           |
| Realia Business Portugal. Unipessoal Lda.                             | Portugal  | 28.23                             |  |
| Realia Business, S.A.   | Paseo de la Castellana, 216 - Madrid                            | 28.23                             | Deloitte, S.L.                           |
| Realia Patrimonio, S.L.U.   | Paseo de la Castellana, 216 - Madrid                            | 28.23                             | Deloitte, S.L.                           |
| Realia Polska Inwestycje Spolka z Ograniczona Odpowiedzialnoscia      | Poland  | 28.23                             |  |
| Realia Ron Real Estate S.R.L.   | Romania   | 28.23                             |  |
| Retingle, S.L.  | Paseo de la Castellana, 216 - Madrid                            | 14.14                             |  |
| S.C.I. Du 36, Rue de Naples   | France  | 22.67                             |  |
| S.C.I. Vendôme-Casanova   | France  | 22.67                             |  |
| Servicios Indie, S.A.   | Paseo de la Castellana, 216 - Madrid                            | 14.26                             |  |
| Societe d'Investissements Immobiliers Cotee de Paris                  | France  | 22.67                             | PWC y Serec                              |
| Societe d'Investissements Immobiliers Cotee de paris 8eme             | France  | 18.70                             |  |
| Valaise, S.L. Sole-Shareholder Company                                | Paseo de la Castellana, 216 - Madrid                            | 28.23                             |  |
| Wılanow Realia sp. z.o.o.   | Poland  | 28.23                             |  |

| Company   | Registered office                    | Effective percentage of ownership | Auditor                                  |
|---|--------------------------------------|-----------------------------------|--|
| <b>Other activities</b>   |                                      |                                   |  |
| Afigesa Inversión, S.L. Sole-Shareholder Company                            | Federico Salmón, 13 - Madrid         | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Asesoría Financiera y de Gestión, S.A.                                      | Federico Salmón, 13 - Madrid         | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Asiris, S.A. Correduría de Seguros  | Paseo de la Castellana, 111 - Madrid | 100.00                            | Deloitte, S.L.                           |
| Compañía Auxiliar de Agencia y Mediación, S.A. Sole-Shareholder Company     | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Compañía General de Servicios Empresariales, S.A. Sole-Shareholder Company  | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Corporación Española de Servicios, S.A.                                     | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Corporación Financiera Hispánica, S.A.                                      | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Europea de Gestión, S.A. Sole-Shareholder Company                           | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Eusko Lanak, S.A.   | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| F-C y C, S.L. Sole-Shareholder Company                                      | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| FCC 1, S.L. Sole-Shareholder Company  | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| FCC Construcciones y Contratas Internacional, S.L. Sole-Shareholder Company | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| FCC Finance, B.V.   | The Netherlands                      | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company        | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| FCC Inmobiliaria Conycon, S.L. Sole-Shareholder Company                     | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| FCC Internacional B.V.  | The Netherlands                      | 100.00                            | Price Waterhouse Coopers Auditores, S.L. |
| Fedemes, S.L.   | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Fomento Internacional FOCSA, S.A.   | Federico Salmón, 13 - Madrid         | 100.00                            |  |
| Grucysa, S.A.   | Plaza Pablo Ruiz Picasso - Madrid    | 100.00                            |  |
| Per Gestora Inmobiliaria, S.L.  | Plaza Pablo Ruiz Picasso - Madrid    | 80.00                             | CTA Auditores, S.A.                      |
| Puerto Cala Merced, S.A.  | Arquitecto Gaudí, 4 - Madrid         | 100.00                            |  |
| T.A.C.K. Inversiones, S.L. Sole-Shareholder Company                         | Arquitecto Gaudí, 4 - Madrid         | 100.00                            |  |

## Appendix II. Companies controlled jointly with non-group third parties (proportionately consolidated)

| Company  | Registered Office  | Effective percentage of ownership | Auditor                                  |
|--|--|-----------------------------------|--|
| <b>Environmental services</b>                                  |  |                                   |  |
| Acque di Caltanissetta S.p.A.                                  | Italy  | 51.00                             | KPMG                                     |
| Aguas de Langreo, S.L.   | Alonso del Riesgo, 3 - Sama de Langreo (Asturias)                      | 49.00                             | Audinfo, S.L.                            |
| Aigües de Girona Salt i Sarrià de Ter, S.A.                    | Ciudadans, 11 - Girona   | 26.89                             | B.L.S. Auditores, S.L.                   |
| Atlas Gestión Medioambiental, S.A.                             | Viriato, 47 - Barcelona  | 50.00                             | Deloitte, S.L.                           |
| Beacon Waste Limited   | United Kingdom   | 50.00                             | Deloitte & Touche, LLP.                  |
| Compañía de Servicios Medioambientales Do Atlantico, S.A.      | Ctra. de Cedeira Km. 1 - Narón (La Coruña)                             | 49.00                             | Audinfo, S.L.                            |
| Depurplan 11, S.A.   | Madre Rafols, 2 - Zaragoza   | 50.00                             |  |
| Ecoparc del Besós, S.A.  | Rambla Cataluña, 91-93 - Barcelona                                     | 49.00                             | Castellana Auditors Consultors, S.L.     |
| Ecoserveis Urbans de Figueres, S.L.                            | Avda. de les Alegries, s/n - Lloret de Mar (Girona)                    | 50.00                             |  |
| Electrorecycling, S.A.   | Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona) | 33.34                             |  |
| Empresa Mixta d'Aigües de la Costa Brava, S.A.                 | Plaza Josep Pla, 4 - Girona  | 25.00                             |  |
| Empresa Mixta de Aguas y Servicios, S.A.                       | Alarcos, 13 - Ciudad Real  | 41.25                             | Centium Auditores, S.L.                  |
| Empresa Mixta de Limpieza de la Villa de Torrox, S.A.          | Plaza de la Constitución, 1 - Torrox (Málaga)                          | 50.00                             | Audinfo, S.L.                            |
| Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. | Avda. Zorreras, 8 - Rincón de la Victoria (Málaga)                     | 50.00                             | Price Waterhouse Coopers Auditores, S.L. |
| Empresa Municipal de Aguas de Benalmádena, EMABESA, S.A.       | Avda. Juan Luis Peralta, s/n - Benalmádena (Málaga)                    | 50.00                             | Mazars Auditores, S.L.                   |
| Fisera Ecoserveis, S.A.  | Germany, 5 - Figueres (Girona)   | 36.35                             | Tax Consulting Auditoria, S.L.           |
| Girona, S.A.   | Travessera del Carril, 2 - Girona                                      | 33.61                             | CAT Audit                                |
| Grupo Proactiva  | Paseo de la Castellana, 216 - Madrid                                   | 50.00                             | Deloitte, S.L.                           |
| Hades Soluciones Medioambientales, S.L.                        | Mayor, 3 - Cartagena (Murcia)  | 50.00                             |  |
| Inalia Mostaganem, S.L.  | Gobelás, 47-49 - Madrid  | 50.00                             |  |
| Inalia Water Solutions, S.L.                                   | Gobelás, 47-49 - Madrid  | 50.00                             |  |
| Ingeniería Urbana, S.A.  | Avda. Saturno, 6 - Alicante  | 35.00                             | Deloitte, S.L.                           |
| Pangea XXI, S.L.   | Viriato, 47 - Barcelona  | 50.00                             |  |
| Pilagest, S.L.   | Ctra. BV - 1224 Km. 6,750 - El Pont de Vilomara i Rocafort (Barcelona) | 50.00                             |  |
| Reciclado de Componentes Electrónicos, S.A.                    | Johan G. Gutemberg, s/n - Sevilla                                      | 37.50                             |  |
| Servicios de Limpieza Integral de Málaga III, S.A.             | Camino de la Térmica, 83 - Málaga                                      | 26.01                             | Price Waterhouse Coopers Auditores, S.L. |
| Servicios Urbanos de Málaga, S.A.                              | Ulises, 18 - Madrid  | 51.00                             |  |
| Tratamiento Industrial de Residuos Sólidos, S.A.               | Rambla Cataluña, 91 - Barcelona  | 33.33                             |  |
| Zabalgari, S.A.  | Camino de Artigas, 10 - Bilbao (Vizcaya)                               | 26.00                             |  |

| Company   | Registered Office   | Effective percentage of ownership | Auditor   |
|---|---|-----------------------------------|---|
| <b>VERSIA</b>   |   |                                   |   |
| Convery Service, S.A.   | Camino de los Aflijidos P.I. La Esgaravita, 1<br>Alcalá de Henares (Madrid) | 50.00                             | Deloitte, S.L.                                      |
| Corporación Jerezana de Transportes Urbanos, S.A. Sole-Shareholder Company              | P.I. El Portal - Jerez de la Frontera (Cádiz)                               | 50.00                             | Ernst & Young, S.L.                                 |
| Detren Compañía General de Servicios Ferroviarios, S.L.                                 | Ulises, 18 - Madrid   | 50.00                             | Ernst & Young, S.L.                                 |
| FCC-CONNEX Corporación, S.L.  | Ulises, 18 - Madrid   | 50.00                             | Ernst & Young, S.L.                                 |
| Sociedad Operadora del Tranvía de Parla, S.L.   | Ulises, 18 - Madrid   | 33.56                             |   |
| Valenciana de Servicios I.T.V., S.A.  | P.I. El Oliveral - Ribarroja de Turia (Valencia)                            | 50.00                             | C.T.A. Auditores, S.A.                              |
| <b>Construction</b>   |   |                                   |   |
| Autopista Central Galega Sociedad Concesionaria Española, S.A. Sole-Shareholder Company | Lugar el Feal, s/n - San Mamede de Rivadulla - Vedra (La Coruña)            | 27.32                             | KPMG  |
| Amfortas Infraestructuras, S.L. Sole-Shareholder Company                                | Paseo de la Castellana, 141 - Madrid  | 50.00                             |   |
| Compañía Concesionaria del Túnel de Sóller, S.A.  | Porto Pi, 8 - Palma de Mallorca   | 28.26                             | Ernst & Young                                       |
| Construcciones Olabarrí, S.L.   | Ripa, 1 - Bilbao (Vizcaya)  | 49.00                             |   |
| Constructora de Infraestructura de Agua de Queretaro, S.A. de CV                        | Mexico  | 49.00                             |   |
| Dalibor Infraestructuras, S.L. Sole-Shareholder Company                                 | Paseo de la Castellana, 141 - Madrid  | 50.00                             |   |
| Dragados FCC, Canada Inc.   | Canada  | 50.00                             |   |
| Global Via Infraestructuras, S.A.   | Paseo de la castellana, 141 Edificio Cuzco IV - Madrid                      | 50.00                             | Deloitte, S.L.                                      |
| Grupo Bauermex, S.A. de CV  | Mexico  | 50.05                             |   |
| GV Operadora de Autoistas de México, S.A. de CV   | Mexico  | 52.45                             |   |
| Libusa Infraestructuras, S.L. Sole-Shareholder Company                                  | Paseo de la Castellana, 141 - Madrid  | 50.00                             |   |
| Mexicana de Global Via Infraestructuras, S.A. de CV                                     | Mexico  | 50.00                             |   |
| Operalia Ireland Limited  | Ireland   | 52.50                             |   |
| Orfeo Infraestructuras, S.L. Sole-Shareholder Company                                   | Paseo de la Castellana, 141 - Madrid  | 50.00                             |   |
| Peri 3 Gestión, S.L.  | General Álava, 26 - Vitoria Gasteiz (Álava)                                 | 50.00                             |   |
| Prestadora de Servicios Merk, S.A. de CV  | Mexico  | 50.05                             |   |
| Promotora Bangar, S.A. de CV  | Mexico  | 50.05                             |   |
| Tacel Inversiones, S.A.   | Rozabella, 6 Europa Empresarial - Las Rozas de Madrid (Madrid)              | 27.32                             | KPMG  |
| <b>Cement</b>   |   |                                   |   |
| Atlántica de Graneles y Moliendas, S.A.   | Vía Galindo, s/n - Sestao (Vizcaya)   | 33.25                             | Deloitte, S.L.                                      |
| Cementos Artigas, S.A.  | Uruguay   | 18.00                             | Echevarría Petit & Asociados                        |
| Cementos Avellaneda, S.A.   | Argentina   | 18.00                             | Wainstein, del Castillo, Pardo de Retes & Asociados |
| Freshmarkets, S.A.  | Uruguay   | 18.00                             |   |
| Minus Inversora, S.A.   | Argentina   | 18.00                             | Wainstein, del Castillo, Pardo de Retes & Asociados |
| Pedra de l'Ordal, S.L.  | Ctra. N 340 km. 1229,5 La Creu del L'Ordal - Subirats (Barcelona)           | 20.06                             |   |
| <b>Real estate</b>  |   |                                   |   |
| Astaco, S.A.  | General Pardiñas, 73 - Madrid   | 14.12                             |   |
| Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.                                 | Claudio Coello, 91 - Madrid   | 9.42                              |   |
| Marina San Antonio Abad, S.L.   | Paseo de la Castellana, 216 - Madrid  | 14.12                             |   |
| Setecampos Sociedade Imobiliaria, S.A.  | Portugal  | 14.12                             | Deloitte, S.L.                                      |
| Studio Residence Iberia-Inversiones Inmobiliarias, S.A.                                 | Portugal  | 14.12                             |   |

## Appendix III. Associates (accounted for using the equity method)

| Company                                 | Registered Office                          | Carrying Amount of the Investment |      | Effective percentage of ownership | Auditor                      |
|---|--|-----------------------------------|------|-----------------------------------|------------------------------|
|   |  | 2007                              | 2006 |                                   |                              |
| <b>Environmental services</b>           |  |                                   |      |                                   |                              |
| A.B.G. Servicios Medioambientales, S.A. | Colón de Larreategui, 26. Bilbao (Vizcaya) | 930                               | (3)  | 33.33                             |                              |
| Aguas de Denia, S.A.                    | Pare Pere, 17. Denia (Alicante)            | 403                               | 404  | 33.00                             |                              |
| Aguas de Ubrique, S.A.                  | Avda. España, 9. Ubrique (Cádiz)           | 20                                | 44   | 49.00                             |                              |
| Aigües de Blanes, S.A.                  | Canigó, 5. Blanes (Girona)                 | 61                                | 59   | 16.47                             | Auditoria i Control Auditors |
| Aigües del Tomoví, S.A.                 | Plaza Vella, 1. El Vendrell (Tarragona)    | 406                               | -    | 49.00                             |                              |

| Company  | Registered Office  | Carrying Amount of the Investment |        | Effective percentage of ownership | Auditor                                  |
|--|--|-----------------------------------|--------|-----------------------------------|--|
|  |  | 2007                              | 2006   |                                   |  |
| Aprochim Getesarp Rymoil, S.A.   | P.I. Logrenzana La Granda. Carreño (Asturias)                                  | 1,103                             | 960    | 23.49                             |  |
| Aragonesa de Gestión de Residuos, S.A.                                       | Paseo María Agustín, 36. Zaragoza  | 7                                 | –      | 18.60                             |  |
| Aragonesa de Recuperaciones Medioambientales XXI, S.A.                       | Ctra. Castellón Km. 58. Zaragoza   | 23                                | 70     | 34.00                             |  |
| Aragonesa de Tratamientos Medioambientales XXI, S.A.                         | Ctra. Castellón Km. 58. Zaragoza   | 750                               | 99     | 33.00                             |  |
| Clavegueram de Barcelona, S.A.   | Acer, 16. Barcelona  | 927                               | 954    | 20.33                             |  |
| Conducció del Ter, S.L.  | Bourg de Peage, 89. Sant Feliu de Gixols (Girona)                              | 71                                | 39     | 48.00                             |  |
| Ecogestión Ambiental, S.L.   | Juan Ramón Jiménez, 12. Madrid   | 41                                | –      | 50.00                             |  |
| Emanagua. Empresa Mixta Municipal de Aguas de Nijar, S.A.                    | Plaza de las Glorieta, 1. Nijar (Almería)                                      | 220                               | 215    | 49.00                             | Audinfo, S.L.                            |
| Empresa Municipal de Aguas de Algeciras, S.A.                                | Avda. Virgen del Carmen. Algeciras (Cádiz)                                     | 230                               | 232    | 49.00                             | Centium Auditores, S.L.                  |
| Empresa Municipal de Aguas de Linares, S.A.                                  | Cid Campeador, 7. Linares (Jaén)   | 209                               | –      | 49.00                             |  |
| Empresa Municipal de Aguas de Toxiria, S.A.                                  | Plaza de la Constitución, 1. Torredonjimeno (Jaén)                             | 100                               | 97     | 49.00                             | Centium Auditores, S.L.                  |
| Generavila, S.A.   | Plaza de la Catedral, 11. Ávila  | 421                               | 282    | 36.00                             | Audinfo, S.L.                            |
| Gestión Integral de Residuos Sólidos, S.A.                                   | Santa Amalia, 2. Valencia  | 2,083                             | 1,789  | 49.00                             | Gasso Auditores, S.L.                    |
| Grupo ASA:   | Austria  | 6,382                             | 5,891  |                                   | Price Waterhouse Coopers GmbH            |
| ASA + AVE Környezetvédelmi H Kft   | Hungary  | –                                 | –      | 50.00                             | Price Waterhouse Coopers GmbH            |
| ASA Hlohovec s.r.o.  | Slovakia   | –                                 | –      | 50.00                             |  |
| A S A Lubliniec sp. z.o.o.   | Poland   | –                                 | –      | 61.97                             |  |
| ASA TS Prostejov s.r.o.  | Czech Republic   | –                                 | –      | 49.00                             | Rödl & Partner                           |
| A.K.S.D. Városgazdálkodási Korlátolt FT                                      | Hungary  | –                                 | –      | 25.50                             | Price Waterhouse Coopers GmbH            |
| ASTV s.r.o.  | Czech Republic   | –                                 | –      | 49.00                             | Rödl & Partner                           |
| Avermann-Hungária Kft  | Hungary  | –                                 | –      | 38.80                             |  |
| Bihari Hulladékgazdálkodási Kft  | Hungary  | –                                 | –      | 12.50                             |  |
| Börzsöny-Cserhát Környezetvédelmi És HKK                                     | Hungary  | –                                 | –      | 35.00                             |  |
| Huber Abfallservice Verwaltungs GmbH   | Austria  | –                                 | –      | 49.00                             |  |
| Huber Entsorgungsbetriebe GmbH Nfg KG  | Austria  | –                                 | –      | 49.00                             | Dr. Martina Rittmann                     |
| Killer GmbH  | Austria  | –                                 | –      | 50.00                             | Dr. Martina Rittmann                     |
| Killer GmbH & Co KG  | Austria  | –                                 | –      | 50.00                             |  |
| Müllumladestation Ostregion GmbH & Co KG                                     | Austria  | –                                 | –      | 33.33                             |  |
| Recopap s.r.o.   | Slovakia   | –                                 | –      | 50.00                             | Rödl & Partner                           |
| Repap Czech spol. s.r.o.   | Czech Republic   | –                                 | –      | 50.00                             | Ing. Ivana Schneiderová                  |
| Technické a Stavební Služby AS   | Czech Republic   | –                                 | –      | 50.00                             |  |
| Tirme Group  | Ctra. Soller Km. 8,2 Camino de Son Reu<br>Palma de Mallorca (Balearic Islands) | 6,623                             | 5,799  | 20.00                             | KPMG                                     |
| Waste Recycling Group  | United Kingdom   | –                                 | –      |                                   |  |
| Goole Renewable Energy Limited   | United Kingdom   | –                                 | –      | 20.00                             |  |
| Energyline Limited   | United Kingdom   | –                                 | –      | 50.00                             | KPMG Lp.                                 |
| Shelford Composting Limited  | United Kingdom   | –                                 | –      | 50.00                             | Centium Auditores, S.L.                  |
| La Unión Servicios Municipales, S.A.   | Salvador Pascual, 7. La Unión (Murcia)   | 104                               | 116    | 49.00                             |  |
| Nueva Sociedad de Aguas de Ibiza, S.A.                                       | Avda. Bartolomé de Roselló, 18 - Ibiza (Balearic Islands)                      | 99                                | 86     | 40.00                             |  |
| Pallars Jussà Neteja i Serveis, S.A.   | Pau Casals, 14 - Tremp (Lleida)  | 18                                | 16     | 40.80                             |  |
| Proveïments d'Aigua, S.A.  | Asturies, 13 - Girona  | 198                               | 181    | 15.12                             |  |
| Sera Q A Duitama E.S.P., S.A.  | Colombia   | 15                                | 16     | 30.60                             |  |
| Shariket Miyeh Ras Djinet, S.p.A.  | Algeria  | 755                               | 533    | 25.50                             |  |
| Shariket Tahliya Miyah Mostaganem, S.p.A.                                    | Algeria  | 1,999                             | 533    | 25.50                             |  |
| Sogecar, S.A.  | Polígono Torrelarragoiti. Zamudio (Vizcaya)                                    | 308                               | 228    | 30.00                             |  |
| Suministro de Agua de Queretaro, S.A. de CV                                  | Mexico   | 2,569                             | –      | 28.81                             |  |
| <b>VERSIA</b>  |  |                                   |        |                                   |  |
| Bus Turístico de Málaga, S.L.  | Paseo de los Tilos-Estación de Autobuses. Málaga                               | –                                 | 74     | 20.00                             | Price Waterhouse Coopers Auditores, S.L. |
| I.T.V. Córdoba, S.A.   | Argentina  | 43                                | 85     | 30.00                             |  |
| I.T.V. Probús, S.L.  | Castelló, 66 - Madrid  | –                                 | 56     | 20.00                             |  |
| <b>Construction</b>  |  |                                   |        |                                   |  |
| Aigües del Segarra Garrigues, S.A.   | Plaza del Carmen, 15 - Tàrraga (Lleida)  | 5,003                             | 4,058  | 24.00                             | Deloitte, S.L.                           |
| Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.      | Saturno, 1 - Pozuelo de Alarcón (Madrid)                                       | 18,154                            | 37,635 | 35.75                             | Deloitte, S.L.                           |
| Autopistas del Sol, S.A.   | Costa Rica   | 1,467                             | 1,196  | 35.00                             | Deloitte & Touche, S.A.                  |
| Autopistas del Valle, S.A.   | Costa Rica   | 5,217                             | 4,252  | 35.00                             | Deloitte & Touche, S.A.                  |
| Autovía del Camino, S.A.   | Leyre, 11. Pamplona (Navarra)  | 10,492                            | 10,521 | 40.00                             | Deloitte, S.L.                           |
| Autovía Necaxa-Tehuacán, S.A. de CV  | Mexico   | 15,575                            | –      | 50.00                             |  |
| Baross Ter Ingatlanprojekt-Fejlesztő Kft                                     | Hungary  | 245                               | –      | 20.00                             |  |
| BBR VT International Ltd.  | Switzerland  | 1,025                             | 1,017  | 22.50                             |  |
| Cedinsa Eix del Llobregat Concesionaria de la Generalitat de Catalunya, S.A. | Travesera de Gracia, 58 - Barcelona  | 14,812                            | 8,772  | 34.00                             | Deloitte, S.L.                           |
| Cleon, S.A.  | Avda. General Perón, 36 - Madrid   | 25,195                            | 25,287 | 25.00                             | KPMG                                     |
| Compañía Tecnológica de Corella Construcción, S.A.                           | P.I. s/n - Corella (Navarra)   | (120)                             | (91)   | 49.00                             | Goldwyns, S.L.                           |

| Company   | Registered Office  | Carrying Amount of the Investment |        | Effective percentage of ownership | Auditor                     |
|---|--|-----------------------------------|--------|-----------------------------------|-----------------------------|
|   |  | 2007                              | 2006   |                                   |                             |
| Concesionaria Hospital son Dureta, S.A.                           | Mexico   | 3,879                             | –      | 32.00                             |                             |
| Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.                | Avda. Hermanos Bou, 22 - Castellón de la Plana (Castellón) | –                                 | 906    | 44.99                             |                             |
| Concesiones Aeroportuarias, S.A.                                  | Avda. Europa, 18 P.E. La Moraleja - Alcobendas (Madrid)    | 5,750                             | 3,450  | 30.00                             |                             |
| Concesiones de Madrid, S.A.                                       | Costa Rica   | 15,358                            | 15,385 | 33.33                             | Deloitte, S.L.              |
| Constructora San José-San Ramón SJSR, S.A.                        | Saturno, 1 - Pozuelo de Alarcón (Madrid)                   | (32)                              | 65     | 33.00                             |                             |
| Desarrollos y Promociones Costa Cálida, S.A.                      | Avda. General Perón, 36 - Madrid                           | 261                               | 265    | 35.75                             |                             |
| Elaboración de Cajones Pretensados, S.L.                          | Plaza del Duque, s/n - Alcalá de Guadaíra (Sevilla)        | (21)                              | 2      | 50.00                             | Mazars Auditores, S.L.      |
| Gesi-9, S.A.  | Austria  | 13,012                            | 13,012 | 74.90                             |                             |
| Alpine Group:   | Austria  | 13,225                            | –      |                                   | DKB & Partner Treuhand GMBH |
| ABO Asphalt-Bau Oeynhausen GmbH                                   | Austria  | –                                 | –      | 24.21                             |                             |
| ABO Asphalt-Bau Oeynhausen GmbH Stille Mitunternehmergemeinschaft | Germany  | –                                 | –      | 24.21                             |                             |
| AE Stadtland GmbH   | Austria  | –                                 | –      | 13.42                             |                             |
| Ahrental Abbau und Aufbereitungs GmbH                             | Poland   | –                                 | –      | 16.55                             |                             |
| Alpine Construction Polska sp z.o.o.                              | Austria  | –                                 | –      | 40.31                             |                             |
| AMW Asphaltwerk GmbH  | Croatia  | –                                 | –      | 17.76                             |                             |
| Asfaltna Cesta d.o.o.   | Austria  | –                                 | –      | 80.71                             | Leitner                     |
| Asphaltlieferung Leibnitz GmbH                                    | Austria  | –                                 | –      | 24.21                             |                             |
| Asphaltmischwerk Betriebs GmbH                                    | Austria  | –                                 | –      | 16.14                             |                             |
| Asphaltmischwerk Betriebs GmbH & Co KG                            | Austria  | –                                 | –      | 16.14                             |                             |
| Asphaltmischwerk Greinsfurth GmbH                                 | Austria  | –                                 | –      | 20.18                             |                             |
| Asphaltmischwerk Greinsfurth GmbH & Co OHG                        | Austria  | –                                 | –      | 20.18                             |                             |
| Asphaltmischwerk Leopoldau-Teerag-Asdag-Mayreder Bau GmbH         | Austria  | –                                 | –      | 40.35                             |                             |
| Asphaltmischwerk Leopoldau-Teerag-Asdag-Mayreder Bau GmbH & Co KG | Austria  | –                                 | –      | 16.14                             |                             |
| Asphaltmischwerk Steyregg GmbH                                    | Austria  | –                                 | –      | 16.14                             |                             |
| Asphaltmischwerk Steyregg GmbH & co KG                            | Austria  | –                                 | –      | 16.14                             |                             |
| Asphaltwerk Sierning GmbH   | Austria  | –                                 | –      | 32.28                             |                             |
| AS-Prom Liegenschaftsverwertungs GmbH                             | Austria  | –                                 | –      | 40.35                             |                             |
| AWT Asphaltwerk GmbH  | Austria  | –                                 | –      | 26.63                             |                             |
| AWW Asphaltmischwerk Wölbiling GmbH                               | Austria  | –                                 | –      | 40.35                             |                             |
| BA-EP Balaton Aszfalt es Epitö K.F.T.                             | Hungary  | –                                 | –      | 40.35                             |                             |
| Baustofee Handrick GmbH   | Germany  | –                                 | –      | 6.71                              | KPMG                        |
| Blumauerplatz Beteiligungs-Holding GmbH                           | Austria  | –                                 | –      | 26.64                             |                             |
| Bonaventura Strassenerichtungs GmbH                               | Austria  | –                                 | –      | 20.18                             |                             |
| Bonaventura Strassenerhaltungs GmbH                               | Austria  | –                                 | –      | 35.75                             |                             |
| Dolomit-Beton Lieferbetonwerk GmbH                                | Austria  | –                                 | –      | 38.74                             |                             |
| Draubeton GmbH  | Austria  | –                                 | –      | 28.25                             |                             |
| EVG Energieversorgung GmbH  | Austria  | –                                 | –      | 18.56                             |                             |
| EVW Energieversorgung GmbH  | Austria  | –                                 | –      | 19.37                             |                             |
| Gaspix Beteiligungsverwaltungs GmbH                               | Austria  | –                                 | –      | 20.58                             |                             |
| Hemmelmair Frästechnik GmbH                                       | Austria  | –                                 | –      | 20.18                             |                             |
| Kieswerk-Betriebs GmbH & Co Kg                                    | Austria  | –                                 | –      | 18.16                             |                             |
| Lieferasphaltgesellschaft JAUNTAL GmbH                            | Austria  | –                                 | –      | 19.37                             |                             |
| MMU Gleisbaugerätevermietung GmbH                                 | Austria  | –                                 | –      | 40.35                             |                             |
| MSO Mischanlagen Süd-Ost Betriebs GmbH und Co KG                  | Austria  | –                                 | –      | 8.88                              |                             |
| Paltentaler Beton Erzeugungs GmbH                                 | Austria  | –                                 | –      | 19.37                             |                             |
| RBA Recycling und Betonanlagen GmbH & Co Nfg KG                   | Austria  | –                                 | –      | 20.58                             |                             |
| RFM Asphaltmischwerk GmbH & Co KG                                 | Austria  | –                                 | –      | 26.90                             |                             |
| S P Co Floreasca SRL  | Romania  | –                                 | –      | 40.35                             |                             |
| Schaberreiter GmbH  | Austria  | –                                 | –      | 8.07                              |                             |
| Silasfalt s.r.o.  | Czech Republic   | –                                 | –      | 40.35                             |                             |
| Transportbeton und Asphalt GmbH                                   | Austria  | –                                 | –      | 40.35                             |                             |
| Transportbeton und Asphalt GmbH & Co KG                           | Austria  | –                                 | –      | 40.35                             |                             |
| Waldviertler Lieferasphalt GmbH & Co KG                           | Austria  | –                                 | –      | 40.35                             |                             |
| Ziegelwerk Frenal Eder GmbH                                       | Germany  | –                                 | –      | 32.22                             | Deloitte, S.L.              |
| Grupo Cedinsa Concesionaria                                       | Tarragona, 141 - Barcelona                                 | 9,093                             | 3,734  | 34.00                             | Deloitte, S.L.              |
| Grupo Foment de Construccions i Consulting                        | Andorra  | –                                 | –      | 33.30                             |                             |
| Hospital del Sureste, S.A.  | O'Donnell, 4 - Madrid                                      | 2,793                             | 2,356  | 33.33                             | Deloitte, S.L.              |
| Ibisan Sociedad Concesionaria, S.A.                               | Porto Pi, 8 - Palma de Mallorca (Balearic Islands)         | 10,699                            | 10,377 | 50.00                             | Deloitte, S.L.              |
| Las Palmeras de Garrucha, S.L.                                    | Mayor, 19 - Garrucha (Almería)                             | 1,179                             | 1,170  | 20.00                             |                             |
| Layetana Front Marítim, S.L.                                      | Mestre Nicolau, 19 - Barcelona                             | 6,281                             | –      | 50.00                             |                             |
| M50 (Concesión) (Holdings) Limited                                | Ireland  | –                                 | –      | 45.00                             |                             |
| M50 (Concesión) Limited   | Ireland  | (660)                             | –      | 45.00                             |                             |
| M50 (D&C) Limited   | Ireland  | (51)                              | –      | 42.50                             |                             |
| Madrid 407 Sociedad Concesionaria, S.A.                           | Pedro Teixeira, 8 Edif. Iberia Mart - Madrid               | 5,698                             | 4,736  | 50.00                             | BDO                         |
| Marina de Laredo, S.A.  | Pasaje de Puntida, 1 - Santander (Cantabria)               | 85                                | 85     | 42.50                             |                             |

| Company  | Registered Office  | Carrying Amount of the Investment |         | Effective percentage of ownership | Auditor                                       |
|--|--|-----------------------------------|---------|-----------------------------------|---|
|  |  | 2007                              | 2006    |                                   |   |
| Marina de l'Empordà, S.A.  | Avda. Diagonal, 512 - Barcelona  | 15                                | 15      | 20.00                             |   |
| Marina Port Vell, S.A.   | Varadero, s/n Edif. Torre de Control - Barcelona                         | 1,752                             | 1,648   | 30.66                             | LAES Nexia                                    |
| MDM-Teide, S.A.  | Panama   | 1,019                             | 1,139   | 50.00                             |   |
| Metro de Málaga, S.A.  | Martínez, 11 - Málaga  | 21,830                            | 20,452  | 26.73                             | Ernst & Young                                 |
| N6 (Concesión) (Holdings) Limited  | Ireland  | (1)                               | -       | 45.00                             |   |
| N6 (Concesión) Limited   | Ireland  | 745                               | -       | 45.00                             |   |
| N6 (Construction) Limited  | Ireland  | 362                               | -       | 42.50                             |   |
| N6 (Operations) Limited  | Ireland  | (2)                               | -       | 26.25                             |   |
| Nàutic Tarragona, S.A.   | Edificio Club Náutico, Puerto Deportivo - Tarragona                      | 466                               | 444     | 25.00                             | Domingo Martí i Maria Isabel                  |
| Nova Bocana Barcelona, S.A.  | Avda. Josep Tarradellas, 123 - Barcelona                                 | 3,986                             | 2,684   | 25.00                             |   |
| Nova Bocana Business, S.A.   | Avda. Josep Tarradellas, 127 - Barcelona                                 | 1,021                             | -       | 25.00                             |   |
| Omszki-Tó Part Kft   | Hungary  | 3                                 | -       | 20.00                             |   |
| Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V. | Mexico   | 2                                 | 2       | 50.00                             | Deloitte, S.L.                                |
| Operador Logístico Integral de Graneles, S.A.                              | Explanada de Aboño-Puerto del Musel - Gijón (Asturias)                   | 1,393                             | 1,275   | 20.00                             | Dª María Coto Millán R.O.A.C.                 |
| Port Premià, S.A. -in liquidation-   | Balmes, 36 - Barcelona   | (555)                             | (555)   | 39.72                             |   |
| Port Torredembarra, S.A.   | Edificio Capitanía Puerto Deportivo y Pesquero Torredembarra (Tarragona) | 704                               | 731     | 24.08                             | Domingo Rusiñol y Cía.                        |
| Portsur Castellón, S.A.  | Muelle Serrano Lloberas, s/n - El Grao (Castellón)                       | 1,435                             | 146     | 30.00                             | LAES Nexia                                    |
| Promvias XXI, S.A.   | Vía Augusta, 255 Local 4 - Barcelona                                     | 7                                 | 15      | 25.00                             |   |
| Ruta de los Pantanos, S.A.   | Avda. Europa, 18 P.E. La Moraleja. Alcobendas (Madrid)                   | 1,849                             | 2,182   | 25.00                             | Deloitte, S.L.                                |
| Teide Gestión del Sur, S.L.  | Avda. Luis Montoto, 107 - Sevilla  | 3,926                             | 3,150   | 45.00                             |   |
| Teide-MDM Quadrat, S.A.  | Panamá   | 170                               | 190     | 50.00                             |   |
| Terminal Polivalente de Castellón, S.A.                                    | Muelle del Centenario (Terminal B) - El Grao (Castellón)                 | 1,236                             | 1,870   | 45.00                             | LAES Nexia                                    |
| Terminal Polivalente de Huelva, S.A.                                       | La Marina, 29 - Huelva   | (263)                             | (263)   | 31.50                             |   |
| Torres Porta Fira, S.A.  | Mestre Nicolau, 19 - Barcelona   | 8,644                             | 8,672   | 40.00                             |   |
| Tramvia Metropolità del Besòs, S.A.  | Córcega, 270 - Barcelona   | 7,649                             | 6,445   | 22.44                             | KPMG  |
| Tramvia Metropolità, S.A.  | Córcega, 270 - Barcelona   | 6,409                             | 6,018   | 22.44                             | KPMG  |
| Tramvia de Parla, S.A.   | Soledad, 1 A - Parla (Madrid)  | 3,836                             | 2,993   | 37.50                             | Deloitte, S.L.                                |
| Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra               | Andorra  | 8,303                             | 7,210   | 40.00                             | KPMG  |
| Urbs Iudex et Causidicus, S.A.   | Tarragona, 161 - Barcelona   | 1,075                             | (4,857) | 29.00                             | Deloitte, S.L.                                |
| Vivero del Río Razón, S.L.   | Camino del Guardatillo. Valdeavellano de Tera (Soria)                    | 2                                 | 2       | 48.00                             |   |
| <b>Cement</b>  |  |                                   |         |                                   |   |
| Aplicaciones Minerales, S.A.   | Camino Fuente Herrero - Cueva Cardiel (Burgos)                           | 637                               | 596     | 31.35                             |   |
| Áridos Unidos, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                                | 14                                | 40      | 25.7                              |   |
| Canteras y Hormigones Quintana, S.A.                                       | Ctra. Santander-Bilbao Km. 184 - Barcena de Cicero (Cantabria)           | 4,978                             | 3,975   | 17.83                             | Enrique Campos y Cia., C.J.C. Asociados, S.L. |
| Canteras y Hormigones VRE, S.A.  | Arieta, 13 - Estella (Navarra)   | 2,188                             | 2,012   | 33.83                             | KPMG  |
| Carbocem, S.A.   | Paseo de la Castellana, 45 - Madrid                                      | 117                               | -       | 53.07                             | KPMG  |
| Comercial de Prefabricados Lemona, S.A.                                    | Barrio Inzunza, 1 - Lemona (Vizcaya)                                     | 18                                | 18      | 28.46                             |   |
| Ecofund, S.A.  | Paseo Mikeletegi, 2 Edificio Inasmet - San Sebastián (Guipúzcoa)         | 152                               | 196     | 9.96                              |   |
| Ecofuel, S.A.  | Camino Arnes, 19 - Bilbao (Vizcaya)                                      | 114                               | 112     | 16.62                             |   |
| Exponor, S.A. -in liquidation-   | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                                | 1                                 | 1       | 15.56                             |   |
| Hormigones Calahorra, S.A.   | Brebicio, 25 - Calahorra (La Rioja)                                      | 139                               | 184     | 33.90                             |   |
| Hormigones Castro, S.A.  | Ctra. Irún-La Coruña Km. 153 - Islares (Cantabria)                       | 516                               | 453     | 23.77                             |   |
| Hormigones del Baztán, S.L.  | Suspeltxiki, 25 - Vera de Bidasoa (Navarra)                              | 937                               | 800     | 33.83                             |   |
| Hormigones Delfin, S.A.  | Venta Blanca - Peralta (Navarra)   | 1,048                             | 896     | 33.83                             |   |
| Hormigones en Masa de Valtierra, S.A.                                      | Ctra. Cadreita Km. 0 - Valtierra (Navarra)                               | 1,792                             | 1,666   | 33.83                             |   |
| Hormigones Galizano, S.A.  | Ctra. Irún-La Coruña Km. 184 - Gama (Cantabria)                          | 323                               | 311     | 29.72                             |   |
| Hormigones Reinares, S.A.  | Bretón de los Herreros, 8 - Calahorra (La Rioja)                         | 1,124                             | 896     | 33.83                             |   |
| Hormigones y Áridos del Pirineo Aragonés, S.A.                             | Ctra. Biescas - Sabiñanigo (Huesca)                                      | 6,764                             | 6,291   | 33.83                             | KPMG Auditores, S.L.                          |
| Lázaro Echevarría, S.A.  | Isidoro Melero - Alsasua (Navarra)                                       | 9,684                             | 9,221   | 18.95                             | KPMG Auditores, S.L.                          |
| Navarra de Transportes, S.A.   | Ctra. Pamplona-Vitoria Km. 52 - Olazagutia (Navarra)                     | 1,284                             | 1,175   | 22.55                             | KPMG Auditores, S.L.                          |
| Neucidajé, S.A.  | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                                | 412                               | 777     | 22.12                             |   |
| Novhorvi, S.A.   | Portal de Gamarra, 25 - Vitoria Gasteiz (Álava)                          | 365                               | 313     | 16.80                             |   |
| Portcemen, S.A.  | Muelle Contradique Sur-Puerto Barcelona - Barcelona                      | 468                               | 176     | 8.98                              |   |
| Prebese France, S.A.S.   | France   | (50)                              | -       | 16.08                             |   |
| Prefabricados Lemona, S.A.   | Barrio Inzunza, 1 - Lemona (Vizcaya)                                     | 178                               | (231)   | 28.46                             |   |
| Prefabricados Levisa, S.A.   | Capitán Velasco, 20 - Málaga   | 412                               | 412     | 27.51                             |   |
| Quinsa Prefabricados de Hormigón, S.L. Sole-Shareholder Company            | Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero (Cantabria)        | (22)                              | (2)     | 17.83                             |   |
| Silos y Morteros, S.L.   | Ctra. de Pamplona Km. 1 - Logroño (La Rioja)                             | 306                               | 293     | 22.55                             |   |
| Terminal Cimentier de Gabes-Gie  | Tunisia  | 111                               | 4       | 10.54                             | Ernst & Young, S.L.                           |
| Terrenos Molins, S.L.  | Llobregat - Molins de Rei (Barcelona)                                    | 5                                 | 4       | 8.98                              |   |
| Transportes Cántabros de Cemento Portland, S.L.                            | Ctra. S. Sebastián-Coruña Km. 184 - Barcena de Cicero. (Cantabria)       | 96                                | 181     | 17.83                             |   |
| Vescem-LID, S.L.   | Valencia, 245 - Barcelona  | 50                                | -       | 10.03                             |   |

| Company   | Registered Office                        | Carrying Amount of the Investment |                | Effective percentage of ownership | Auditor        |
|---|--|-----------------------------------|----------------|-----------------------------------|----------------|
|   |  | 2007                              | 2006           |                                   |                |
| <b>Real estate</b>  |  |                                   |                |                                   |                |
| Realia Business Group   | Paseo de la Castellana, 216 - Madrid     | –                                 | 296,455        | 100.00                            | Deloitte, S.L. |
| Desarrollo Urbanístico Sevilla Este, S.L.                             | Avenida de los Descubrimientos - Sevilla | 104,453                           | –              | 9.44                              |                |
| Ronda Norte Denia, S.L.   | Avenida Aragón, 30 - Valencia            | 97                                | –              | 9.21                              |                |
| <b>Total value of companies accounted for using the equity method</b> |  | <b>426,461</b>                    | <b>555,878</b> |                                   |                |

## Appendix IV. Associates (accounted for using the equity method)

| Additions   | Registered office  | Additions   | Registered office                                      |
|---|--|---|--|
| <b>Fully consolidated companies</b>                 |  |   |  |
| ASA EKO BIH D.O.O.                                  | Bosnia Herzegovina   | PERGO A.S.  | Czech Republic   |
| ASA EKO D.O.O.                                      | Serbia   | PLANIGESA, S.A.(*)  | Paseo de la Castellana, 216. Madrid                    |
| ASA KIKINDA D.O.O.                                  | Serbia   | PORTFOLIO DE GRANDES ÁREAS COMERCIALES, S.A.                |  |
| ASA MARCELOVÁ S.R.O.(*)                             | Slovakia   | Sole-Shareholder Company(*)                                 | Paseo de la Castellana, 216 - Madrid                   |
| ASA VILNIUS UAB                                     | Lithuania  | R Y G-55 PROMOCIONES ALCARREÑAS, S.L.(*)                    | Paseo de la Castellana, 216 - Madrid                   |
| ASA VRBAK D.O.O.                                    | Serbia   | RB BUSINESS HOLDING, S.L.(*)                                | Paseo de la Castellana, 216 - Madrid                   |
| ABRANTAQUA-SERVIÇO DE AGUAS RESIDUAIS URBANAS       |  | REALIA BUSINESS PORTUGAL – Sole-Shareholder Company LDA.(*) | Portugal   |
| DO MUNICIPIO DE ABRANTES, S.A.                      | Portugal   | REALIA BUSINESS, S.A.(*)                                    | Paseo de la Castellana, 216 - Madrid                   |
| AIGÜES DE VALLIRANA, S.A.                           | Conca de Tremp, 14 - Vallirana (Barcelona)                                     | REALIA PATRIMONIO, S.L.U.(*)                                | Paseo de la Castellana, 216 - Madrid                   |
| AQUALIA INFRAESTRUCTURAS, S.A.                      | Ulises, 18 - Madrid  | REALIA POLSKA INWESTYCJE SPOLKA Z OGRANICZONA               |  |
| AQUAMAIOR-AGUAS DE CAMPO MAIOR, S.A.                | Portugal   | ODPOWIEDZIALNOSCIA(*)                                       | Poland   |
| ASUNTOS GENERALES INMOBILIARIOS, S.A.(*)            | Acanto, 22 - Madrid  | REALIA RON REAL ESTATE S.R.L.(*)                            | Romania  |
| AUTOVÍA CONQUENSE, S.A.                             | Pedro Teixeira, 8 - Madrid   | REMAT JIHLAVA S.R.O.  | Czech Republic   |
| BOANE 2003, S.A. Sole-Shareholder Company(*)        | Paseo de la Castellana, 41 - Madrid  | RETINGLE, S.L.(*)   | Paseo de la Castellana, 216 - Madrid                   |
| CONCESIONARIA TÚNEL DE COATZACOALCOS, S.A. DE CV(*) | Mexico   | S.C.I. DU 36, RUE DE NAPLES(*)                              | France   |
| CRISTALES MOLIDOS, S.L.                             | Partida San Gregorio - Cadrete (Zaragoza)                                      | S.C.I. PONT NEUF(*)   | France   |
| DRAGON ENERGY LLC.                                  | U.S.A.   | S.C.I. RIVE DU QUINZIEME(*)                                 | France   |
| ECOENERGETIKA D.O.O.                                | Slovenia   | S.C.I. VENDÔME – CASANOVA(*)                                | France   |
| FLIGHTCARE CYPRUS LIMITED                           | Cyprus   | SERVICIOS ÍNDICE, S.A.(*)                                   | Paseo de la Castellana, 216 - Madrid                   |
| FOMENTO DE CONSTRUCCIONES Y CONTRATAS               |  | SEVERN WASTE SERVICES LIMITED(*)                            | United Kingdom   |
| CONCESSIONS IRELAND LIMITED                         | Ireland  | SIEWIERSKIE PRZEDSIĘBIORSTWO GOSPODARKI                     |  |
| FOMENTO DE CONSTRUCCIONES Y CONTRATAS               |  | KOMUNALNEJ, SP. Z.O.O.                                      | Poland   |
| CONSTRUCTION IRELAND LIMITED                        | Ireland  | SOCIEDAD ESPAÑOLA DE AGUAS FILTRADAS, S.A.(*)               | Ulises, 18 - Madrid                                    |
| FOMENTO DE EQUIPAMIENTOS INMOBILIARIOS, S.L.(*)     | Paseo de la Castellana, 216 - Madrid   | SOCIETE CIVILE INMOBILIERE DU 2 RUE DU 4 SEPTEMBRE(*)       | France   |
| FOMENTO INMOBILIARIO LEVANTINO, S.L.(*)             | Aragón, 30 - Madrid  | SOCIETE D'INVESTISSEMENTS INMOBILIERS COTEE DE PARIS(*)     | France   |
| FUNDBUD SP. Z.O.O.                                  | Poland   | SOCIETE D'INVESTISSEMENTS INMOBILIERS COTEE                 |  |
| GEN AIR HANDLING, S.L.                              | Aeropuerto de Barajas. Terminal Internacional Oficina 42003 - Barajas (Madrid) | DE PARIS BEME(*)  | France   |
| GENEUS CARANARIAS, S.L.                             | Josefina Mayor, 12. Telde (Las Palmas)   | TOV ALPINE UKRAINE  | Ukraine  |
| GEOSPOL BRNO SPOL. SRO                              | Czech Republic   | UNIVERSALE BAU GMBH   | Austria  |
| GMBH ALPINE MAYREDER                                | Russia   | VALAISE, S.L. Sole-Shareholder Company(*)                   | Paseo de la Castellana, 216 - Madrid                   |
| GONZALO MATEO, S.L.                                 | Partida San Gregorio. Cadrete (Zaragoza)                                       | VERSIA HOLDING GMBH   | Austria  |
| HALDURIA, S.L.U.(*)                                 | Paseo de la Castellana, 216 - Madrid   | WILANOW REALIA SP. Z.O.O.(*)                                | Poland   |
| HERMANOS REVILLA, S.A.(*)                           | Paseo de la Castellana, 41 - Madrid  | <b>Proportionately consolidated companies</b>               |  |
| KREINDL GMBH  | Austria  | ACQUE DI CALTANISSETTA, S.P.A.                              | Italy  |
| LURTARRI, S.L.                                      | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                                      | AMFORTAS INFRAESTRUCTURAS, S.L. Sole-Shareholder Company    | Paseo de la Castellana, 141 - Madrid                   |
| M & S CONCESIONES, S.A.                             | Costa Rica   | ASTACO, S.A.  | General Pardiñas, 73 Madrid                            |
| M & S DI – M & S DESARROLLOS INTERNACIONALES, S.A.  | Costa Rica   | AUTOPISTA CENTRAL GALEGA SOCIEDAD ESPAÑOLA, S.A.            | Lugar el Feal, s/n - San Mamede de Rivadulla.          |
| MERCIA WASTE MANAGEMENT LTD.(*)                     | United Kingdom   | Sole-Shareholder Company(*)                                 | Vedra (La Coruña)                                      |
| MIEJSKA PRZEDSIĘBIORSTWO GOSPODARKI                 |  | COMPañIA CONCESIONARIA DEL TÚNEL DE SOLLER, S.A.(*)         | Porto Pi, 8 - Palma de Mallorca                        |
| KOMUNALNEJ SP. Z.O.O. ZABRZE                        | Poland   | CONSTRUCTORA DE INFRAESTRUCTURA DE AGUA                     |  |
| MINDAZA, S.L. Sole-Shareholder Company(*)           | Paseo de la Castellana, 216 - Madrid   | DE QUERETARO, S.A. DE CV                                    | Mexico   |
| NASOZENA, S.L.(*)                                   | Picavia, 5. La Coruña  | DALIBOR INFRAESTRUCTURAS, S.L. Sole-Shareholder Company     | Paseo de la Castellana, 14 - Madrid                    |
| NORALIA, S.A.(*)                                    | Paseo de la Castellana, 216 - Madrid   | GLOBAL VÍA INFRAESTRUCTURAS, S.A.                           | Paseo de la Castellana, 141 Edificio Cuzco IV - Madrid |
| OBSED A.S.  | Czech Republic   | GRUPO BAUERMEEX, S.A. DE CV                                 | Mexico   |
|   |  | GV OPERADORA DE AUTOPISTA DE MÉXICO, S.A. DE CV             | Mexico   |

| Additions   | Registered office  | Additions   | Registered office  |
|---|--|---|--|
| <b>INVERSIONES INMOBILIARIAS RÚSTICAS Y URBANAS 2000, S.L.</b>                              |  |   |  |
| LIBUSA INFRAESTRUCTURAS, S.L. Sole-Shareholder Company                                      | Claudio Coello, 91 - Madrid  | AUTOVÍA NECAXA – TIHUATLAN, S.A. DE CV  | Mexico   |
| MARINA SAN ANTONIO ABAD, S.L.   | Paseo de la Castellana, 141 - Madrid   | BAROSS TER INGATLANPROJEKT-FEJLESZTO KFT  | Hungary  |
| MEXICANA DE GLOBAL VÍA INFRAESTRUCTURAS, S.A. DE CV   | Paseo de la Castellana, 216 - Madrid   | CEDINSA EIX TRANSVERSAL CONCESSIONARIA  |  |
| OPERALIA IRELAND LIMITED  | Mexico   | DE LA GENERALITAT DE CATALUNYA  | Travesera de Gracia, 58 - Barcelona  |
| ORFEO INFRAESTRUCTURAS, S.L. Sole-Shareholder Company                                       | Ireland  | CONCESIONARIA HOSPITAL SON DURETA, S.A.   | Plaza Es Fortí, 4 - Palma de Mallorca  |
| PANGEA XXI, S.L.  | Paseo de la Castellana, 141 - Madrid   | DESARROLLO URBANÍSTICO SEVILLA ESTE, S.L.(*)                                    | Avenida de los Descubrimientos. Sevilla  |
| PEDRERA DE L'ORDAL, S.L.  | Viriato, 47 - Barcelona  | ECOGESTIÓN AMBIENTAL, S.L.  | Juan Ramón Jiménez, 12 - Madrid  |
| PRESTADORA DE SERVICIOS MERK, S.A. DE CV  | Ctra. N 340 Km. 1229,5 La Creu del L'Ordal. Subirats. (Barcelona)              | EMPRESA MUNICIPAL DE AGUAS DE LINARES, S.A.                                     | Cid Campeador, 7 - Linares (Jaén)  |
| PROMOTORA BANGAR, S.A. DE CV  | Mexico   | LAYETANA FRONT MARÍTIM, S.L.  | Mestre Nicolau, 19 - Barcelona   |
| SETECAMPOS SOCIEDADE INMOBILIARIA, S.A.   | Portugal   | M50 (CONCESSION) (HOLDINGS) LIMITED   | Ireland  |
| STUDIO RESIDENCE IBERIA-INVESTIMENTOS INMOBILIARIOS, S.A.                                   | Portugal   | M50 (CONCESSION) LIMITED  | Ireland  |
| TACEL INVERSIONES, S.A.(*)  | Rozabella, 6 Europa Empresarial. Las Rozas de Madrid. (Madrid)                 | M50 (D&C) LIMITED   | Ireland  |
| <b>Companies accounted for using the equity method</b>                                      |  |   |  |
| AHRENTAL ABBAU UND AUFBEREITUNGS GMBH   | Austria  | N6 (CONCESSION) (HOLDINGS) LIMITED  | Ireland  |
| AIGÜES DEL TOMOVÍ, S.A.   | Plaza Vella, 1. El vendrell (Tarragona)  | N6 (CONCESSION) LIMITED   | Ireland  |
| ARAGONESA DE GESTIÓN DE RESIDUOS, S.A.  | Paseo María Agustín, 36. Zaragoza  | N6 (CONSTRUCTION) LIMITED   | Ireland  |
| ASPHALTWERK SIERNING GMBH   | Austria  | N6 (OPERATIONS) LIMITED   | Ireland  |
|   |  | NOVA BOCANA BUSINESS, S.A.  | Avenida Josep Tarradellas, 127 - Barcelona   |
|   |  | OMSZKI-TŐ PART KFT  |  |
|   |  | PREBESEC FRANCE, S.A.S.(*)  | France   |
|   |  | SUMINISTRO DE AGUA DE QUERETARO, S.A. DE CV                                     | Mexico   |
|   |  | VESCEM-LID, S.L.  | Valencia, 245 - Barcelona  |
|   |  | (*) Change of consolidation method.   |  |
| <b>Removals</b>   |  |   |  |
| <b>Fully consolidated companies</b>   |  |   |  |
| ACQUE DI CALTANISSETTA, S.P.A.(*)   | Italy  | SERVICIOS Y PROCESOS AMBIENTALES, S.A. (6)                                      | Avenida General Perón, 36 - Madrid   |
| AECOSOL, S.L. (1)   | Común de las Eras - Fustiñana (Navarra)  | SOCIETE CIVILE IMMOBILIERE DU 2 RUE DU4 SEPTEMBRE (15)                          | France   |
| ALPINE ENERGIE NETWORKS AG  | Switzerland  | TACEL INVERSIONES, S.A.(*)  | Rozabella, 6 Europa Empresarial - Las Rozas de Madrid (Madrid)                                     |
| ALPINE MAYREDER BAU D.O.O. MARIBOR -in liquidation- (9)                                     | Slovenia   | TÉCNICAS DE DESCONTAMINACIÓN, S.A. (1)  | P.I. Guarnizo, parcela 97 - El Astillero (Cantabria)   |
| AREMI ASOCIADOS, S.L.   | Avenida de les Corts Valencianes, 50 - Valencia                                | <b>Proportionately consolidated companies</b>                                   |  |
| ARENAS Y HORMIGONES MUÑORRODRO, S.A. Sole-Shareholder Company (8)                           | Alameda de Urquijo, 10 - Bilbao (Vizcaya)                                      | ALMERAYA, S.A. (2)  | Ulises, 18 - Madrid  |
| AUTOPISTA CENTRAL GALEGA SOCIEDAD CONCESSIONARIA ESPAÑOLA, S.A. Sole-Shareholder Company(*) | Lugar el Feal, s/n - San Mamede de Rivadulla. Vedra (La Coruña)                | COMPañIA ANDALUZA AUXILIAR DE TRANSPORTES, S.L. (2)                             | Córdoba, 7 - Málaga  |
| AZUSER, S.L. (1)  | Cami de la Rabla, 12 - Onda (Castellón)  | CORGOBÚS TRANSPORTES URBANOS DE VILA REAL                                       |  |
| BISTIBIETA, S.L. (4)  | Trinidad, 9 - Algorta (Vizcaya)  | SOCIEDADE UNIPessoAL LDA. (2)   | Portugal   |
| COMPañIA CONCESSIONARIA DEL TÚNEL DE SOLLER, S.A.(*)  | Porto Pi, 8 - Palma de Mallorca  | CORPORACIÓN ESPAÑOLA DE TRANSPORTE, S.A. (11)                                   | Ulises, 18 - Madrid  |
| CONSERVACIÓN DE INFRAESTRUCTURAS URBANAS, S.A. Sole-Shareholder Company (7)                 | Federico Salmón, 13 - Madrid   | MERCIA WASTE MANAGEMENT LTD.(*)   | United Kingdom   |
| EQUIPOS DE PROTECCIÓN AMBIENTAL, S.L. (4)   | Trinidad, 9 - Algorta (Vizcaya)  | PREBESEC FRANCE, S.A.S.(*)  | France   |
| FI RE SOCIÉTÉ ANONYME (9)   | Luxembourg   | SEVERN WASTE SERVICES LIMITED(*)  | United Kingdom   |
| GEN AIR HANDLING, S.L. (5)  | Aeropuerto de Barajas. Terminal Internacional Oficina 42003 - Barajas (Madrid) | SOCIEDAD DE EXPLOTACIÓN DE AGUAS RESIDUALES, S.A.(11)                           | Bruc, 49 - Barcelona   |
| GESTIONES MEDIOAMBIENTALES, DEL SUR, S.L. (1)   | P.I. Las Quemadas, parcela 271 - Córdoba                                       | SOCIEDAD ESPAÑOLA DE AGUAS FILTRADAS, S.A.(*)                                   | Ulises, 18 - Madrid  |
| HIDROCEÑ, S.L. (1)  | Camino del Valle, 12 - Arganda del Rey (Madrid)                                | TRANSPORTES URBANOS DE SANLÚCAR, S.A. (2)                                       | Ctra. Jerez Km. 1 - Sanlúcar de Barrameda (Cádiz)  |
| HIGH TECHNOLOGY VEHICLES INC. (9)   | U.S.A.   | TRANSPORTS MUNICIPALS D'EGARA, S.A. (2)   | Ctra. Nacional 150 km. 15 - Terrasa (Barcelona)  |
| INDUSTRIAS SANGAR, S.A. (10)  | Guadalquivir, 16 - Fuenlabrada (Madrid)  | ASA MARCELOVÁ S.R.O.(*)   | Slovakia   |
| INNOVACIÓN Y GESTIÓN MEDIOAMBIENTAL, S.A. (1)   | Cami de la Rambla, 10 - Onda (Castellón)                                       | BUS TURÍSTICO DE MÁLAGA, S.L. (2)   | Paseo de los Tilos - Estación de autobuses - Málaga  |
| IPODEC RISCOP, S.A. Sole-Shareholder Company (1)  | Ctra. Sabadell a Mollet Km. 1 Molí d'en Gall. Barberá del Vallés (Barcelona)   | CONCESIONARIA TÚNEL DE COATZACOALCOS, S.A. DE CV(*)                             | Mexico   |
| JAM ASPHALT GMBH  | Austria  | GRUPO CEMENTOS LEMONA   | Alameda de Urquijo, 10 - Bilbao (Vizcaya)  |
| LIGETE, S.L. (4)  | Trinidad, 9 - Algorta (Vizcaya)  | GRUPO REALIA BUSINESS(*)  | Paseo de la Castellana, 216 - Madrid   |
| LIMPIEZAS INDUSTRIALES ALFUS, S.A. (4)  | Barrio Ibarra, 20 - Bedia (Vizcaya)  | GRUPO TACEL(*)  | Rozabella, 6 Europa Empresaria - Las Rozas de Madrid (Madrid)                                      |
| LIZARREKA, S.L. (4)   | Bº Elbarrena - Aduna (Guipúzcoa)   | I.T.V. PROBUS, S.L. (11)  | Castelló, 66- Madrid   |
| LNP – LOGÍSTICA LDA. (9)  | Portugal   | KONSORCIUM AUTOSTRADA SLASK SPOTKA AKCYJNA                                      | Poland   |
| LOGÍSTICA NAVARRA, S.A. Sole-Shareholder Company  | E.P.I. Arazuri Orcoyen Parcela 3-8. Pamplona (Navarra)                         | SANO CB S.R.O. (11)   | Czech Republic   |
| RECITERMIA, S.A. Sole-Shareholder Company (1)   | Ctra. Andalucía Km. 12 P.I. Los Olivos - Getafe (Madrid)                       | (1) Exclusion due to absorption of FCC Ámbito, S.A.                             | (10) Exclusion due to absorption of Papeles Hernández e Hijos, S.A.                                |
| RECUPERACIONES MADRILEÑAS DEL PAPEL, S.A. (10)  | Guadalquivir, 16 - Fuenlabrada (Madrid)  | (2) Exclusion due to sale of CETSA subgroup                                     | (11) Exclusion due to sale.  |
| RECUPERADOS EXTREMEÑOS, S.A. (12)   | Ctra. Nacional 630 Km. 543 Casar de Cáceres (Cáceres)                          | (3) Exclusion due to absorption of Aremi Tecair, S.A., Sole-Shareholder Company | (12) Exclusion due to absorption of Manipulación y Recuperación MAREPA, S.A.                       |
| REPARALIA, S.A. (11)  | P.E. Cerro de los Gamos, 1 - Pozuelo de Alarcón (Madrid)                       | (4) Exclusion due to absorption of Ekonor, S.A.                                 | (13) Exclusion due to absorption of de Société d'Investissements Immobiliers Cotée de Paris        |
| S.C.I. PONT NEUF (13)   | France   | (5) Exclusion due to absorption of Flightcare, S.L.                             | (14) Exclusion due to sale of Sociedad de Explotación de Aguas Residuales, S.A.                    |
| S.C.I. RIVE DU QUINZIEME (13)   | France   | (6) Changed name to Aqualia Infraestructuras, S.A.                              | (15) Exclusion due to merger by absorption of Société d'Investissements Immobiliers Cotée de Paris |
| SENOVSKA STAVEBNI S.R.O. V LIKVIDACI  | Austria  | (7) Exclusion due to absorption of Servicios y Procesos Ambientales, S.A.       | (*) Change in consolidation method.  |
|   |  | (8) Absorbed by Canteras y Construcciones de Vizcaya, S.A.                      |  |
|   |  | (9) Exclusion due to liquidation.   |  |

## Appendix V. Unincorporated joint ventures (UTEs), economic interest groupings (AIEs) and other entities jointly controlled with non-group third parties

|  | Percentage of Ownership<br>at 31 December 2007 |   | Percentage of Ownership<br>at 31 December 2007 |
|--|--|---|--|
| <b>Environmental services</b>                            |  | UTE ETAP ORBIGO                             | 50.00  |
| A.I.E. AGUAS Y SERVICIOS DE LA COSTA TROPICAL DE GRANADA | 51.00  | UTE EXPLOTACIÓN ITAM TORDERA                | 50.00  |
| A.I.E. GESTIÓN DE SERVICIOS HIDRÁULICOS DE CIUDAD REAL   | 75.00  | UTE EXPLOTACIÓN PRESAS DEL SEGURA           | 60.00  |
| A.I.E. ITAM DELTA DE LA TORDERA                          | 50.10  | UTE F.L.F. LA PLANA                         | 47.00  |
| A.I.E. SOREA-SEARSA-AQUALIA                              | 37.50  | UTE FCC – ANPE                              | 80.00  |
| FCCSA-SECOPSA UTE I                                      | 50.00  | UTE FCC – ERS LOS PALACIOS                  | 50.00  |
| UTE A GUARDA   | 50.00  | UTE FCC – FOCONSA                           | 50.00  |
| UTE ABASTECIMIENTO EXTREMADURA                           | 20.00  | UTE FCC – HIJOS DE MORENO, S.A.             | 50.00  |
| UTE ABASTECIMIENTO ZARAGOZA                              | 70.00  | UTE FCC – HIMOSA                            | 50.00  |
| UTE ABM  | 52.80  | UTE FCCMA – NECA                            | 51.00  |
| UTE ABSA – PERICA  | 60.00  | UTE FCCMA – RUBATEC STO. MOLLET             | 50.00  |
| UTE ACTUACIÓN 11 TERUEL                                  | 50.00  | UTE FCCPO                                   | 50.00  |
| UTE AEROPUERTO I   | 50.00  | UTE FCC – PROMECO 2000, S.L.                | 50.00  |
| UTE AEROPUERTO II  | 50.00  | UTE FCC – SUFI MAJADAHONDA                  | 50.00  |
| UTE AEROPUERTO III                                       | 50.00  | UTE FCC – SUFI PESA                         | 50.00  |
| UTE AEROPUERTO IV  | 50.00  | UTE FCC – SYF PLAYAS                        | 40.00  |
| UTE AEROPUERTO GALERIAS                                  | 50.00  | UTE FCC – TEGNER                            | 50.00  |
| UTE AEROPUERTO GALERIAS II                               | 50.00  | UTE FOBESA                                  | 50.00  |
| UTE AGUA CIUDAD VALDELUZ                                 | 60.00  | UTE FS MUNGEST                              | 51.00  |
| UTE AGUAS ALCALÁ   | 37.50  | UTE FS MUNGEST II                           | 51.00  |
| UTE AGUAS DEL DORAMÁS                                    | 50.00  | UTE GEMECAN GENEUS                          | 50.00  |
| UTE ALCANTARILLADO BILBAO                                | 90.00  | UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL     | 40.00  |
| UTE ALMEDA   | 51.00  | UTE GESTIÓN FANGOS MENORCA                  | 55.00  |
| UTE AMPLIACIÓ LIXIVITATS                                 | 80.00  | UTE GESTIÓN INSTALACIÓN III                 | 34.99  |
| UTE AMPLIACIÓN IDAM SANT ANTONI                          | 50.00  | UTE GIREF                                   | 20.00  |
| UTE AMPLIACIÓN VERTEDERO GARDELEGUI                      | 55.00  | UTE GIRONA SELECTIVES                       | 50.00  |
| UTE ANSA – ALFUS   | 20.00  | UTE HÉROES DE ESPAÑA                        | 50.00  |
| UTE APARKISA   | 35.00  | UTE HIDRANTES                               | 50.00  |
| UTE AQUALIA – FCC – MYASA                                | 94.00  | UTE HIDROGESTIÓN                            | 60.00  |
| UTE ARGÍ GUÉÑES  | 70.00  | UTE IDAM IBIZA                              | 50.00  |
| UTE ASTONDO  | 40.00  | UTE IDAM IBIZA II                           | 50.00  |
| UTE BAILIN   | 50.00  | UTE IDAM IBIZA III                          | 50.00  |
| UTE BILBOKO SANEAMENDU                                   | 50.00  | UTE IDAM SANT ANTONI                        | 50.00  |
| UTE BIOCOMPOST DE ÁLAVA                                  | 50.00  | UTE IDAM SANT ANTONI II                     | 50.00  |
| UTE BOADILLA   | 50.00  | UTE INFILCO                                 | 50.00  |
| UTE CÁDIZ  | 50.00  | UTE INTAGUA                                 | 50.00  |
| UTE CANA PUTXA   | 20.00  | UTE JARDINES CÁDIZ                          | 50.00  |
| UTE CAP DJINET   | 50.00  | UTE JARDINES SANTA COLOMA                   | 50.00  |
| UTE CASTELLANA – PO                                      | 50.00  | UTE JUNDIZ                                  | 51.00  |
| UTE CASTELLAR DEL VALLÉS                                 | 50.00  | UTE KABIEZESKO KIROLDEGIA                   | 60.00  |
| UTE CEMENTERIOS PERIFÉRICOS II                           | 50.00  | UTE KAIAGARBI                               | 51.00  |
| UTE CESPA GR – GRT                                       | 30.00  | UTE KAIXARRANKA                             | 60.00  |
| UTE CHIPIONA   | 50.00  | UTE LA LLOMA DEL BIRLET                     | 80.00  |
| UTE CIUTAT VELLA   | 50.00  | UTE LEA – ARTIBAI                           | 60.00  |
| UTE COLECTOR MAGRANERS                                   | 50.00  | UTE LEGIO VII                               | 50.00  |
| UTE COLECTORES Y EDAR EN BARBARROJA                      | 25.00  | UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA    | 50.00  |
| UTE COLEGIOS SANT QUIRZE                                 | 50.00  | UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA  | 50.00  |
| UTE COMPOSTATGE ALT URGELL                               | 80.00  | UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN | 50.00  |
| UTE CONDUCCIÓN A EL VISO Y DEPÓSITOS                     | 70.00  | UTE LIMPIEZA Y RSU LEZO                     | 55.00  |
| UTE CTR-VALLÉS   | 20.00  | UTE LÍNEA 2 FASE 2 FMB                      | 50.00  |
| UTE DELTA  | 50.00  | UTE LÍNEA 2 METRO BILBAO                    | 50.00  |
| UTE DEPURACIÓN PONIENTE ALMERIENSE                       | 75.00  | UTE LOCALES JUSTICIA LOTE II                | 50.00  |
| UTE DOS AGUAS  | 35.00  | UTE LOCALES JUSTICIA LOTE V                 | 50.00  |
| UTE EDAR BAEZA   | 50.00  | UTE LOGROÑO LIMPIO                          | 50.00  |
| UTE EDAR CIUDAD VALDELUZ                                 | 60.00  | UTE LVR MUSKIZ II                           | 70.00  |
| UTE EDAR DE KRISPIJANA                                   | 70.00  | UTE MADRID I                                | 50.00  |
| UTE EDAR LLANÇA  | 20.00  | UTE MADRID II                               | 50.00  |
| UTE EDAR TALAVERA  | 50.00  | UTE MADRID III                              | 50.00  |
| UTE EDAR TORREVIEJA                                      | 10.00  | UTE MANCOMUNIDAD ALTO MIJARES               | 50.00  |
| UTE ENERGÍA SOLAR ONDA                                   | 25.00  | UTE MANTENIMIENTO COLEGIOS BILBAO           | 60.00  |
| UTE EPTISA - ENTEMANSER                                  | 50.00  | UTE MANTENIMIENTO DE EDIFICIOS              | 60.00  |
|  |  | UTE MEJORA ABASTECIMIENTO SESEÑA            | 50.00  |

|  | Percentage of Ownership<br>at 31 December 2007 |  | Percentage of Ownership<br>at 31 December 2007 |
|--|--|--|--|
| UTE MOLLERUSSA                               | 60.00  | UTE ZONZAMAS FASE II                                     | 30.00  |
| UTE MONTCADA                                 | 50.00  | UTE ZURITA   | 50.00  |
| UTE MORELLA                                  | 50.00  |  |  |
| UTE MOSTAGANEM                               | 50.00  | <b>VERSIA</b>  |  |
| UTE NAVALMORAL                               | 50.00  |  |  |
| UTE OBRA AMPLIACIÓN IDAM SAN ANTONIO         | 50.00  | A.I.E. INFOSER ESTACIONAMIENTOS                          | 33.33  |
| UTE OBRAS AGUAS ALCALÁ                       | 55.00  | CLEAR CHANNEL – CEMUSA UTE                               | 50.00  |
| UTE ONDA EXPLOTACIÓN                         | 33.33  | EYSSA-AUPLASA ALICANTE UTE                               | 65.00  |
| UTE OYM CAP DJINET                           | 50.00  | UTE BYPASS SUR   | 50.00  |
| UTE OYM MOSTAGANEM                           | 50.00  | UTE C-17 SERVEI  | 50.00  |
| UTE PARLA                                    | 99.00  | UTE CAMINO   | 50.00  |
| UTE PARQUES SINGULARES MÓSTOLES              | 50.00  | UTE CARTAGENA  | 50.00  |
| UTE PASAIA                                   | 70.00  | UTE CN III   | 45.00  |
| UTE PI VERD SEARSA HIDROCANAL                | 60.00  | UTE CONTROL TÚNELES GRAN CANARIA                         | 50.00  |
| UTE PINETONS                                 | 50.00  | UTE EIX LLOBREGAT  | 50.00  |
| UTE PISCINA CUBIERTA MUNICIPAL ALBATERA      | 93.00  | UTE EUROHANDLING   | 50.00  |
| UTE PISCINA CUBIERTA MUNICIPAL L'ELIANA      | 85.00  | UTE EUROHANDLING BARCELONA                               | 50.00  |
| UTE PISCINA CUBIERTA CLUB DEPORTIVO ALBORAYA | 85.00  | UTE EUROHANDLING MÁLAGA                                  | 50.00  |
| UTE PISCINA CUBIERTA MANISES                 | 65.00  | UTE FCC ACISA AUDING                                     | 45.00  |
| UTE PISCINA CUBIERTA PAIPORTA                | 90.00  | UTE FCC – DIESEL BARCELONA                               | 80.00  |
| UTE PISCINA POLIDEPORTIVO PAIPORTA           | 65.00  | UTE FCC – DIESEL N-VI                                    | 50.00  |
| UTE PLAN RESIDUOS                            | 47.50  | UTE MENDIZULOA   | 30.00  |
| UTE PLANTA COMPOSTATGE D'OLOI                | 42.00  | UTE METEOROLÓGICAS A-6                                   | 33.00  |
| UTE PLANTA TRATAMIENTO VALLADOLID            | 60.00  | UTE NOROESTE   | 33.00  |
| UTE PLAYAS                                   | 50.00  | UTE OCAÑA  | 75.00  |
| UTE PONIENTE ALMERIENSE                      | 50.00  | UTE SCC SICE   | 50.00  |
| UTE PORTUGARBI                               | 51.00  | UTE SCUTMADEIRA  | 55.00  |
| UTE PORTUGARBI – BI                          | 51.00  | UTE TRAMBAIX   | 66.00  |
| UTE POSU – FCC VILLALBA                      | 50.00  | UTE TRAMBESÓS  | 66.00  |
| UTE POTABILIZADORA ELS POBLETS               | 70.00  | UTE TÚNELES BRAÑAVIELLA – NIEVARES                       | 50.00  |
| UTE PUERTO                                   | 50.00  |  |  |
| UTE R.S. PONIENTE ALMERIENSE                 | 50.00  | <b>Construction</b>                                      |  |
| UTE RBV VILLA-REAL                           | 47.00  |  |  |
| UTE RESIDENCIA                               | 50.00  | A.I.E. PROYECTO FENIX                                    | 12.50  |
| UTE RESTAURACIÓN GARRAF                      | 27.50  | ACE ACCESIBILIDADE DAS ANTAS CONSTRUÇÃO E OBRAS PUBLICAS | 50.00  |
| UTE RIERA AUBI                               | 50.00  | ACE ACESTRADA CONSTRUÇÃO DE ESTRADAS                     | 13.33  |
| UTE RSU TOLOSALDEA                           | 60.00  | ACE EDIFER CONST., RAM R.C. E CONDU                      | 33.33  |
| UTE S.U. BILBAO                              | 70.00  | ACE FCC CONSTRUCCIÓN E EDIFER                            | 50.00  |
| UTE SALTO DEL NEGRO                          | 50.00  | ACE INFRAESTRUCTURAS DAS ANTAS                           | 33.33  |
| UTE SAINT QUIRZE                             | 50.00  | ACE LUMIAR   | 50.00  |
| UTE SAINT QUIRZE DEL VALLÉS                  | 50.00  | ACE LUMIAR PREVIA  | 50.00  |
| UTE SANTA COLOMA DE GRAMANET                 | 61.00  | ACE METREXPO   | 44.90  |
| UTE SANTURTZIKO GARBIKETA                    | 60.00  | ACE RAMA ROSA COBETAR, GRAV R NOV                        | 72.25  |
| UTE SASIETA                                  | 75.00  | ACE RAMALHO ROSA COBETAR E EDIFER                        | 56.00  |
| UTE SAV – FCC TRATAMIENTOS                   | 35.00  | ACE TÚNEL ODEOLUCA                                       | 35.00  |
| UTE SEAFSA J.I. RODRÍGUEZ                    | 60.00  | ACE TÚNEL RAMELA   | 13.33  |
| UTE SEAFSA LANZAROTE                         | 60.00  | ACE TÚNEL RUA CEUTA, CONSTRUÇÃO E OBRAS PÚBLICAS         | 49.50  |
| UTE SEAFSA – JAIME E ISAAC RODRÍGUEZ         | 50.00  | ACP DU PORT DE LA CONDAMINE                              | 45.00  |
| UTE SEARSA MAN                               | 50.00  | ARGE GLEISBAU BLEIBUR + BHF                              | 50.00  |
| UTE SEARSA – INGEMAXTER – FELANITX           | 50.00  | ARGE GLEISBAU KNOTEN ROHR                                | 50.00  |
| UTE SEARSA – MAN EXPLOTACIÓN ZONA MAS        | 50.00  | ARGE DURCHLASSE ÖBB                                      | 50.00  |
| UTE SELECTIVA SAN MARCOS                     | 65.00  | ARGE FESTE FAHRB. LAINZETRUNNEL                          | 15.50  |
| UTE SELLADO VERTEDERO LOGROÑO                | 50.00  | ARGE FESTE FAHRBAHN TAUERNUNN                            | 37.00  |
| UTE SERVICIOS EXPO                           | 60.00  | ARGE GERÄTEBEISTELLUNG 2005                              | 50.00  |
| UTE T.P.A. E INICRESS                        | 75.00  | ARGE GLEISBAU LT-WEST B.3                                | 50.00  |
| UTE TANATORIO DE PATERNA                     | 50.00  | ARGE GLEISBAU MDF HALLEIN                                | 50.00  |
| UTE TIRVA FCC – FCCMA RUBÍ                   | 51.00  | ARGE GLEISBAU U2/13                                      | 29.00  |
| UTE TORRIBERA                                | 50.00  | ARGE ILF-RUM   | 50.00  |
| UTE TORRIBERA III                            | 50.00  | ARGE INNOVAPARK  | 30.00  |
| UTE TORRIBERA RSU                            | 50.00  | ARGE INNOVAPARK ABSCHNITT B                              | 30.00  |
| UTE TOSSA DE MAR                             | 20.00  | ARGE IVB 2005  | 50.00  |
| UTE TREMP                                    | 51.00  | ARGE KABEL ÖBB GRAZ                                      | 50.00  |
| UTE TXINGUDI                                 | 75.00  | ARGE LFS TIROL   | 60.00  |
| UTE VERTEDERO GARDELEGUI                     | 70.00  | ARGE LINDENGASSE – HALL                                  | 50.00  |
| UTE VERTEDERO GARDALEGUI II                  | 70.00  | ARGE OBERB. ALTHOFEN-KLAGENFURT                          | 50.00  |
| UTE VERTRESA                                 | 10.00  | ARGE OBERBAU ASTEN-LINZ                                  | 33.34  |
| UTE VIGO RECICLA                             | 70.00  | ARGE OBERBAU GRAZ-PUNTIGAM                               | 50.00  |
| UTE VINARÓZ                                  | 50.00  | ARGE PORTALKRAN  | 34.00  |
| UTE VIVIENDAS MARGEN DERECHA                 | 60.00  | ARGE SLB FÜR WAG   | 33.33  |
| UTE WTC – ZARAGOZA                           | 51.00  | ARGE SLB GLEISBAU 2004                                   | 33.34  |
| UTE ZARAGOZA DELICIAS                        | 51.00  | ARGE STADTBAU BIENERSTRABE                               | 40.00  |

|   | Percentage of Ownership<br>at 31 December 2007 |   | Percentage of Ownership<br>at 31 December 2007 |
|---|--|---|--|
| ARGE STRABENBAHN KUFERZEILE                 | 50.00  | UTE C&F JAMAICA                           | 50.00  |
| ARGE TIVOLI – BT 1                          | 50.00  | UTE C.P.D.'S                              | 50.00  |
| J.V ESTENSION IOF LINE 2 TO ANTOHOUPOLI     | 50.01  | UTE CÁCERES                               | 65.00  |
| UTE 2ª FASE EIQUE DE LA ESFINGE             | 35.00  | UTE CÁCERES II                            | 50.00  |
| UTE 2ª FASE PLATAFORMA AENA                 | 60.00  | UTE CADAQUÉS                              | 50.00  |
| UTE 57 VIVIENDAS PC-6 CERRO DE REYES        | 90.00  | UTE CÁDIZ                                 | 35.00  |
| UTE ABOÑO MUSEL                             | 80.00  | UTE CAMBULLONEROS                         | 80.00  |
| UTE ACONDICIONAMIENTO MUELLE SANTA CATALINA | 40.00  | UTE CAMBULLONEROS – VIRGEN DEL PINO       | 40.00  |
| UTE AEROMÉDICA CANARIA – FCCCO              | 5.00   | UTE CAN TUNIS                             | 70.00  |
| UTE AEROPUERTO DE CASTELLÓN                 | 50.00  | UTE CANAL DE NAVARRA                      | 60.00  |
| UTE AL – BA                                 | 50.00  | UTE CANAL PUERTO VALENCIA                 | 65.00  |
| UTE AL – DEL CÓRDOBA                        | 50.00  | UTE CAPTACIÓN AGUA DE MAR S.P. PINATAR    | 50.00  |
| UTE AL – DEL MALAGA                         | 50.00  | UTE CÁRCEL MARCOS PAZ                     | 35.00  |
| UTE AL – DEL POLIVALENTES                   | 50.00  | UTE CARCHUNA – CASTELL                    | 75.00  |
| UTE ALARCÓN                                 | 55.00  | UTE CARDEDEU                              | 40.00  |
| UTE ALBUERA                                 | 50.00  | UTE CARIÑENA                              | 50.00  |
| UTE ALCAR                                   | 45.00  | UTE CARRETERA HORNACHOS – LLERA           | 65.00  |
| UTE ALHAMA                                  | 75.00  | UTE CARRETERA IBIZA – SAN ANTONIO         | 50.00  |
| UTE ALHENDUR                                | 45.00  | UTE CASON                                 | 50.00  |
| UTE ALMANZORA                               | 40.00  | UTE CASON II                              | 50.00  |
| UTE ALMENDRALEJO                            | 65.00  | UTE CASTELLÓ D'AMPÚRIES                   | 50.00  |
| UTE ALMENDRALEJO II                         | 50.00  | UTE CASTELLOLÍ                            | 50.00  |
| UTE ALQUERÍA                                | 50.00  | UTE CATENARIA – CERRO NEGRO               | 50.00  |
| UTE AMOREBIETA                              | 66.66  | UTE CECOEX                                | 20.00  |
| UTE AMPLIACIÓN AP-6 TRAMO 2                 | 50.00  | UTE CENTRAL – BEURKO                      | 40.00  |
| UTE AMPLIACIÓN CONSEJERÍA AMA               | 65.00  | UTE CENTRAL – BEURKO FASE II              | 25.00  |
| UTE AMPLIACIÓN EDAR ABRERA                  | 90.00  | UTE CENTRE CONVENIONS                     | 37.00  |
| UTE AMPLIACIÓN EDAR GIRONA                  | 67.00  | UTE CENTRO COMERCIAL ARANJUEZ             | 50.00  |
| UTE AMPLIACIÓN FERIA VALENCIA FASE II       | 50.00  | UTE CENTRO COMERCIAL ARANJUEZ PLAZA F. II | 50.00  |
| UTE AMPLIACIÓN FERIA VALENCIA FASE III      | 50.00  | UTE CENTRO CONTINGENCIAS GAVÀ             | 70.00  |
| UTE AMP. PLAT COSTERA REC. GUINIGUADA       | 50.00  | UTE CERRO GORDO                           | 75.00  |
| UTE AMPLIACIÓN PUERTO DE CASTELLÓN          | 50.00  | UTE CERVERA C-25                          | 65.00  |
| UTE ANAGA                                   | 33.33  | UTE CERVERA LES OLUGES                    | 50.00  |
| UTE AP-7 FIGUERAS                           | 50.00  | UTE CHAPÍN 2002                           | 75.00  |
| UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C. | 70.00  | UTE CIBELES                               | 50.00  |
| UTE ARENAL                                  | 33.00  | UTE CIERRE SUR T. CONTENEDORES            | 70.00  |
| UTE ARINAGA III                             | 50.00  | UTE CIRCUITO                              | 70.00  |
| UTE ARMILLA INSTALACIONES                   | 50.00  | UTE CIRCUITO F-1 VALENCIA                 | 38.00  |
| UTE ARROYO DE LA ENCOMIENDA                 | 50.00  | UTE CIRCUITVALACIÓN III                   | 46.25  |
| UTE ARROYO DEL FRESNO                       | 50.00  | UTE CIUDAD DE LAS ARTES ESCÉNICAS F.V.2   | 50.00  |
| UTE ASTALDI – FCC JV                        | 50.00  | UTE CIUDAD DE LAS COMUNICACIONES          | 50.00  |
| UTE ATIL – TECAIR                           | 50.00  | UTE CIUDAD DEPORTIVA VALDEBEBAS           | 50.00  |
| UTE AUDITORIO DE BURGOS                     | 65.00  | UTE CIUDAD DEPORTIVA VALDEBEBAS II        | 50.00  |
| UTE AUDITORIO DE LEÓN                       | 70.00  | UTE CIUDAD REAL                           | 50.00  |
| UTE AUTOPISTA CARTAGENA – VERA              | 50.00  | UTE CIUTAT DE LA JUSTÍCIA                 | 30.00  |
| UTE AUTOVÍA CANALS AGULLENT                 | 60.00  | UTE CLIMA "LA FE"                         | 38.00  |
| UTE AUTOVÍA DE LA PLANA                     | 50.00  | UTE CLIMA DENIA                           | 65.00  |
| UTE AUTOVÍA DE LA SAGRA                     | 50.00  | UTE CLIMA PARQUE EMP. "FORESTA"           | 50.00  |
| UTE AUTOVÍA MINERA                          | 80.00  | UTE CLIMATIZACIÓN ALCÁZAR DE SAN JUAN     | 60.00  |
| UTE AUTOVÍA PAMPLONA – LOGROÑO              | 35.00  | UTE CLIMATIZACIÓN BARAJAS                 | 42.50  |
| UTE AUTOVÍA PAMPLONA – LOGROÑO T2, 3, 4     | 70.79  | UTE CLIMATIZACIÓN CIUDAD DE TELEFÓNICA    | 50.00  |
| UTE AVE GIRONA                              | 40.00  | UTE CLIMATIZACIÓN W.T.C.                  | 50.00  |
| UTE AVE MASIDE                              | 67.00  | UTE CLUB NÁUTICO CASTELLÓN                | 50.00  |
| UTE AVE MONTBLANC                           | 75.00  | UTE COBRA CPD REPSOL                      | 50.00  |
| UTE AVE TERUEL                              | 50.00  | UTE COBRA – ESPELSA TRANVÍA               | 50.00  |
| UTE ÁVILA 6                                 | 35.00  | UTE COIMA, S.A. – T.P. D ARMENGOLS C.P.   | 90.00  |
| UTE AZOKA                                   | 52.00  | UTE COLADA                                | 63.00  |
| UTE AZUCENAS                                | 75.00  | UTE COLECTOR MONTSERRAT                   | 35.00  |
| UTE AZUD BAJO EMBALSE ALARCÓN               | 50.00  | UTE COLECTOR NAVIA                        | 80.00  |
| UTE AZUD DEL EBRO 2ª FASE                   | 70.00  | UTE COLECTOR PARLA                        | 50.00  |
| UTE BALLONTI ARDANZA                        | 20.00  | UTE COLECTOR RÍO TRIANA                   | 80.00  |
| UTE BARBADOS                                | 50.00  | UTE COMPLEJO ACUÁTICO DEPORTIVO MUNICIPAL | 50.00  |
| UTE BENTA AUNDI                             | 50.00  | UTE CONAVILA                              | 55.00  |
| UTE BERGARA                                 | 50.00  | UTE CONAVILA II                           | 50.00  |
| UTE BIBLIOTECA DE NAVARRA                   | 65.00  | UTE CONDUCCIÓN DEL JÚCAR TRAMO VI         | 70.00  |
| UTE BIMENES                                 | 70.00  | UTE CONEXIÓN DISTRIBUIDOR SUR             | 60.00  |
| UTE BIMENES III                             | 70.00  | UTE CONEXIONES EL CAÑAVERAL               | 33.33  |
| UTE BIZKAIA ENPARANTZA                      | 50.00  | UTE CONSEJERÍA AGRICULTURA                | 85.00  |
| UTE BULEVAR PINTO RESINA                    | 50.00  | UTE CONSTRUCCIÓN HOSPITAL SURESTE         | 50.00  |
| UTE BUÑEL – CORTES                          | 80.00  | UTE CONTROL AÉREO GAVÀ                    | 70.00  |
| UTE C 16                                    | 50.00  | UTE CORNELLÀ WTC                          | 36.00  |

|  | Percentage of Ownership<br>at 31 December 2007 |  | Percentage of Ownership<br>at 31 December 2007 |
|--|--|--|--|
| UTE CORREDOR                               | 55.00  | UTE F.I.F. TANQUES GNL                   | 34.00  |
| UTE CORTE INGLÉS CASTELLÓN                 | 70.00  | UTE FASE II HOSPITAL DE MÉRIDA           | 50.00  |
| UTE CORTE INGLÉS EIBAR                     | 50.00  | UTE FÁTIMA                               | 26.00  |
| UTE CARRETERA PANTANOS                     | 33.33  | UTE FÁTIMA II                            | 33.00  |
| UTE CARRETERA TORREBLANCA-AEROPUERTO CS    | 50.00  | UTE FCC URCO URBASA                      | 50.00  |
| UTE CARRETERA ACCESO PUERTO CASTELLÓN      | 50.00  | UTE FCC – TECYSU                         | 80.00  |
| UTE CUATRO CAMINOS                         | 50.00  | UTE FERIA VALENCIA PABELLÓN Nº 7         | 50.00  |
| UTE CUÑA VERDE                             | 93.00  | UTE FGV ALICANTE TRAMO 2                 | 60.00  |
| UTE CYM – ESPELSA INSTALACIONES            | 50.00  | UTE FIRA P-5                             | 65.00  |
| UTE D'ARO                                  | 60.00  | UTE FÍSICA Y QUÍMICA                     | 50.00  |
| UTE DÁRSENA SUR DEL PUERTO DE CASTELLÓN    | 50.00  | UTE FUENTE LUCHA                         | 77.00  |
| UTE DÁRSENA SUR II DEL PUERTO DE CASTELLÓN | 50.00  | UTE GANGUREN                             | 11.48  |
| UTE DE SUMINISTROS PUENTE RÍO OZAMA        | 50.00  | UTE GAS SAGUNTO, SOCOIN-APL              | 50.00  |
| UTE DENIA SALUD                            | 65.00  | UTE GASODUCTO MAGREB – EUROPA            | 50.00  |
| UTE DEPÓSITO COMBUSTIBLE PUERTO GIJÓN      | 80.00  | UTE GAVELEC                              | 50.00  |
| UTE DESALADORA BAJO ALMANZORA              | 60.00  | UTE GIJÓN – VILLAVICIOSA                 | 50.00  |
| UTE DESDOBLAMIENTO EX-100 BADAJOZ          | 50.00  | UTE GIRIBAILE                            | 50.00  |
| UTE DESVÍOS II                             | 60.00  | UTE GIRIBAILE II                         | 50.00  |
| UTE DESVÍOS LÉRIDA-BARCELONA               | 50.00  | UTE GIRONA NORTE                         | 70.00  |
| UTE DIQUE DE LA ESFINGE 2ª FASE            | 70.00  | UTE GOIERRIALDEA                         | 55.00  |
| UTE DIQUE ESTE                             | 35.00  | UTE GRAN VÍA HOSPITALET                  | 50.00  |
| UTE DIQUE TORRES                           | 27.00  | UTE GRAN VÍA NORTE                       | 50.00  |
| UTE DISTRIBUCIÓN L-2 Y VARIAS              | 50.00  | UTE GRAN VÍA SURESTE                     | 33.33  |
| UTE DOZÓN                                  | 29.60  | UTE GRAU DE LA SABATA                    | 90.00  |
| UTE DRAGADO Y RELLENO CANAL E. PTO. CS     | 50.00  | UTE GUADARRAMA 3                         | 33.33  |
| UTE EBRACONS                               | 68.00  | UTE GUADARRAMA 4                         | 33.33  |
| UTE EDAR CULEBRO                           | 50.00  | UTE GUAREÑA I                            | 50.00  |
| UTE EDAR CULEBRO EQUIPOS                   | 50.00  | UTE GUICYCSA TORDESILLAS                 | 60.00  |
| UTE EDAR CULEBRO OBRA CIVIL                | 50.00  | UTE HABILITACIÓN ED. C. COMUNICACIONES   | 50.00  |
| UTE EDAR L.F. DEPURBAIX                    | 40.00  | UTE HÖRCH                                | 65.00  |
| UTE EDAR PATERNA                           | 85.00  | UTE HOSPITAL ALCÁZAR                     | 60.00  |
| UTE EDAR VUELTA OSTRERA                    | 70.00  | UTE HOSPITAL CAMPUS DE LA SALUD          | 80.00  |
| UTE EDIFICIO 4 WTC                         | 56.25  | UTE HOSPITAL DE CARTAGENA                | 70.00  |
| UTE EDIFICIO 6-7-8 WTC                     | 36.00  | UTE HOSPITAL DE SALAMANCA                | 40.00  |
| UTE EDIFICIO DE LAS CORTES                 | 65.00  | UTE HOSPITAL DEL SUR                     | 80.00  |
| UTE EDIFICIO IDI 5 TERCERA FASE CPI        | 75.00  | UTE HOSPITAL FCC – VVO                   | 80.00  |
| UTE EDIFICIO IMETISA                       | 70.00  | UTE HOSPITAL MARQUÉS VALDECILLA FASE III | 33.33  |
| UTE EDIFICIO TERMINAL                      | 40.00  | UTE HOSPITAL NAVALMORAL                  | 50.00  |
| UTE EDIFICIOS I.D.I. TERCERA FASE          | 75.00  | UTE HOSPITAL NORTE TENERIFE              | 80.00  |
| UTE EIX BERGUEDA                           | 34.00  | UTE HOSPITAL O'DONNELL                   | 50.00  |
| UTE EIX DEL LLOBREGAT                      | 34.00  | UTE HOSPITAL SON DURETA                  | 32.00  |
| UTE EL CONDADO                             | 40.00  | UTE HOSPITAL UNIVERSITARIO DE MURCIA     | 50.00  |
| UTE ELECTRICIDAD BY PASS SUR CALLE 30      | 33.33  | UTE HOTEL WTC                            | 53.00  |
| UTE ELECTRICIDAD CIUDAD COMUNICACIONES     | 50.00  | UTE HUELVA NORTE                         | 55.00  |
| UTE ELECTRIFICACIÓN BURGOS                 | 33.33  | UTE HUELVA NORTE II                      | 55.00  |
| UTE ELECTRIFICACIÓN CUATRO VIENTOS         | 50.00  | UTE HUELVA SUDESTE                       | 40.00  |
| UTE ELECTRIFICACIÓN GRANOLLERS             | 20.00  | UTE HUESNA CONSTRUCCIÓN                  | 33.33  |
| UTE ENCAUZAMIENTO BARRANCO DE FRAGA        | 60.00  | UTE IBAI EDER                            | 50.00  |
| UTE ENLACE R3-M50                          | 33.33  | UTE IBARRETA                             | 50.00  |
| UTE ENVALIRA                               | 50.00  | UTE IFEVI                                | 50.00  |
| UTE ERRETERIA                              | 50.00  | UTE II REY JUAN CARLOS                   | 50.00  |
| UTE ESCLUSA SEVILLA                        | 70.00  | UTE INCYEL                               | 25.00  |
| UTE ESCUELA DE ARTES Y DISEÑOS             | 70.00  | UTE INSTALACIONES PLATAFORMA SUR         | 50.00  |
| UTE ESPELSA – BEDASA                       | 65.00  | UTE IRO                                  | 80.00  |
| UTE ESPELSA – CYMI INSTALACIONES NORTE     | 50.00  | UTE JAÉN – MANCHA REAL                   | 80.00  |
| UTE ESPELSA – ENDITEL                      | 50.00  | UTE JEREZ FERROVIARIA                    | 80.00  |
| UTE ESPELSA – OCESA                        | 75.00  | UTE JUAN GRANDE                          | 50.00  |
| UTE ESPELSA – TMI                          | 90.00  | UTE L9 HOSPITALET                        | 50.00  |
| UTE ESTABILIZACIÓ VIDRERES                 | 50.00  | UTE LA CARPETANIA                        | 50.00  |
| UTE ESTABILIZADO VIC-RIPOLL                | 50.00  | UTE LA LOTETA                            | 80.00  |
| UTE ESTACIÓN AVE ZARAGOZA                  | 50.00  | UTE LAKUA 796                            | 50.00  |
| UTE ESTACIÓN CORNELLÀ RIERA                | 50.00  | UTE LALIN                                | 50.00  |
| UTE ESTACIÓN FGV MERCADO – ALICANTE        | 60.00  | UTE LAS ROSAS I-7                        | 33.33  |
| UTE ESTACIÓN METRO SERRERÍA                | 50.00  | UTE LAUDIO                               | 50.00  |
| UTE ESTACIONES METRO LIGERO                | 50.00  | UTE LÍNEA 5                              | 40.00  |
| UTE ESTACIONS LÍNEA 9                      | 33.00  | UTE LÍNEA 9                              | 33.00  |
| UTE ESTEPOÑA                               | 25.00  | UTE LÍNEA DE COSTA                       | 50.00  |
| UTE ETAP LAS ERAS                          | 50.00  | UTE LLAGOSTERA                           | 50.00  |
| UTE F.I.F. GNL TK-3.002/3                  | 39.06  | UTE LUKO                                 | 45.00  |
| UTE F.I.F. LNG TK – 3001                   | 34.00  | UTE M-407                                | 50.00  |
| UTE F.I.F. TANQUE FB – 241 GNL             | 38.00  | UTE M-30 TÚNEL SUR                       | 50.00  |

|  | Percentage of Ownership<br>at 31 December 2007 |  | Percentage of Ownership<br>at 31 December 2007 |
|--|--|--|--|
| UTE M-407 GESTION                        | 50.00  | UTE PORT TARRAGONA                       | 50.00  |
| UTE MANTENIMENT RONDES                   | 70.00  | UTE PREFABRICADOS M-30                   | 50.00  |
| UTE MANZANAL                             | 50.00  | UTE PRESA ENCISO                         | 50.00  |
| UTE MATERNIDAD                           | 50.00  | UTE PRESAS JÚCAR                         | 53.00  |
| UTE MATERNIDAD O'DONNELL                 | 50.00  | UTE PROLONGACIÓN DIQUE REINA SOFÍA       | 40.00  |
| UTE METRO LIGERO                         | 80.00  | UTE PROSER – ARDANUY                     | 70.00  |
| UTE METRO MÁLAGA                         | 36.00  | UTE PROSER – GEOCONTROL                  | 60.00  |
| UTE MONT-RAS                             | 50.00  | UTE PROSER – GEOCONTROL II               | 62.00  |
| UTE MONTSERRAT                           | 35.00  | UTE PROSER – I.P.D.                      | 65.00  |
| UTE MONTSERRAT 2025                      | 50.00  | UTE PROSER – IMACS                       | 50.00  |
| UTE MORA                                 | 30.00  | UTE PROSER – NARVAL                      | 60.00  |
| UTE MORALEDA                             | 66.00  | UTE PROSER – NORCONTROL                  | 50.00  |
| UTE MOTRIL                               | 75.00  | UTE PROSER – NORCONTROL II               | 50.00  |
| UTE MUELLE BOUZAS                        | 70.00  | UTE PROSER – OLCINA                      | 60.00  |
| UTE MUELLE DE LOS MÁRMOLES               | 70.00  | UTE PROSER – PAYMACOTAS IV               | 50.00  |
| UTE MUELLE VIEJO CAUCE VALENCIA          | 65.00  | UTE PROSER – UG 21                       | 70.00  |
| UTE MUELLE VIEJO FASE II VALENCIA        | 60.00  | UTE PROSER – LA ROCHE TF – 5 III         | 50.00  |
| UTE MUNGUÍA                              | 28.00  | UTE PROSER – BATLLE I ROIG               | 50.00  |
| UTE MUSAC DE LEÓN                        | 50.00  | UTE PROSIBE II                           | 50.00  |
| UTE MUSEO DE LAS CIENCIAS                | 50.00  | UTE PROSIBE III                          | 50.00  |
| UTE N.O.M.                               | 63.00  | UTE PROTECCIÓN DE LA LAJA                | 80.00  |
| UTE NACIMIENTO                           | 54.00  | UTE PUENTE ADRIÁTICO                     | 30.00  |
| UTE NATURMÁS – AZOR                      | 60.00  | UTE PUENTE RÍO OZAMA (DFC-COCIMAR)       | 35.00  |
| UTE NATURMÁS – AZOR 2                    | 60.00  | UTE PUENTE DE LA SERNA                   | 65.00  |
| UTE NATURMÁS – AZOR 5                    | 60.00  | UTE PUENTE DE POFERRADA                  | 55.00  |
| UTE NOVA BOCANA                          | 40.00  | UTE PUENTE DEL REY                       | 33.33  |
| UTE NOVOA SANTOS                         | 60.00  | UTE PUENTE MEDELLÍN                      | 65.00  |
| UTE NUDO DE MOLLET                       | 50.00  | UTE PUENTE SERRERÍA                      | 60.00  |
| UTE NUEVA SEDE JUDICIAL LAS PALMAS G.C.  | 70.00  | UTE PUERTO DE GRANADILLA                 | 40.00  |
| UTE NUEVO ATRAQUE PLANTA BIODIESEL       | 50.00  | UTE PUERTO DE LAREDO                     | 50.00  |
| UTE NUEVO ESTADIO VCF                    | 49.00  | UTE PUERTO DEL ROSARIO                   | 90.00  |
| UTE NUEVO HOSPITAL DE CÁCERES            | 33.33  | UTE PUIG-REIG                            | 50.00  |
| UTE NUEVO PUERTO DE IGOUMENTIZA          | 50.00  | UTE PUIGVERD                             | 45.00  |
| UTE NUEVO TRAZADO CARRETERA TF-812       | 85.00  | UTE RADIALES                             | 35.00  |
| UTE OBRAS RELLENO PLAN ORIONADAS         | 50.00  | UTE RAMPAS ERMUA                         | 50.00  |
| UTE OLABEL                               | 27.00  | UTE RANDE                                | 40.00  |
| UTE OLOT MONTAGUT                        | 45.00  | UTE RANILLA CONSTRUCCIÓN                 | 85.00  |
| UTE ORENSE – MELÓN                       | 50.00  | UTE RECINTOS FERIALES                    | 50.00  |
| UTE OSEBE                                | 50.00  | UTE RECINTOS FERIALES II                 | 50.00  |
| UTE PADRÓN                               | 50.00  | UTE RECUPERACIÓN DEL GUINIGUADA          | 50.00  |
| UTE PALACIO DE LOS DEPORTES              | 50.00  | UTE REFORMA MEDICINA                     | 50.00  |
| UTE PALAMÓS-PALAFRUGELL                  | 50.00  | UTE REG GARRIGUES                        | 80.00  |
| UTE PALAU                                | 50.00  | UTE REGULACIÓN RÍO BELCAIRE DE CASTELLÓN | 80.00  |
| UTE PALAU NACIONAL                       | 44.00  | UTE RELLENOS PETROLEROS PUERTO GIJÓN     | 80.00  |
| UTE PANADELLA                            | 50.00  | UTE REPOSICIONES C. LAS PALMAS F3        | 46.25  |
| UTE PARADOR DE EL SALER                  | 75.00  | UTE RESIDENCIA COMPLUTENSE               | 50.00  |
| UTE PARANINFO ZARAGOZA                   | 60.00  | UTE REURBANIZACIÓN AV. SALER             | 60.00  |
| UTE PARC CIENTÍFIC                       | 50.00  | UTE REVILON                              | 60.00  |
| UTE PARQUE EMPRESARIAL                   | 75.00  | UTE RIALB                                | 65.00  |
| UTE PARQUE MÁLAGA                        | 60.00  | UTE RIALB II                             | 65.00  |
| UTE PARQUE MAYORDOMÍA                    | 50.00  | UTE RIAÑO SAMA II                        | 70.00  |
| UTE PARQUE OCEANOGRÁFICO DE VALENCIA     | 40.00  | UTE RIBERAS DEL EBRO U-12                | 80.00  |
| UTE PARQUE OCEANOGRÁFO                   | 50.00  | UTE RIBOTA – CONDADO                     | 70.00  |
| UTE PARQUE TECNOLÓGICO                   | 60.00  | UTE RINCÓN DE LA VICTORIA                | 50.00  |
| UTE PAS – SPA                            | 50.00  | UTE RÍO LLOBREGAT                        | 55.00  |
| UTE PASAJA                               | 15.00  | UTE RIPOLL C-17                          | 65.00  |
| UTE PAU LAS TABLAS                       | 50.00  | UTE ROCKÓDROMO                           | 50.00  |
| UTE PAU MONTE CARMELO                    | 50.00  | UTE ROCKÓDROMO 2                         | 40.00  |
| UTE PAVONES VIVIENDAS                    | 50.00  | UTE ROCKÓDROMO FASE 3                    | 40.00  |
| UTE PEOPLE MOVER                         | 50.00  | UTE ROCKÓDROMO PC 3                      | 45.00  |
| UTE PIEDRAFITA                           | 66.67  | UTE RONDA HISPANIDAD                     | 45.00  |
| UTE PINO MONTANO P 5                     | 50.00  | UTE RUTA NACIONAL HAITÍ                  | 55.00  |
| UTE PLANTA DE RESIDUOS                   | 50.00  | UTE S.A.I.H. JÚCAR                       | 50.00  |
| UTE PLATAFORMA BARAJAS                   | 50.00  | UTE S.A.I.H. SUR                         | 40.00  |
| UTE PLATAFORMA SATELITE                  | 26.00  | UTE S.A.I.H. VALENCIA                    | 50.00  |
| UTE PLATAFORMA TRANSPORTE UJI DE CASTELL | 65.00  | UTE SAGRA TORRIJOS                       | 50.00  |
| UTE PLISAN                               | 70.00  | UTE SAGUNTO                              | 60.00  |
| UTE POLIDEPORTIVO MIERES                 | 70.00  | UTE SAIPEM - FCC BALEARES DOS            | 50.00  |
| UTE POLÍGONO DE TANOS                    | 50.00  | UTE SAIPEM - FCC BALEARES UNO            | 11.41  |
| UTE POLÍGONO VICÁLVARO                   | 80.00  | UTE SAJA                                 | 50.00  |
| UTE PORT BESÓS                           | 50.00  | UTE SAN VICENTE                          | 43.00  |



# Management report

## Consolidated Group

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## Introduction

The FCC Group's activities - Services, Construction, Cement and Real Estate - are structured into the following management units comprising the various production areas.

### Services

- a) **Environmental Services**, which groups together the various activities relating to urban cleaning, such as solid waste collection and treatment, the cleaning of roads and sewerage systems, the maintenance of green spaces and buildings, industrial waste treatment and the integral water cycle. These activities are performed through the Parent, Fomento de Construcciones y Contratas, S.A., and by FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua, S.A., FCC Ámbito S.A. and other subsidiaries of these companies.
- b) **Versia**, which provides various services in the areas of vehicle parking, street furniture and advertising, vehicle roadworthiness tests, passenger and aircraft ground handling (airport handling), and logistics services to companies in various industries. These activities are carried on mainly by FCC Versia, S.A. and subsidiaries.

**Construction**, which specialises in construction and related industries: motorways, freeways and other roads, hydraulic construction works, maritime works, airports, railway infrastructures, property developments, housing units, non-residential buildings, infrastructure conservation, oil and gas pipelines, environmental restoration, etc. This activity is performed by FCC Construcción, S.A. and subsidiaries.

The Construction area also includes companies holding administrative concessions for the construction and operation of various infrastructures, such as motorways, tunnels, airports, marinas, tramways, underground railways, etc., and the construction and operation of buildings for various uses. These businesses are carried on by Global Vía Infraestructuras S.A., a company owned on an equal footing by the FCC Group and Caja Madrid. The contributions to this company will foreseeably be completed in 2008 as planned.

**Cement**, which engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete. These activities are performed by Cementos Portland Valderrivas, S.A. and subsidiaries, a group which is listed on the Spanish Stock Market Interconnection System.

**Real estate**, an activity carried on by Realía Business, S.A. and subsidiaries which operate in the markets for the development of real estate products for subsequent sale and also engage in the operation of singular buildings and shopping centres. Realía Business S.A. is listed on the Spanish Stock Market Interconnection System. On 6 June 2007, the FCC Group gained control of the Realía Group which, as a result, was fully consolidated, whereas previously it had been accounted for using the equity method. At 31 December 2007, the FCC Group effectively owned 28.2% of the Realía Business Group.

The activities of the various Areas are conducted in both Spain and abroad. In 2007 the contribution of the businesses carried on abroad was significant, due to the acquisitions made in 2006 which are described in this report.

The FCC Group is also present in the real estate industry through the operation of the **Torre Picasso**, sbuilding, located in the Azca complex in Madrid, which is wholly owned by the Parent. In 2007 the FCC Group acquired the remaining 20% ownership interest in this building, thus becoming its sole owner. The building has a gross built area of 122,216 square metres distributed among its 43 rentable floors above grade level, commercial areas and five floors of parking spaces. The occupancy level of the building has been virtually 100% for several years.

The economic and financial information contained in this directors' report was prepared in accordance with International Accounting Standards as approved by European Commission Regulations, pursuant to Law 62/2003, of 30 December, for companies that have issued securities admitted to listing on a regulated market, as is the case of Fomento de Construcciones y Contratas S.A., the Parent of the FCC Group.

The figures given below are expressed in millions of euros.

# Business performance

## 1. Main Group aggregates

|  | 2007             | 2006             | Change            |               |
|--|------------------|------------------|-------------------|---------------|
|  |                  |                  | Absolute          | %             |
| <b>Revenue</b>                           | <b>13,880.60</b> | <b>9,480.90</b>  | <b>4,399.70</b>   | <b>46.4</b>   |
| Spain                                    | 8,885.00         | 7,762.90         | 1,122.10          | 14.5          |
| International                            | 4,995.60         | 1,718.00         | 3,277.60          | 190.8         |
| <b>Ebitda</b>                            | <b>2,042.10</b>  | <b>1,387.30</b>  | <b>654.80</b>     | <b>47.2</b>   |
| % Gross margin                           | 14.70            | 14.60            | 0.10              | –             |
| <b>Ebit</b>                              | <b>1,299.40</b>  | <b>881.30</b>    | <b>418.10</b>     | <b>47.4</b>   |
| % Net margin                             | 9.40             | 9.30             | 0.10              | –             |
| <b>Profit before tax</b>                 | <b>1,269.60</b>  | <b>886.60</b>    | <b>383.00</b>     | <b>43.2</b>   |
| <b>Profit attributable to the Parent</b> | <b>737.90</b>    | <b>535.50</b>    | <b>202.30</b>     | <b>37.8</b>   |
| <b>Backlog</b>                           | <b>33,148.90</b> | <b>30,510.20</b> | <b>2,638.70</b>   | <b>8.6</b>    |
| <b>Investments</b>                       | <b>1,732.30</b>  | <b>4,854.50</b>  | <b>(3,122.20)</b> | <b>(64.3)</b> |
| <b>Operating cash flow</b>               | <b>1,261.40</b>  | <b>1,159.00</b>  | <b>102.40</b>     | <b>8.8</b>    |
| <b>Net financial debt</b>                | <b>7,967.30</b>  | <b>5,203.70</b>  | <b>2,763.60</b>   | <b>53.1</b>   |
| <b>Equity</b>                            | <b>4,290.80</b>  | <b>3,417.50</b>  | <b>873.30</b>     | <b>25.5</b>   |
| <b>Dividend per share (euros)</b>        | <b>2.13</b>      | <b>2.05</b>      | <b>0.08</b>       | <b>3.9</b>    |
| <b>Earnings per share (euros)</b>        | <b>5.76</b>      | <b>4.14</b>      | <b>1.62</b>       | <b>39.1</b>   |

The detail by business area is as follows:

|   | 2007            | 2006           | %<br>Change  | %<br>of total 2007 | %<br>of total 2006 |
|---|-----------------|----------------|--------------|--------------------|--------------------|
| <b>Revenue</b>  |                 |                |              |                    |                    |
| Construction  | 6,957.0         | 4,395.3        | 58.3         | 50.1               | 46.4               |
| Environmental services  | 3,752.7         | 2,835.6        | 32.3         | 27.0               | 29.9               |
| Versia  | 960.8           | 867.1          | 10.8         | 6.9                | 9.1                |
| Cement  | 1,888.7         | 1,466.6        | 28.8         | 13.6               | 15.5               |
| Realia  | 472.4           | –              | N/A          | 3.4                | –                  |
| Other activities and eliminations due to intra-group transactions | (151.0)         | (83.6)         | (80.6)       | (1.1)              | (0.9)              |
| <b>Total Group FCC</b>  | <b>13,880.6</b> | <b>9,480.9</b> | <b>46.4</b>  | <b>100.0</b>       | <b>100.0</b>       |
| <b>Revenue Spain</b>  |                 |                |              |                    |                    |
| Construction  | 4,088.8         | 3,905.2        | 4.7          | 46.0               | 50.3               |
| Environmental services  | 2,386.7         | 2,162.9        | 10.4         | 26.9               | 27.9               |
| Versia  | 682.4           | 664.8          | 2.6          | 7.7                | 8.6                |
| Cement  | 1,430.6         | 1,113.6        | 28.5         | 16.1               | 14.3               |
| Realia  | 439.3           | –              | N/A          | 4.9                | –                  |
| Other activities and eliminations due to intra-group transactions | (142.8)         | (83.6)         | (70.8)       | (1.6)              | (1.1)              |
| <b>Total Group FCC</b>  | <b>8,885.0</b>  | <b>7,762.9</b> | <b>14.5</b>  | <b>100.0</b>       | <b>100.0</b>       |
| <b>International revenue</b>                                      |                 |                |              |                    |                    |
| Construction  | 2,868.2         | 490.1          | 485.3        | 57.4               | 28.5               |
| Environmental services  | 1,366.0         | 672.7          | 103.0        | 27.3               | 39.2               |
| Versia  | 278.4           | 202.3          | 37.7         | 5.6                | 11.8               |
| Cement  | 458.1           | 353.0          | 29.8         | 9.2                | 20.5               |
| Realia  | 33.1            | –              | N/A          | 0.7                | –                  |
| Other activities and eliminations due to intra-group transactions | (8.2)           | –              | N/A          | (0.2)              | –                  |
| <b>Total Group FCC</b>  | <b>4,995.6</b>  | <b>1,718.0</b> | <b>190.8</b> | <b>100.0</b>       | <b>100.0</b>       |

|   | 2007            | 2006            | %<br>Change   | %<br>of total 2007 | %<br>of total 2006 |
|---|-----------------|-----------------|---------------|--------------------|--------------------|
| <b>Ebitda</b>   |                 |                 |               |                    |                    |
| Construction  | 357.7           | 268.6           | 33.2          | 17.5               | 19.4               |
| Environmental services  | 739.8           | 501.4           | 47.5          | 36.2               | 36.1               |
| Versia  | 95.6            | 104.2           | (8.2)         | 4.7                | 7.5                |
| Cement  | 620.8           | 485.3           | 27.9          | 30.4               | 35.0               |
| Realia  | 210.8           | –               | N/A           | 10.3               | –                  |
| Other activities and eliminations due to intra-group transactions | 17.4            | 27.8            | (37.4)        | 0.9                | 2.0                |
| <b>Total Group FCC</b>  | <b>2,042.1</b>  | <b>1,387.3</b>  | <b>47.2</b>   | <b>100.0</b>       | <b>100.0</b>       |
| <b>Ebit</b>   |                 |                 |               |                    |                    |
| Construction  | 257.5           | 241.0           | 6.8           | 19.8               | 27.4               |
| Environmental services  | 377.1           | 250.9           | 50.3          | 29.0               | 28.5               |
| Versia  | 39.8            | 58.3            | (31.7)        | 3.1                | 6.6                |
| Cement  | 423.9           | 335.0           | 26.5          | 32.6               | 38.0               |
| Realia  | 184.1           | –               | N/A           | 14.2               | –                  |
| Other activities and eliminations due to intra-group transactions | 17.1            | (3.9)           | 538.5         | 1.3                | (0.5)              |
| <b>Total Group FCC</b>  | <b>1,299.4</b>  | <b>881.3</b>    | <b>47.4</b>   | <b>100.0</b>       | <b>100.0</b>       |
| <b>Backlog</b>  |                 |                 |               |                    |                    |
| Construction  | 9,075.4         | 7,843.0         | 15.7          | 27.4               | 25.7               |
| Environmental services  | 23,407.7        | 22,343.0        | 4.8           | 70.6               | 73.2               |
| Versia  | 315.4           | 324.2           | (2.7)         | 0.9                | 1.1                |
| Realia  | 350.4           | –               | N/A           | 1.1                | –                  |
| <b>Total Group FCC</b>  | <b>33,148.9</b> | <b>30,510.2</b> | <b>8.6</b>    | <b>100.0</b>       | <b>100.0</b>       |
| <b>Investments</b>  |                 |                 |               |                    |                    |
| Construction  | 267.6           | 634.8           | (57.9)        | 15.4               | 13.0               |
| Environmental services  | 542.0           | 2,528.6         | (78.6)        | 31.3               | 52.1               |
| Versia  | 119.7           | 153.9           | (22.2)        | 6.9                | 3.2                |
| Cement  | 322.1           | 1,523.1         | (78.9)        | 18.6               | 31.4               |
| Realia  | 265.5           | –               | N/A           | 15.3               | –                  |
| Other activities  | 215.4           | 14.1            | 1,427.7       | 12.4               | 0.3                |
| <b>Total Group FCC</b>  | <b>1,732.3</b>  | <b>4,854.5</b>  | <b>(64.3)</b> | <b>100.0</b>       | <b>100.0</b>       |
| <b>Cash flows from operating activities</b>                       |                 |                 |               |                    |                    |
| Construction  | (44.1)          | 310.5           | (114.2)       | (3.5)              | 26.8               |
| Environmental services  | 609.1           | 456.1           | 33.5          | 48.3               | 39.4               |
| Versia  | 158.5           | 41.6            | 281.0         | 12.6               | 3.5                |
| Cement  | 449.4           | 322.0           | 39.5          | 35.6               | 27.8               |
| Realia  | 167.6           | –               | N/A           | 13.3               | –                  |
| Other activities  | (79.2)          | 28.8            | (375.0)       | (6.2)              | 2.5                |
| <b>Total Group FCC</b>  | <b>1,261.4</b>  | <b>1,159.0</b>  | <b>8.8</b>    | <b>100.0</b>       | <b>100.0</b>       |
| <b>Net financial debt</b>   |                 |                 |               |                    |                    |
| Construction  | 334.1           | 169.2           | 97.5          | 4.2                | 3.3                |
| Environmental services  | 3,910.7         | 3,655.7         | 7.0           | 49.1               | 70.3               |
| Versia  | 517.9           | 516.8           | 0.2           | 6.5                | 9.9                |
| Cement  | 1,530.5         | 1,474.4         | 3.8           | 19.2               | 28.3               |
| Realia  | 1,930.3         | –               | N/A           | 24.2               | –                  |
| Other activities  | (256.2)         | (612.4)         | 58.2          | (3.2)              | (11.8)             |
| <b>Total Group FCC</b>  | <b>7,967.3</b>  | <b>5,203.7</b>  | <b>53.1</b>   | <b>100.0</b>       | <b>100.0</b>       |

## 2. Income Statement

|  | 2007     | 2006    | % Change | % of 2007 Revenue | % of 2006 Revenue |
|--|----------|---------|----------|-------------------|-------------------|
| Revenue  | 13,880.6 | 9,480.9 | 46.4     | –                 | –                 |
| Ebitda   | 2,042.1  | 1,387.3 | 47.2     | 14.7              | 14.6              |
| Margin   | 14.7%    | 14.6%   | –        | –                 | –                 |
| Depreciation and amortisation charge                           | (725.7)  | (474.5) | (52.9)   | (5.2)             | (5.0)             |
| (Charge to)/Reversal of operating allowances                   | (17.1)   | (31.5)  | (45.7)   | (0.1)             | (0.3)             |
| Ebit   | 1,299.4  | 881.3   | 47.4     | 9.4               | 9.3               |
| Margin   | 9.4%     | 9.3%    | –        | –                 | –                 |
| Financial loss   | (407.3)  | (85.7)  | (375.3)  | (2.9)             | (0.9)             |
| Share of results of associates                                 | 32.0     | 89.1    | (64.1)   | 0.2               | 0.9               |
| Other gains or losses on transactions                          | 348.2    | 6.8     | 5,020.6  | 2.5               | 0.1               |
| Impairment losses (recognised)/ reversed on non-current assets | (2.7)    | (4.8)   | 43.8     | –                 | (0.1)             |
| Profit before tax from continuing operations (PBT)             | 1,269.6  | 886.6   | 43.2     | 9.1               | 9.4               |
| Income tax expense   | (349.2)  | (278.0) | (25.6)   | (2.5)             | (2.9)             |
| Minority interests   | (182.6)  | (73.1)  | (149.8)  | (1.3)             | (0.8)             |
| Profit attributable to the Parent                              | 737.9    | 535.5   | 37.8     | 5.3               | 5.6               |

### 2.1 Revenue

In 2007 the FCC Group's revenue rose by 46.4%, boosted by the consolidation of the companies acquired in 2006 (Waste Recycling, Alpine Bau, Uniland, Cementos Lemona and Flightcare Italia) and the organic growth of the Group's activities.

Double-digit revenue growth was reported in all the business areas, with a particularly outstanding performance Services, Construction and Cement.

Disregarding the effect of the companies acquired, the Group achieved organic growth of 6.9%, with improvements in all its activities, especially Construction and Services.

| Revenue by geographical area | 2007    | 2006    | % Change |
|------------------------------|---------|---------|----------|
| Spain                        | 8,885.0 | 7,762.9 | 14.5     |
| % of total                   | 64.0    | 81.9    | –        |
| International                | 4,995.6 | 1,718.0 | 190.8    |
| % of total                   | 36.0    | 18.1    | –        |

The FCC Group's international expansion strategy beginning to bear fruit and have a significant impact on the diversification of its revenue, 36% of which was obtained abroad. The distribution by business area abroad is as follows:

|                        | 2007         | 2006         |
|------------------------|--------------|--------------|
| Construction           | 41.2%        | 11.2%        |
| Environmental services | 36.4%        | 23.7%        |
| Versia                 | 29.0%        | 23.3%        |
| Cement                 | 24.3%        | 24.1%        |
| Realia                 | 7.5%         | 3.3%         |
| <b>Total Group FCC</b> | <b>36.0%</b> | <b>18.1%</b> |

By market, a significant 55% of total foreign sales was contributed by the platform created in Central and Eastern Europe, a region with strong growth potential in which the FCC Group is present in waste management, water management and motorway construction and management projects. Other noteworthy markets are the United Kingdom, Western Europe and the USA, which accounted for 18%, 10% and 5%, respectively, of international revenue.

## 2.2 Ebitda

Ebitda grew by 47.2%, once again with a notably strong contribution from Services, Construction and Cement.

The consolidated margin stood at 14.7%, 10 basis points above that for 2006, due to the improved profitability of the Environmental Services area, whose Ebitda margin was 19.7% (2006: 17.7%).

| Margins (Ebitda)       | 2007         | 2006         |
|------------------------|--------------|--------------|
| Construction           | 5.1%         | 6.1%         |
| Environmental services | 19.7%        | 17.7%        |
| Versia                 | 10.0%        | 12.0%        |
| Cement                 | 32.9%        | 33.1%        |
| Realia                 | 44.6%        | –            |
| <b>Total Group FCC</b> | <b>14.7%</b> | <b>14.6%</b> |

## 2.3 Ebit

Ebit grew by 47.4%, with an excellent performance by the Services area, whose earnings rose by more than 50%.

The consolidated Ebit margin also increased to stand at 9.4%, due mainly to the enhanced profitability of Environmental Services, whose margin improved by 120 basis points. This result is particularly impressive, bearing in mind that the 2007 figure includes EUR 111.6 million of depreciation and amortisation of the stepped-up assets of the companies acquired in 2006.

| Margins (Ebit)         | 2007        | 2006        |
|------------------------|-------------|-------------|
| Construction           | 3.7%        | 5.5%        |
| Environmental services | 10.0%       | 8.8%        |
| Versia                 | 4.1%        | 6.7%        |
| Cement                 | 22.4%       | 22.8%       |
| Realia                 | 39.0%       | –           |
| <b>Total Group FCC</b> | <b>9.4%</b> | <b>9.3%</b> |

## 2.4 Financial loss

Financial loss amounted to EUR 407 million as a result of the increase in net financial debt from EUR 5,203 million in 2006 to EUR 7,967 million in 2007, due mainly to the change in the method used to consolidate Realia.

## 2.5 Share of results of associates

The share of results of associates fell from EUR 89.1 million to EUR 32.0 million due to the full consolidation from June 2007 of Realia, which had previously been accounted for using the equity method.

## 2.6 Other gains or losses on transactions

In 2007 gains from non-recurring transactions contributed EUR 348.2 million and included most notably the gain of EUR 258.5 million for the FCC Group resulting from the sale of a 21.51% ownership interest in Realia on this company's flotation.

## 2.7 Profit before tax

In 2007 profit before tax (PBT) increased by 43.2% to EUR 1,270 million.

## 2.8 Minority interests

The 150% increase in minority interests is attributable to the minority shareholders at Cementos Portland (EUR 109.2 million) and Realia (EUR 69.4 million).

## 2.9 Income tax expense

Income tax increased by 25.6% compared with 2006, even though the consolidated tax rate had fallen to 27.5% from 31.4%. This change was due to the reduction in Spain of the standard income tax rate to 32.5%, to the rate applied to the gains generated on the sale of the holding in Realia (18%) and to more favourable tax rates in countries such as Austria (ASA and Alpine) and the UK (WRG).

## 2.10 Profit attributable to the Parent

Net profit attributable to the Parent was EUR 737.9 million, up 37.8% on 2006.

# 3. Financial aggregates

## 3.1 Cash flows

|  | 2007           | 2006             | %<br>Change   |
|--|----------------|------------------|---------------|
| <b>+ Cash flows from operating activities</b>                              | <b>1,261.4</b> | <b>1,159.0</b>   | <b>8.8</b>    |
| Funds generated  | 2,033.3        | 1,396.0          | 45.7          |
| Change in working capital  | (396.7)        | 14.4             | N/A           |
| Taxes and other  | (375.2)        | (251.4)          | (49.2)        |
| <b>– Cash flows from net investing activities</b>                          | <b>1,087.1</b> | <b>4,810.6</b>   | <b>(77.4)</b> |
| Investments  | 1,732.3        | 4,854.5          | (64.3)        |
| Disposals and other  | (645.2)        | (43.8)           | (1,373.0)     |
| <b>= Cash flows from operating and investing activities</b>                | <b>174.3</b>   | <b>(3,651.6)</b> | <b>N/A</b>    |
| <b>– Cash flows from financing activities</b>                              | <b>1,261.7</b> | <b>125.1</b>     | <b>908.6</b>  |
| <b>– Cash flows due to changes in the scope of consolidation and other</b> | <b>1,676.2</b> | <b>1,023.9</b>   | <b>63.7</b>   |
| <b>= Increase in net debt</b>  | <b>2,763.6</b> | <b>4,800.6</b>   | <b>(42.4)</b> |

### 3.1.1 Cash flows from operating activities

Cash flows from operating activities, bolstered by the good performance of funds generated, grew by 8.8%. Operating working capital rose due to the increasing contribution of business in Eastern Europe through Alpine in Construction and ASA and in Environmental Services, and also to the slower pace of growth of Construction in Spain.

|  | 2007           | 2006        | %<br>Change |
|--|----------------|-------------|-------------|
| Increase in inventories and receivables    | (793.1)        | (862.1)     | 8.0         |
| Increase in payables                       | 396.4          | 876.5       | (54.8)      |
| <b>Change in operating working capital</b> | <b>(396.7)</b> | <b>14.4</b> | <b>N/A</b>  |

### 3.1.2 Cash flows from net investing activities

Investments amounted to EUR 1,732.3 million, which included EUR 1,362 million of investments in property, plant and equipment and intangible assets, and EUR 370 million of financial investments. Noteworthy among the financial investments were the acquisition of a 20% stake in Torre Picasso (EUR 170 million) and the additional 5.8% ownership interest purchased in Uniland (EUR 123 million).

The breakdown of investments, by type of asset, is as follows:

|   | 2007           | 2006           | %<br>Change   |
|---|----------------|----------------|---------------|
| Property, plant and equipment                 | 1,326.1        | 575.4          | 130.4         |
| Intangible assets                             | 36.3           | 112.4          | (67.7)        |
| Equity investments and other financial assets | 369.9          | 4,166.7        | (91.1)        |
| <b>Total investments</b>                      | <b>1,732.3</b> | <b>4,854.5</b> | <b>(64.3)</b> |

The disposals amounting to EUR 738 million relate mainly to the sale of a 21.5% equity interest in Realia in the related public offering (EUR 379 million), the contribution of concession assets to Global Vía and the sales of Reparalia and Corporación de Transporte (CTSA).

### 3.1.3 Cash flows from financing activities

These increased significantly due to the investment made to acquire treasury shares (EUR 316 million), the distribution of dividends, interest paid and other payments due to financing transactions.

### 3.1.4 Cash flows due to changes in the scope of consolidation and other

These relate mainly to the inclusion in June 2007 of Realia's net debt due to the change in the method of consolidation (EUR 1,898 million), and to the proportional part of the concession-related debt transferred to Global Vía (a reduction of EUR 102 million).

### 3.2 Net financial debt

Net bank borrowings amounted to EUR 7,967 million and the increase with respect to 2006 was due mainly to the inclusion of Realia's debt (EUR 1,930 million) following the change in the method of consolidation.

|   | 2007           | 2006           | Difference     |
|---|----------------|----------------|----------------|
| Debt instruments and other held-for-trading liabilities | 141.9          | 148.4          | (6.5)          |
| Bank borrowings   | 9,426.0        | 6,494.1        | 2,931.9        |
| With recourse   | 5,984.0        | 4,586.0        | 1,398.0        |
| Without recourse  | 3,442.0        | 1,908.1        | 1,533.9        |
| Other debts   | 176.2          | 146.7          | 29.5           |
| Cash and other current financial assets                 | (1,776.7)      | (1,585.4)      | (191.3)        |
| With recourse   | (1,455.0)      | (1,544.0)      | 89.0           |
| Without recourse  | (321.7)        | (41.4)         | (280.3)        |
| <b>Total net debt</b>                                   | <b>7,967.3</b> | <b>5,203.7</b> | <b>2,763.5</b> |
| <b>Net debt with recourse</b>                           | <b>4,847.0</b> | <b>3,337.0</b> | <b>1,510.0</b> |

| Ratios  | 2007  | 2006  |
|---|-------|-------|
| Financial leverage                                      | 52.9% | 49.1% |
| Net financial debt with recourse / Ebitda with recourse | 2.71% | 2.63% |

Of the total debt, 39.1% (EUR 3,120 million) is without recourse to the Parent (project financing), and is located mainly at WRG (23%), Realia (39%) and Uniland (20%).

### 3.3 Equity

The Group's equity at 2007 year-end amounted to EUR 4,290.8 million, up 25.6% on 2006. The main changes in the year are shown in the following table.

|  |                |
|--|----------------|
|  |                |
| <b>Equity at 31 December 2006</b>              | <b>3,417.5</b> |
| Undistributed profit for 2007                  |                |
| Attributable to the Parent                     | 737.9          |
| Minority interests                             | 182.5          |
| Distribution of profit                         | (393.6)        |
| Foreign currency translation differences       | (83.0)         |
| Changes in fair value of financial instruments | (15.7)         |
| Treasury share transactions                    | (316.1)        |
| Changes in the scope of consolidation          | 751.4          |
| Other adjustments                              | 9.8            |
| <b>Equity at 31 December 2007</b>              | <b>4,290.8</b> |

The changes in the scope of consolidation relate mainly to the minority interests of Realia, which was fully consolidated.

### 3.4 Dividend and earnings per share

The total dividend proposed for 2007 amounts to EUR 2.13 gross per share, representing a 3.9% increase with respect to 2006. An interim dividend of EUR 1.065 gross per share was distributed.

Earnings per share in 2007 amounted to EUR 5.76, approximately 39% higher than in 2006.

## 4. Analysis by business area

### 4.1 Construction

#### 4.1.1 Earnings

|               | 2007    | 2006    | %<br>Change |
|---------------|---------|---------|-------------|
| Revenue       | 6,957.0 | 4,395.3 | 58.3        |
| Ebitda        | 357.7   | 268.6   | 33.2        |
| Ebitda margin | 5.1%    | 6.1%    | –           |
| Ebit          | 257.5   | 241.0   | 6.8         |
| Ebit margin   | 3.7%    | 5.5%    | –           |

The construction business performed very well and recorded growth of over 58%. Disregarding Alpine's contribution, the rest of the Area reflects a buoyant industry, achieving organic growth of 9.8%. This business activity focuses on civil engineering work (63.6%) and non-residential building construction (24.7%).

|               | 2007    | 2006    | %<br>Change |
|---------------|---------|---------|-------------|
| Spain         | 4,088.8 | 3,905.2 | 4.7         |
| % of total    | 58.8    | 88.8    | –           |
| International | 2,868.2 | 490.1   | 485.3       |
| % of total    | 41.2    | 11.2    | –           |

International revenue represents 41.2% of total billings and is generated mainly in Europe, where the markets of Central and Eastern Europe are gaining importance and accounted for 88% of Construction's international revenue.

#### 4.1.2 Profitability

Ebitda improved by 33.2% and the margin stood at 5.1% of revenue. As for Ebit, the revaluation of Alpine's assets (performed in accordance with accounting standards in force following its acquisition) led to a considerable increase in the period depreciation and amortisation charge, which reduced the margin to 3.7%.

#### 4.1.3 Backlog and investments

|             | 2007    | 2006    | %<br>Change |
|-------------|---------|---------|-------------|
| Backlog     | 9,075.4 | 7,843.0 | 15.7        |
| Investments | 267.6   | 634.8   | (57.9)      |

The backlog increased by 15.7% to reach an all-time high of EUR 9,075 million, of which 69.5% relate to civil engineering work, 21% to non-residential building construction and 9.5% to residential building construction.

Investments amounted to EUR 267.6 million, of which one-fourth related to concession projects (the Necaxsa - Tihuatlan freeway in Mexico, the Son Dureta hospital in Majorca, etc.).

#### 4.1.4 Cash flow

|   | 2007         | 2006         | %<br>Change   |
|---|--------------|--------------|---------------|
| + Cash flows from operating activities                              | (44.0)       | 310.5        | (114.2)       |
| Funds generated   | 358.0        | 267.9        | (380.8)       |
| Change in working capital   | (305.0)      | 108.6        | N/A           |
| Taxes and other   | (97.0)       | (66.0)       | 47.0          |
| – Cash flows from net investing activities                          | 117.4        | 624.7        | (81.2)        |
| = Cash flows from operating and investing activities                | (161.5)      | (314.2)      | (48.6)        |
| – Cash flows from financing activities                              | 140.0        | 131.5        | (6.5)         |
| – Cash flows due to changes in the scope of consolidation and other | (136.5)      | 493.0        | (127.7)       |
| <b>= Increase in net debt</b>                                       | <b>164.9</b> | <b>938.7</b> | <b>(82.4)</b> |

| Net debt at year-end | 2007         | 2006         | Difference   |
|----------------------|--------------|--------------|--------------|
| With recourse        | 274.8        | 28.4         | 246.4        |
| Without recourse     | 59.3         | 140.8        | (81.5)       |
| <b>Total</b>         | <b>334.1</b> | <b>169.2</b> | <b>164.9</b> |

Funds generated increased (by 34% in line with Ebitda), as did working capital due to the growing contribution of business in Eastern Europe through Alpine and to the slowdown in growth of Construction in Spain.

Cash flows from net investments amounted to EUR 117 million and were the result of gross investments of EUR 267 million (discussed in the previous section) and disposals of EUR 120 million, which included most notably the transfer of assets to Global Vía and the sale of Reparalia.

Net debt at year-end stood at EUR 334 million, of which EUR 106.6 million are associated with the concession projects that form part of Global Vía's operations.

#### 4.1.5 Alpine

|               | 2007    | 2006  | %<br>Change |
|---------------|---------|-------|-------------|
| Revenue       | 2,595.0 | 270.0 | N/A         |
| Ebitda        | 119.4   | 17.0  | N/A         |
| Ebitda margin | 4.6%    | 6.3%  | -           |
| Ebit          | 46.0    | 11.8  | N/A         |
| Ebit margin   | 1.8%    | 4.4%  | -           |

(\* The company was consolidated from 15 November 2006.

Alpine ended the year with robust growth in revenue (around 15%), distributed among civil engineering work (67.5%), non-residential building construction (23.3%) and residential building construction (9.2%).

In terms of geographical presence, Alpine has expanded rapidly in countries such as Croatia, Romania, Serbia and the Czech Republic. In this context, it should be noted that the consortium formed by the Gazprom Group (61%), FCC (29%) and Brisa Autoestradas de Portugal (10%) was shortlisted in the tenders for the construction and 30-year operation of two sections of the Moscow-Saint Petersburg and Moscow-Minsk motorways. These projects are valued at EUR 1,500 million and EUR 400 million, respectively.

Profitability improved considerably in 2007 and, combined with the substantial increase in revenue, took the Ebitda margin in the fourth quarter to 6.4%.

By December 2007, the backlog had grown by 27.7%, reaching a total of EUR 2,554 million, of which 72.1% relate to civil engineering work and non-residential building construction and 21.6% to residential building construction.

#### 4.1.6 Global Via Infraestructuras

On 29 January 2007, the FCC Group and Caja Madrid incorporated Global Via Infraestructuras, in which they each had a 50% stake, with EUR 250 million of share capital. Subsequently, between October and December 2007, the FCC Group contributed to Global Via Infraestructuras its ownership interests in Metro de Barajas, Túnel de Sóller, Autopista Central Gallega, Terminal Polivalente de Castellón and Autopista Cartagena-Vera valued at a total of EUR 156 million. In turn, Caja Madrid contributed its investment in Metro de Barajas and cash to make up the difference.

The market value of the assets contributed is that resulting from independent appraisals conducted by three banks, plus subsequent capital contributions and minus any dividends distributed.

The contribution of assets had the following impact on the FCC Group:

Cash flows:

- Increase due to disposals amounting to EUR 77 million.
- Reduction of debt by EUR 102 million due to changes in the scope of consolidation.

Income statement:

- Other Gains or Losses" includes a gain of EUR 29 million.
- In 2008 Global Via Infraestructuras will be proportionally consolidated by the FCC Group, whereas it was fully consolidated in 2007.

Balance sheet:

- Reduction of net debt due to the aforementioned cash flows.

As a result of the foregoing impacts, the market value of the transferred assets is 1.7 times their carrying amount. The difference is distributed unevenly, due mainly to the varying degrees of maturity of the transferred concessions which were awarded in the following years:

| Asset transferred                 | Year awarded | Duration (Years) |
|-----------------------------------|--------------|------------------|
| Túnel de Sóller                   | 1988         | 28               |
| Autopista Central Gallega         | 1999         | 75               |
| Terminal Polivalente de Castellón | 2003         | 30               |
| Autopista Cartagena-Vera          | 2004         | 36               |
| Metro de Barajas                  | 2006         | 20               |

## 4.2 Environmental Services

### 4.2.1 Earnings

|               | 2007    | 2006    | %<br>Change |
|---------------|---------|---------|-------------|
| Revenue       | 3,752.7 | 2,835.6 | 32.3        |
| Ebitda        | 739.8   | 501.4   | 47.5        |
| Ebitda margin | 19.7%   | 17.7%   | -           |
| Ebit          | 377.1   | 250.9   | 50.3        |
| Ebit margin   | 10.0%   | 8.8%    | -           |

Environmental Services has established itself as the fastest-growing Area in the FCC Group, and has also improved the profitability of its business activities, especially in the international arena.

|               | 2007    | 2006    | %<br>Change |
|---------------|---------|---------|-------------|
| Spain         | 2,386.7 | 2,162.9 | 10.4        |
| % of total    | 63.6    | 76.3    | -           |
| International | 1,366.0 | 672.7   | 103.0       |
| % of total    | 36.4    | 23.7    | -           |

In terms of sales distribution by market, international sales doubled with the inclusion of WRG (in the International business) and (in the Water business) to reach EUR 1,366 million, representing 36.4% of the total revenue of the Environmental Services Area.

The markets with the largest presence of this Area are the United Kingdom, through WRG and Focsa Services U.K., which contributed 63% of international revenue, and Central and Eastern Europe, through ASA and, which contributed 17%.

The detail of the revenue of the various sectors composing the Area is as follows:

|                  | 2007           | 2006           | %<br>Change | % of total<br>2007 | % of total<br>2006 |
|------------------|----------------|----------------|-------------|--------------------|--------------------|
| Urban cleaning   | 1,445.9        | 1,325.5        | 9.1         | 38.5               | 46.7               |
| Water            | 827.8          | 711.9          | 16.3        | 22.1               | 25.1               |
| International    | 1,278.9        | 635.0          | 101.4       | 34.1               | 22.4               |
| Industrial waste | 200.0          | 163.2          | 22.5        | 5.3                | 5.8                |
| <b>Total</b>     | <b>3,752.7</b> | <b>2,835.6</b> | <b>32.3</b> | <b>100.0</b>       | <b>100.0</b>       |

Disregarding the impact of the consolidation of the Waste Recycling Group, and the Gonzalo Mateo Group, the Area achieved organic growth of 8.5%, with upswings in all the sectors: Urban Cleaning (9.1%), Water (11.7%), International (0.8%) and Industrial Waste (19.9%).

The most noteworthy sector in 2007 was Urban Cleaning, which grew organically by 9.1% thanks to the continuous renewal of contracts, the extension of its activities and the year-long effect of the commencement of the Vitoria contract in 2006. Although International doubled its revenue due to the consolidation of WRG from October 2006, its organic growth fell to 0.9%, mainly because the strength of the euro against the pound sterling had an adverse impact on the consolidated earnings of WRG and Focsa Services U.K. The performance of Water, which improved by 16.3% - partly due to the consolidation of - and experienced 11.7% organic growth, was influenced mainly in 2007 by the Santander contract which commenced in 2006. Lastly, the figures for Industrial Waste include the contribution of the glass recycling company, Gonzalo Mateo, without which growth for the sector stands at 19.9%.

#### 4.2.2 Profitability

Ebitda grew at a rate far above that of revenue, prompting a 200-basis point increase in the margin, thanks to improved management and the inclusion of WRG's higher value added services, such as proprietary landfill management and waste treatment (at incineration, recycling and composting plants, etc.).

Ebit also soared, ending the year with over 50% growth. The sales margin advanced to 10.5% (after rising by 140 basis points), absorbing the impact of the additional depreciation and amortisation of the recently consolidated companies' assets.

|             | 2007     | 2006     | %<br>Change |
|-------------|----------|----------|-------------|
| Backlog     | 23,407.7 | 22,343.0 | 4.8         |
| Investments | 542.0    | 2,528.6  | (78.6)      |

The burgeoning growth of the Environmental Services backlog continued in 2007, rising 4.8% to reach a new high of EUR 23,407.7 million.

The investments included most notably EUR 496 million of property, plant and equipment and intangible assets and the acquisition of the Gonzalo Mateo Group for EUR 25 million.

#### 4.2.4 Cash flow

|   | 2007         | 2006           | %<br>Change   |
|---|--------------|----------------|---------------|
| + Cash flows from operating activities                              | 609.1        | 456.1          | 33.5          |
| Funds generated   | 727.8        | 501.2          | 45.2          |
| Change in working capital   | (94.9)       | 20.5           | N/A           |
| Taxes and other   | (23.8)       | (65.6)         | 63.7          |
| – Cash flows from net investing activities                          | 588.8        | 2,550.0        | (76.9)        |
| = Cash flows from operating and investing activities                | 20.3         | (2,093.9)      | N/A           |
| – Cash flows from financing activities                              | 326.2        | 126.0          | 158.9         |
| – Cash flows due to changes in the scope of consolidation and other | (50.9)       | 524.4          | N/A           |
| <b>= Increase in net debt</b>                                       | <b>255.0</b> | <b>2,744.3</b> | <b>(90.7)</b> |

| Net debt at year-end | 2007           | 2006           | Difference   |
|----------------------|----------------|----------------|--------------|
| With recourse        | 2,981.9        | 2,500.1        | 481.8        |
| Without recourse     | 928.8          | 1,155.6        | (226.8)      |
| <b>Total</b>         | <b>3,910.7</b> | <b>3,655.7</b> | <b>255.0</b> |

Cash flows from operations reflect excellent growth thanks to the upturn in funds generated. Working capital deteriorated with respect to 2006, due mainly to the consolidation of the recently acquired companies and their expansion in the East European market.

#### 4.2.5 Waste Recycling Group

|               | 2007  | 2006<br>(*) | %<br>Change |
|---------------|-------|-------------|-------------|
| Revenue       | 775.2 | 191.3       | N/A         |
| Ebitda        | 224.0 | 44.2        | N/A         |
| Ebitda margin | 28.9% | 23.1%       | –           |
| Ebit          | 63.0  | 9.0         | N/A         |
| Ebit margin   | 8.1%  | 4.7%        | –           |

(\*) The company was consolidated from October 2006

#### 4.3 Versia

##### 4.3.1 Earnings

|               | 2007  | 2006  | %<br>Change |
|---------------|-------|-------|-------------|
| Revenue       | 960.8 | 867.1 | 10.8        |
| Ebitda        | 95.6  | 104.2 | (8.3)       |
| Ebitda margin | 10.0% | 12.0% | –           |
| Ebit          | 39.8  | 58.3  | (31.7)      |
| Ebit margin   | 4.1%  | 6.7%  | –           |

Versia's billings also increased considerably, especially in the Handling and Street Furniture businesses, ending the year with a 10.8% increase. Disregarding the impact of the consolidation of Flightcare Italia (formerly "Aeroporti di Roma Handling") and Gen Air Handling, organic growth was 3.6%.

|               | 2007  | 2006  | %<br>Change |
|---------------|-------|-------|-------------|
| Spain         | 682.4 | 664.8 | 2.6         |
| % of total    | 71.0  | 76.7  | –           |
| International | 278.4 | 202.3 | 37.7        |
| % of total    | 29.0  | 23.3  | –           |

The international business grew by 37.7%, fuelled mainly by the international expansion of Street Furniture and by Airport Handling, and represented 29% of the Area's consolidated sales.

The detail of the revenue of the various sectors composing the Area is as follows:

|   | 2007         | 2006         | %<br>Change | % of total<br>2007 | % of total<br>2006 |
|---|--------------|--------------|-------------|--------------------|--------------------|
| Logistics                                   | 340.6        | 333.7        | 2.0         | 35.4               | 38.5               |
| Handling                                    | 258.4        | 184.6        | 40.0        | 26.9               | 21.3               |
| Street furniture                            | 136.3        | 118.8        | 14.7        | 14.2               | 13.7               |
| Car parks                                   | 74.8         | 72.1         | 3.7         | 7.8                | 8.3                |
| Conservation and systems                    | 50.0         | 57.6         | (13.2)      | 5.2                | 6.6                |
| Roadworthiness tests                        | 47.3         | 44.5         | 6.3         | 4.9                | 5.1                |
| Urban transport                             | 28.8         | 31.3         | (8.0)       | 3.0                | 3.6                |
| High-technology systems and vehicles (SVAT) | 24.6         | 24.2         | 1.5         | 2.6                | 2.8                |
| <b>Total</b>                                | <b>960.8</b> | <b>866.8</b> | <b>10.8</b> | <b>100.00</b>      | <b>100.0</b>       |

Street Furniture, the most dynamic business, reported 14.7% growth thanks to its rapid expansion both in Spain (with the new contracts for Malaga, Madrid and Pamplona) and abroad (New York and Boston). The handling business grew by 40% following the commencement of operations at the airports where the Spanish Airports Authority (AENA) had awarded the new licences to Flightcare and the consolidation of Flightcare Italia.

In 2007 Corporación Española de Transporte (controlled 50% each by the FCC Group and Veolia) was sold for EUR 24 million.

#### 4.3.2 Profitability

Ebitda and Ebit weakened due to the launch of the Street Furniture activities in New York (with operating losses of approximately EUR 10 million) and the consolidation of Flightcare Italia in Airport Handling.

#### 4.3.3 Backlog and investments

|             | 2007  | 2006  | %<br>Change |
|-------------|-------|-------|-------------|
| Backlog     | 315.4 | 324.2 | (2.7)       |
| Investments | 119.7 | 153.9 | (22.2)      |

The investments, made mainly in property, plant and equipment, relate basically to Street Furniture for the New York contract.

#### 4.3.4 Cash flow

|  | 2007          | 2006           | %<br>Change   |
|--|---------------|----------------|---------------|
| <b>+ Cash flows from operating activities</b>                              | <b>158.5</b>  | <b>41.6</b>    | <b>281.0</b>  |
| Funds generated  | 114.7         | 110.0          | 4.3           |
| Change in working capital  | 42.1          | (47.6)         | N/A           |
| Taxes and other  | 1.7           | (20.7)         | N/A           |
| <b>– Cash flows from net investing activities</b>                          | <b>140.3</b>  | <b>175.0</b>   | <b>(19.8)</b> |
| <b>= Cash flows from operating and investing activities</b>                | <b>18.2</b>   | <b>(133.4)</b> | <b>N/A</b>    |
| <b>– Cash flows from financing activities</b>                              | <b>29.8</b>   | <b>28.5</b>    | <b>4.6</b>    |
| <b>– Cash flows due to changes in the scope of consolidation and other</b> | <b>(10.5)</b> | <b>(9.6)</b>   | <b>(9.4)</b>  |
| <b>= Increase in net debt</b>  | <b>1.1</b>    | <b>152.3</b>   | <b>(99.3)</b> |

| Net debt at year-end | 2007         | 2006         | Difference |
|----------------------|--------------|--------------|------------|
| With recourse        | 517.9        | 516.8        | 1.1        |
| Without recourse     | –            | –            | –          |
| <b>Total</b>         | <b>517.9</b> | <b>516.8</b> | <b>1.1</b> |

Cash flows from operating activities performed very well, underpinned mainly by the reduction in working capital that resulted from the improved management of trade receivables.

Cash flows from net investing activities amounted to EUR 140.3 million and were the result of gross investments of EUR 167.3 million (mainly for Street Furniture's New York contract) and disposals arising from the sale of the urban transport subsidiary (CETSA) for EUR 24 million.

#### 4.4 Cementos Portland Valderrivas

##### 4.4.1 Earnings

|               | 2007    | 2006    | %<br>Change |
|---------------|---------|---------|-------------|
| Revenue       | 1,888.7 | 1,466.6 | 28.8        |
| Ebitda        | 620.8   | 485.3   | 27.9        |
| Ebitda margin | 32.9%   | 33.1%   | –           |
| Ebit          | 423.9   | 335.0   | 26.5        |
| Ebit margin   | 22.4%   | 22.8%   | –           |

The consolidation of Cementos Lemona and Uniland and the upward trend in the domestic business led to a 28.8% increase in revenue. Disregarding the contribution of these two companies, organic growth was 1.2%, the outcome of a 2.3% improvement in Spain and a 1.1% decline abroad (mainly due to the adverse changes in the exchange rate).

|               | 2007    | 2006    | %<br>Change |
|---------------|---------|---------|-------------|
| Spain         | 1,430.6 | 1,113.6 | 28.5        |
| % of total    | 75.7%   | 75.9    | –           |
| International | 458.1   | 353.0   | 29.8        |
| % of total    | 24.3%   | 24.1    | –           |

In Spain, the organic growth of revenue remained stable compared with 2006, due to higher sales volumes in the north of mainland Spain and Catalonia, where Cementos Portland has the largest number of plants, and to price increases.

The sound operating performance of the international business, which represented 24.3% of sales, was adversely affected by the strength of the euro. The main markets abroad were the US, Tunisia and Argentina, which accounted for 54%, 18% and 15%, respectively, of sales.

All products behaved well, displaying increases in both volume and prices. In terms of physical units, sales amounted to 18.2 million tonnes of cement (+30%), 8 million cubic metres of concrete (+18%), 26.9 million tonnes of aggregate (+24%) and 2.6 million tonnes of mortar (+56%). The contribution to revenue, by product, was as follows:

|                    | % of Revenue |
|--------------------|--------------|
| Cement and clinker | 66           |
| Concrete           | 22           |
| Mortar             | 6            |
| Aggregate          | 4            |
| Other              | 2            |
|                    | <b>100</b>   |

#### 4.4.2 Profitability

Ebitda was 27.9% higher than in 2006 and the margin stood at 32.9%. These figures were influenced by two opposing factors:

- The substantial increase in energy costs, which rose by 37% in the case of fossil-fuel energy and 22% in the case of electricity, and
- the synergies generated through the integration of Cementos Leona and Uniland, amounting to EUR 24.3 million in 2007.

#### 4.4.3 Cash flow

|  | 2007         | 2006             | %<br>Change   |
|--|--------------|------------------|---------------|
| <b>+ Cash flows from operating activities</b>                              | <b>449.4</b> | <b>322.0</b>     | <b>39.6</b>   |
| Funds generated  | 620.8        | 486.8            | 27.5          |
| Change in working capital  | (47.3)       | (63.1)           | 25.0          |
| Taxes and other  | (124.1)      | (101.8)          | 21.9          |
| <b>– Cash flows from net investing activities</b>                          | <b>297.4</b> | <b>1,504.6</b>   | <b>(80.2)</b> |
| <b>= Cash flows from operating and investing activities</b>                | <b>152.0</b> | <b>(1,182.6)</b> | <b>N/A</b>    |
| <b>– Cash flows from financing activities</b>                              | <b>217.8</b> | <b>144.3</b>     | <b>50.9</b>   |
| <b>– Cash flows due to changes in the scope of consolidation and other</b> | <b>(9.9)</b> | <b>14.6</b>      | <b>N/A</b>    |
| <b>= Increase in net debt</b>  | <b>55.9</b>  | <b>1,341.5</b>   | <b>(95.8)</b> |

| Net debt at year-end | 2007           | 2006           | Difference  |
|----------------------|----------------|----------------|-------------|
| With recourse        | 915.1          | 895.6          | 19.5        |
| Without recourse     | 615.4          | 578.8          | 36.6        |
| <b>Total</b>         | <b>1,530.5</b> | <b>1,474.4</b> | <b>56.1</b> |

Investments amounted to EUR 297 million and included EUR 185 million of property, plant and equipment and the acquisition of an additional ownership interest in Uniland for EUR 127 million.

#### 4.4.4 Uniland

|               | 2007  | 2006  | %<br>Change |
|---------------|-------|-------|-------------|
| Revenue       | 648.2 | 569.9 | 13.7        |
| Ebitda        | 209.6 | 169.6 | 23.6        |
| Ebitda margin | 32.3% | 29.8% | –           |
| Ebit          | 170.9 | 133.0 | 28.5        |
| Ebit margin   | 26.4% | 23.3% | –           |

Following its acquisition in August 2006, Uniland has performed very well, as reflected in the foregoing table.

#### 4.5 Realia Business, S.A.

The flotation of Realia on 6 June 2007 brought about a change in its shareholder structure and in the control of the company. This entailed a change in the consolidation method used for Realia in the FCC Group's accounts. FCC, which until May had accounted for Realia using the equity method, began to fully consolidate the company from June. The effective ownership interest at year-end was 28.2%.

#### 4.5.1 Earnings

The main aggregates of the Realia Business Group are shown below (based on a 100% ownership interest).

|               | 2007  | 2006  | %<br>Change |
|---------------|-------|-------|-------------|
| Revenue       | 751.6 | 742.1 | 1.3         |
| Ebitda        | 366.2 | 289.4 | 26.5        |
| Ebitda margin | 48.7% | 39.0% | –           |
| Ebit          | 327.4 | 266.5 | 22.9        |
| Ebit margin   | 43.6% | 35.9% | –           |

The detail of the revenue of the various sectors of the Area is as follows:

|                           | 2007         | 2006         | %<br>Change | % of total<br>2007 | % of total<br>2006 |
|---------------------------|--------------|--------------|-------------|--------------------|--------------------|
| Property asset management | 130.2        | 98.3         | 32.5        | 17.3               | 13.2               |
| Residential               | 618.1        | 630.4        | (1.9)       | 82.2               | 84.9               |
| Developments              | 323.4        | 457.9        | (29.4)      | 43.0               | 61.7               |
| Land                      | 294.7        | 172.5        | 70.9        | 39.2               | 23.2               |
| Other                     | 3.3          | 13.4         | (75.4)      | 0.4                | 1.8                |
| <b>Total</b>              | <b>751.6</b> | <b>742.1</b> | <b>1.3</b>  | <b>100.0</b>       | <b>100.0</b>       |

The 1.3% increase in revenue was bolstered by the property asset management business (+32.5%) and by the turnover of land (+71%). Noteworthy in the property asset management business was the increase in rentals due to the favourable performance of the office building market in Madrid, especially in the main business areas where most of Realia's assets are located, and to the consolidation of SIIC de Paris. In the residential business, the 1.9% decline was the result of two opposing trends: on the one hand, land sales, which doubled with respect to 2006 and, on the other, the reduction in the delivery of housing units in the Development business.

Most of Realia's international business is conducted through SIIC de Paris' property asset management line, which accounted for 7% of the total revenue at 2007 year-end.

#### 4.5.2 Profit contributed by Realia to the FCC Group's consolidated accounts

| June–December 2007                       |              |
|--|--------------|
| Revenue                                  | 472.4        |
| Ebitda                                   | 210.8        |
| Ebitda margin                            | 44.6%        |
| Ebit                                     | 184.1        |
| Ebit margin                              | 39.0%        |
| <b>Profit before tax</b>                 | <b>129.7</b> |
| <b>Profit attributable to the Parent</b> | <b>21.4</b>  |

|   | 2007        |
|---|-------------|
| Profit attributable to the Parent<br>for June-December 2007       | 21.4        |
| Profit accounted for using the equity method for January-May 2007 | 31.4        |
| <b>Total profit attributable to the Parent</b>                    | <b>52.8</b> |

The profit included in the FCC Group's consolidated accounts amounted to EUR 52.8 million in 2007, down from the EUR 78.8 million reported in 2006, due to the reduction in the ownership interest to 28.2% from the 49.17% held in 2006.

#### 4.5.3 Cash flows contributed by Realia to the FCC Group's consolidated accounts

|   | June-December 2007 |
|---|--------------------|
| + Cash flows from operating activities                              | 167.6              |
| Funds generated   | 191.8              |
| Change in working capital   | 23.8               |
| Taxes and other   | (48.0)             |
| – Cash flows from net investing activities                          | 130.4              |
| = Cash flows from operating and investing activities                | 37.2               |
| – Cash flows from financing activities                              | 69.8               |
| – Cash flows due to changes in the scope of consolidation and other | 1,897.8            |
| <b>= Increase in net debt</b>                                       | <b>1,930.4</b>     |

| Net debt at year-end | 2007           |
|----------------------|----------------|
| With recourse        | 686.5          |
| Without recourse     | 1,243.9        |
| <b>Total</b>         | <b>1,930.4</b> |

#### 4.6 Torre Picasso

Following the acquisition of a 20% stake for EUR 170 million on 25 July 2007, the FCC Group became the sole owner of the Torre Picasso building. The main aggregates are as follows.

##### 4.6.1 Earnings

|               | 2007  | 2006  | %<br>Change |
|---------------|-------|-------|-------------|
| Revenue       | 21.8  | 19.5  | 11.8        |
| Ebitda        | 18.6  | 16.3  | 14.1        |
| Ebitda margin | 85.3% | 83.6% | –           |
| Ebit          | 16.2  | 14.7  | 10.2        |
| Ebit margin   | 74.3% | 75.4% | –           |

The occupancy rate was 100% with an average price of approximately EUR 27/m<sup>2</sup>/month.

## Treasury share transactions

At 2007 year-end Fomento de Construcciones y Contratas, S.A. held 375,986 treasury shares, representing 0.29% of share capital, valued at EUR 8,156 thousand.

Also, Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its share capital, with a carrying amount of EUR 1,107 thousand. Asesoría Financiera y de Gestión, S.A. (Afigesa) held 5,046,871 shares of Fomento de Construcciones y Contratas, S.A., representing 3.87% of its share capital, with a carrying amount of EUR 259,409 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the Consolidated Spanish Companies Law.

In accordance with Article 79.4 of the Companies Law, the changes in the number of shares in the year are detailed in the table below.

|                            | FCC, S.A.      | Afigesa          | Cía. Auxiliar de<br>Agencia y Mediación | FCC<br>Group     |
|----------------------------|----------------|------------------|---|------------------|
| At 31 December 2006        | 375,986        | –                | 316,098                                 | 692,084          |
| Acquisitions or additions  | –              | 5,046,871        | –                                       | 5,046,871        |
| <b>At 31 December 2007</b> | <b>375,986</b> | <b>5,046,871</b> | <b>316,098</b>                          | <b>5,738,955</b> |

## Research and development activities

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in this field encompass the matters which, either directly or indirectly, have a bearing on its business activities. Noteworthy in 2007 were the steps taken in the course of its activities aimed at protecting the environment in order to facilitate sustainable growth.

In the sphere of Environmental Services, a new project was launched in 2007 to carry out research into the treatment of urban solid waste through an anaerobic digestion process, with special emphasis on the environmental indicator "water" as one of the main vectors of this process. The Group also worked on the development of new prototype vehicles, the highlight being the entry into service of a self-propelled street sweeper/sprayer machine, featuring a system that sucks up waste while it sprays pressurised water on to the road, thus obtaining the best cleaning quality. Also noteworthy is the project currently in progress to obtain alternative fuels from products that are rejected by urban waste treatment plants.

With regard to waste removal, mention must be made of, on the one hand, the studies on the use of grease-saturated seaweed in methanisation processes for stabilising pH, thus preventing the formation of ammonia and increasing the specific production of biogas and, on the other hand, the research conducted into processes that will reduce the amount and toxicity of sludge produced at urban waste water treatment plants.

Research in the water business concentrated on the development of new industrial waste water treatment processes, by studying various technologies aimed at reducing the amount of sludge generated to virtually nil. Another outstanding initiative is the project aimed at improving potable water treatment processes through the use of ozone.

In the Versia area, work continued on the EPISOL project to develop a light urban vehicle featuring hybrid electric propulsion which, in the first phase, will be equipped with a heat engine and, in a subsequent phase, will use a fuel-cell/solar-powered engine. The subsidiary Cemusa continues to work on this project in conjunction with Universidad Politécnica de Madrid (INSIA – University Institute for Automotive Research) and Centro Superior de Investigaciones Científicas (IAI – Industrial Automation Institute). There are plans for the Guigliaro Design team to join the project to design the vehicle's exterior and to provide advice on its industrial launch.

Of note in the Construction business is the fact that FCC Construcción S.A. is a member of the European Construction Technology Platform and the Spanish Construction Technology Platform. The aim of these two organisations is to pool the efforts made by research centres, industries and universities in all areas of research, development and technological innovation.

The R&D work carried out in 2007 included most notably the continuation of certain projects launched in prior years, such as the Tunconstruc project, for the optimisation of underground construction; the Manubuild project, for the industrialisation of construction; the Arfrisol project, which focuses on bioclimatic architecture and solar energy use; and the Hatcons project, which studies various aspects of underground construction work, such as high-performance concretes and the interaction between machines, facings and land. The most important new projects commenced in 2007 included the Sustainable Concretes project, for concretes made with aggregate from tunnel-boring and dredging waste; the Integral Bridges project, for the construction of bridges without joints; the Cleam project, for efficient and environment-friendly construction; the Safe Port project, which aims to develop a system that can link natural surroundings with the occupational risks in maritime construction works and the Submerged Tunnels project, for submerged tunnels in seismic zones.

In the Cement area, research and development work on new cement products and applications takes place mainly at the Group's laboratories at the Olazagutía (Navarra) plant. In 2007 a variety of projects were undertaken: raw material evaluation, alternative fuels, studies for the use of materials that would reduce CO<sub>2</sub> and other gas emissions and, lastly, the first steps were taken to obtain two patents for materials used in the manufacture of new cements. Also noteworthy are the research and development projects relating to the production processes of the plants located in South America and the US. Another significant aspect is the Group's involvement, through its participation in standardisation committees, with analytical techniques and research projects undertaken jointly with customers, in the development of products and new applications.

The Cementos Portland Valderrivas Group, in its capacity as the leading Spanish cement company, is taking an active part in the arrangements for the International Congress on the Chemistry of Cement in 2011, a scientific event of prime importance in the world of cement, to be hosted by Madrid. It also participates extensively in the research projects conducted by the IECA (Spanish Institute for Cement and its Applications) and the Cembureau (European Cement Association).

## Financial risk management objectives and policies

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group due to political, market (volatility) and other factors. The Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum profitability and solvency at all times. To this end, strict financial risk control and management criteria have been established to identify, measure, analyse and control the risks incurred in the Group's operations, and the Risk Policy has been properly integrated into the organisation. In line with this Risk Policy, the financial instruments arranged by the Group are intended solely to hedge the related transaction and are not used for speculative purposes.

In view of the volatility of the money markets, the FCC Group actively implements an interest rate risk management policy to ensure that it is in the most advantageous position at all times. Since its activities are closely linked to inflation, the Group's financial policy consists of ensuring that both its current financial assets - which to a large extent act as a natural hedge for its current financial liabilities - and its debt are tied to floating interest rates. However, since the future trends of interest rates are not predictable, and complying with the policy of classifying original instruments as hedges, interest rate derivatives are arranged, mainly swaps, in which the Group companies pay fixed interest rates and receive floating interest rates.

A significant consequence of the FCC Group's positioning in the international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency. The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes.

The Group actively manages its foreign exchange risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain in local currency the financing required for the local activity of the company in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing. However, there are occasions when this is not possible due to the monetary weakness of the country of origin of the investment, in which case the financing is obtained in the currency used in consolidation or in the currency with which there is a closer correlation.

In order to mitigate liquidity risk, the FCC Group is present at all times in various markets, thus facilitating the obtainment of financing lines and minimising the risk arising from the concentration of operations. Accordingly, the Group obtains financing from over 150 Spanish and international banks and it operates in a wide variety of markets, with 78.8% of its debt in euros and 21.2% in several international markets, in various currencies, mainly the US dollar and the pound sterling. It also uses an extensive array of financial products, such as credit lines, debentures, syndicated transactions and discounting facilities.

## Outlook for 2008

Set forth below are the prospects for 2008 for the various lines of business composing the FCC Group. Overall, based on the business trends in the various markets in which each Area operates, the Group expects to consolidate of the revenue and earnings obtained in 2007, aided by the contribution of the new significant acquisitions made under the 2005-2008 Strategic Plan. The construction and services backlog at 2007 year-end, which amounted to EUR 33,148.9 million, guarantee the continuation of a high level of activity over the coming years.

In the **Environmental Services**, area, the large market share obtained will be consolidated and growth will be linked to contract extensions and renewals and to the start-up of the treatment plants under construction as and when they are completed. In the International area, European expansion, particularly in Eastern Europe, is a prime objective of the growth strategy. The ASA Group, specialising in integral waste management and treatment services, rolled-out its operations in Serbia and Lithuania in 2007 and foresees growth in Bulgaria and Ukraine. Additionally, the Waste Recycling Group, the leading urban solid waste management firm in the UK, which specialises in landfill management, the treatment of hazardous waste and incineration, has strong prospects for growth with the long-term PFI (Private Finance Initiative) contracts secured with the award of the Wrexham and Re3 (Reading, Wokingham and Bracknell Forest) projects.

In the **Industrial Waste** sector, forecasts point to a significant increase in revenue due to the purchase of Hydrocarbon Recovery Services Inc. and International Petroleum Corp. in the US, and the beginning of full-capacity operation of the new facilities built in Portugal.

In the **Water Management**, sector, the Group will continue to apply the geographical diversification strategy embarked upon in previous years and will consolidate its already significant position as the second private operator in the Spanish market, which will foreseeably enable it to maintain reasonable levels of growth. In the **international** area, the Group's presence in Italy and in the Czech Republic through the Caltanissetta contract and SmVak, respectively, opens new avenues for business in these countries and in their geographical areas of influence, which, together with the desalination projects in Algeria and the hydraulic infrastructure construction concession contract in Mexico, guarantee high growth levels for this activity.

At the beginning of 2008, the Environmental Services backlog amounted to EUR 23,407.7 million, equivalent to over six years of production.

In the Versia area, the growth predicted for 2008 will be mainly underpinned by the contribution from the sectors described below and by the development of new business opportunities in the East European countries associated with the area's activities. Street Furniture foresees strong growth of its activity, both abroad, due to the maturation of the Italy and New York contracts, and in Spain, where its business will be boosted by the contracts for the operation, for advertising purposes, of large-format facilities in Madrid and bus shelters in Malaga. This sector will continue to roll out new business lines, such as the bicycle rental system in Spanish and foreign cities and the installation on new bus shelters of energy-efficient solar-powered "led" lighting systems.

**Airport Handling** will continue to consolidate the public contracts secured in Spain, work on which commenced in the first quarter of 2007, and to bolster Flightcare Italia, which operates at the Fiumicino and Chiambino airports in Rome.

In the **Construction** area, overall revenue in Spain in 2008 is expected to remain at a level similar to that of 2007, due to the stabilisation of the domestic market. By type of product, the volume of residential building construction will foreseeably continue to shrink, whereas the levels of non-residential building and civil engineering work will remain stable.

In the **international**, business, the main objective is to consolidate Alpine Bau, the corporate group acquired at the end of 2006, which is based in Austria and is present in many East European countries, where there are good possibilities for growth. Meanwhile, in the Americas, the aim is to continue expanding in Central America and Mexico through the established subsidiaries, and to begin penetrating the US market, where certain construction contracts have already been clinched.

At the beginning of 2008, the Construction backlog amounted to EUR 9,075.4 million, equivalent to more than one year of production.

The performance of the **Cement** area will be determined by the consolidation of the acquisitions made in previous years, which marked a milestone in terms of sales volume, revenue, financial results and international development, and, accordingly, the plan to obtain synergies will foreseeably come to fruition. Projections for the Spanish market in terms of units sold point to a deceleration in cement consumption, whereas in the international markets burgeoning business is expected to be reported in Tunisia, Argentina, Uruguay and the UK. In the US, the decline in residential building construction will entail a reduction in the consumption of cement which, however, is not expected to affect the subsidiary Giant Cement Holding Inc. Due to its geographical location, this subsidiary should be able to increase its market share and, consequently, sales in terms of physical units will foreseeably rise slightly. Additionally, the investments projected for 2008 are aimed at making the production, environmental and occupational safety processes more efficient, thus sharpening the Area's competitive edge.

In relation to the **real estate** business carried on by the Realia Group, it should be mentioned that, for the Developments area, the current situation of matching supply to demand in the residential property sector will apply to all developers in Spain, although the pre-sale deposit and private contract portfolio is expected to go a long way towards covering the activity budgeted for 2008. In the land sale segment, the turnover policy that has prevailed over the last few years will continue to be adopted. Additionally, due to the volume of the proprietary land portfolio (3.2 million square metres of buildable floor area) and the various types of products and urban developments, these disposals do not endanger the continuity of the development business in the coming years. At year-end, the Company had already made land pre-sales amounting to approximately EUR 69 million, which will be realised in 2008.

It is also of strategic importance for the Realia Group to continue managing the urban development of land in various areas so as to create value for this land and for the Company, and to ensure that its value at the time of sale to third parties will approach or exceed that of the independent expert's appraisal (the sales made in 2007 were 1.8% below the expert's appraisal value).

Lastly, mention must be made of the Realia Group's clear commitment to the international expansion of the development business. This strategy, which had already been put into practice in Portugal and Poland, was extended in 2007 to Romania, with the creation of Realia Rom, and in the first few months of 2008 with the purchase of Parno Real Estate and the creation of a new company called Realia Zarea. There are plans to achieve further growth abroad by establishing new companies in Eastern Europe and Central America.

In the Property Asset Management area, in 2007 the Realia Group added to its assets the 12,008 m<sup>2</sup> Guynemer building in Paris and the Ferial Plaza shopping centre developed by the Group in Guadalajara, which has a gross lettable area of 31,746 m<sup>2</sup>. At the same time, disposals were made that has enabled the subsidiary Realia Patrimonio to set aside approximately EUR 121 million of cash for the 2008 investment plan. This company is currently engaged in five shopping centre projects which will become operational between 2008 and 2010 and will have a total gross lettable area of over 200,000 m<sup>2</sup>. Additionally, there are three office rental projects in progress which will come into operation between 2009 and 2010 and will provide a lettable area of approximately 56,000 m<sup>2</sup>. The completion of the projects in progress will increase the Realia Group's present lettable area by more than 50%.

Realia's growth targets in rental property will be achieved through the investments in the projects in progress which are being developed and managed entirely by the Group, and through its major investment plan for the acquisition of new assets in Spain and other EU countries with liquid, consolidated rental markets. This expansion will create value for the company through the appreciation of the value of all the assets currently in operation. Lastly, the Realia Group will continue to rotate the rental assets which it believes have reached maturity in terms of creation of value for the shareholder and which, mainly, are not located in key business districts that contribute to the Group's earnings.



Auditor's report  
Consolidated Group

*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

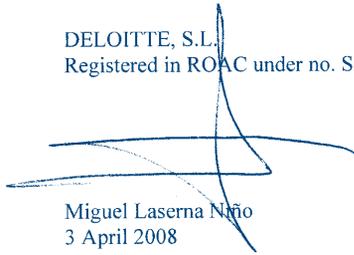
To the Shareholders of

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2007 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made. Our work did not include an examination of the 2007 financial statements of certain subsidiaries and associates, whose aggregate assets and net profit, in absolute terms, represent 44% and 35%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Appendixes I, II and III to the notes to the consolidated financial statements). Our opinion as expressed in this report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.
2. The accompanying consolidated financial statements for 2007 were prepared by the Group in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), which require, in general, that financial statements present comparative information. In this regard, as required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2007 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, the figures for 2006. Our opinion refers only to the consolidated financial statements for 2007. On 4 April 2007, we issued our auditors' report on the 2006 consolidated financial statements, in which we expressed an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors mentioned in paragraph 1 above, the accompanying consolidated financial statements for 2007 present fairly, in all material respects, the consolidated equity and consolidated financial position of Fomento de Construcciones y Contratas, S.A. and Subsidiaries at 31 December 2007 and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that of the preceding year.

4. The accompanying consolidated directors' report for 2007 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2007. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Fomento de Construcciones y Contratas, S.A. and Subsidiaries.

DELOITTE, S.L.  
Registered in ROAC under no. S0692



Miguel Laserna Nájio  
3 April 2008





# Financial statements, Directors' report and Auditor's report

Fomento de Construcciones y Contratas, S.A.



# Financial statements

## Fomento de Construcciones y Contratas, S.A.

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## Balance sheet

### Fomento de Construcciones y Contratas, S.A.

| ASSETS   | 31-12-2007       | 31-12-2006       |
|--|------------------|------------------|
| <b>Non-current assets</b>  | <b>3,518,644</b> | <b>2,015,136</b> |
| Intangible assets  | 144,865          | 99,592           |
| Concessions, patents, licenses, trademarks and other                     | 38,899           | 38,497           |
| Rights on leased assets  | 150,384          | 97,113           |
| Accumulated amortisation   | (44,418)         | (36,018)         |
| <b>Property, plant and equipment</b>                                     | <b>530,772</b>   | <b>326,728</b>   |
| Land and buildings   | 334,484          | 165,663          |
| Plant and machinery  | 432,515          | 402,741          |
| Other fixtures, tools and furniture                                      | 120,394          | 103,167          |
| Advances and property, plant and equipment in the course of construction | 51,827           | 25,543           |
| Other items of property, plant and equipment                             | 16,512           | 16,169           |
| Allowances   | –                | (311)            |
| Accumulated depreciation   | (424,960)        | (386,244)        |
| <b>Long-term investments</b>   | <b>2,834,851</b> | <b>1,580,660</b> |
| Investments in Group companies   | 1,434,389        | 1,366,731        |
| Investments in associates  | 134,237          | 244,242          |
| Loans to Group companies   | 1,325,733        | 44,880           |
| Loans to associates  | 4,414            | 2,316            |
| Long-term investment securities  | 28,748           | 14,609           |
| Other loans  | 29,103           | 15,468           |
| Long-term deposits and guarantees given                                  | 5,910            | 5,430            |
| Allowances   | (127,683)        | (113,016)        |
| Treasury shares  | 8,156            | 8,156            |
| <b>Deferred charges</b>  | <b>9,447</b>     | <b>5,158</b>     |
| <b>Current assets</b>  | <b>1,172,070</b> | <b>1,908,631</b> |
| Inventories  | 6,088            | 6,536            |
| Raw materials and other supplies   | 6,013            | 6,281            |
| Advances   | 75               | 255              |
| <b>Accounts receivable</b>   | <b>627,028</b>   | <b>527,637</b>   |
| Trade receivables for sales and services                                 | 493,849          | 411,766          |
| Receivable from Group companies  | 49,041           | 34,607           |
| Receivable from associates   | 5,878            | 4,960            |
| Sundry accounts receivable   | 13,594           | 10,584           |
| Employee receivables   | 1,074            | 807              |
| Tax receivables  | 73,981           | 75,437           |
| Allowances   | (10,389)         | (10,524)         |
| <b>Short-term investments</b>  | <b>472,257</b>   | <b>1,313,199</b> |
| Loans to Group companies   | 454,637          | 1,282,355        |
| Loans to associates  | 7,261            | 15,207           |
| Short-term investment securities   | 7,158            | 7,419            |
| Other loans  | 2,714            | 7,990            |
| Short-term deposits and guarantees given                                 | 487              | 576              |
| Allowances   | –                | (348)            |
| Cash   | 62,211           | 51,745           |
| Accrual accounts   | 4,486            | 9,514            |
| <b>Total assets</b>  | <b>4,700,161</b> | <b>3,928,925</b> |

At 31 december 2007

In thousands of euros

| SHAREHOLDERS' EQUITY AND LIABILITIES              | 31-12-2007       | 31-12-2006       |
|---|------------------|------------------|
| <b>Shareholders' equity</b>                       | <b>1,254,613</b> | <b>1,025,087</b> |
| Share capital                                     | 130,567          | 130,567          |
| Share premium                                     | 242,133          | 242,133          |
| Reserves  | 515,685          | 487,343          |
| Legal reserve                                     | 26,113           | 26,113           |
| Reserve for treasury shares                       | 8,156            | 8,156            |
| Reserve for retired shares                        | 2,770            | 2,770            |
| Voluntary reserves                                | 478,646          | 450,304          |
| Profit for the year                               | 504,882          | 295,235          |
| Interim dividend                                  | (138,654)        | (130,191)        |
| <b>Deferred income</b>                            | <b>29,705</b>    | <b>4,322</b>     |
| Grants related to assets                          | 3,899            | 4,302            |
| Exchange gains                                    | 25,806           | 20               |
| Other deferred income                             | –                | –                |
| <b>Provisions for contingencies and charges</b>   | <b>194,989</b>   | <b>186,578</b>   |
| Provisions  | 184,322          | 175,173          |
| Reversion reserve                                 | 10,667           | 11,405           |
| <b>Non-current liabilities</b>                    | <b>1,511,618</b> | <b>272,830</b>   |
| <b>Bank borrowings</b>                            | <b>1,492,442</b> | <b>252,180</b>   |
| Loans and other payables                          | 1,491,295        | 250,372          |
| Long-term finance lease payments payable          | 1,147            | 1,808            |
| <b>Other payables</b>                             | <b>19,176</b>    | <b>20,650</b>    |
| Limited recourse project financing loans          | 3,128            | 5,555            |
| Long-term guarantees and deposits received        | 6,253            | 5,122            |
| Long-term tax payables                            | 9,795            | 9,973            |
| <b>Current liabilities</b>                        | <b>1,709,236</b> | <b>2,440,108</b> |
| <b>Bank borrowings</b>                            | <b>582,170</b>   | <b>1,370,345</b> |
| Loans and other payables                          | 526,353          | 1,336,884        |
| Interest payable                                  | 2,428            | 3,894            |
| Short-term finance lease payments payable         | 53,389           | 29,567           |
| <b>Payable to Group companies and associates</b>  | <b>530,844</b>   | <b>442,466</b>   |
| Payable to Group companies                        | 526,210          | 438,886          |
| Payable to associates                             | 4,634            | 3,580            |
| <b>Trade payables</b>                             | <b>204,603</b>   | <b>191,765</b>   |
| Advances received on orders                       | 28,971           | 20,909           |
| Accounts payable for purchases and services       | 107,594          | 108,256          |
| Notes payable                                     | 68,038           | 62,600           |
| <b>Other non-trade payables</b>                   | <b>347,560</b>   | <b>378,495</b>   |
| Tax payables                                      | 122,181          | 163,292          |
| Notes payable                                     | 12,117           | 9,473            |
| Limited recourse project financing loans          | 2,427            | 2,178            |
| Other payables                                    | 180,389          | 178,683          |
| Remuneration payable                              | 30,370           | 24,756           |
| Short-term guarantees and deposits received       | 76               | 113              |
| Operating provisions                              | 43,906           | 56,990           |
| Accrual accounts                                  | 153              | 47               |
| <b>Total shareholders' equity and liabilities</b> | <b>4,700,161</b> | <b>3,928,925</b> |

## Income statement

### Fomento de Construcciones y Contratas, S.A.

| Debit   | 31-12-2007       | 31-12-2006       |
|---|------------------|------------------|
| <b>Total operating expenses</b>   | <b>1,135,483</b> | <b>1,023,465</b> |
| Cost of materials used and other external expenses  | 184,036          | 179,210          |
| Raw materials and other consumables used  | 104,310          | 92,515           |
| Other external expenses   | 79,726           | 86,695           |
| Staff costs   | 695,849          | 607,196          |
| Wages, salaries and similar expenses  | 529,107          | 455,944          |
| Employee benefit costs  | 166,742          | 151,252          |
| Depreciation and amortisation charge  | 64,336           | 56,341           |
| Change in operating provisions  | (22,230)         | 13,043           |
| Change in allowances for and losses on uncollectible  | 166              | 443              |
| Change in other operating provisions  | (22,396)         | 12,600           |
| Other operating expenses  | 213,492          | 167,675          |
| Outside services  | 207,053          | 162,169          |
| Taxes other than income tax   | 5,391            | 4,776            |
| Provision to the reversion reserve  | 1,048            | 730              |
| <b>Profit from operations</b>   | <b>137,059</b>   | <b>104,016</b>   |
| Finance costs   | 124,306          | 50,132           |
| On debts to Group companies and associates  | 18,960           | 19,366           |
| On debts to third parties and similar costs   | 105,346          | 30,766           |
| Change in investment valuation allowances   | 25,566           | (2,401)          |
| Exchange losses   | 2,191            | 157              |
| <b>Financial profit</b>   | <b>161,882</b>   | <b>206,789</b>   |
| <b>Profit from ordinary activities</b>  | <b>298,941</b>   | <b>310,805</b>   |
| Change in allowances for intangible assets, property, plant and equipment and control portfolio | (11,248)         | (4,720)          |
| Losses on non-current assets  | 367              | 153              |
| Extraordinary expenses and losses   | 15,895           | 43,000           |
| <b>Extraordinary profit</b>   | <b>267,843</b>   | <b>26,187</b>    |
| <b>Profit before tax</b>  | <b>566,784</b>   | <b>336,992</b>   |
| Income tax  | 61,902           | 41,757           |
| <b>Profit for the year</b>  | <b>504,882</b>   | <b>295,235</b>   |

At 31 december 2007

In thousands of euros

| Credit   | 31-12-2007       | 31-12-2006       |
|--|------------------|------------------|
| <b>Total operating income</b>  | <b>1,272,542</b> | <b>1,127,481</b> |
| Revenue  | 1,152,338        | 1,034,525        |
| Work on non-current assets   | 2,035            | 1,227            |
| Other operating income   | 118,169          | 91,729           |
|  |                  |                  |
| <b>Income from equity investments</b>                                | <b>214,757</b>   | <b>227,153</b>   |
| Group companies  | 212,648          | 189,241          |
| Associates   | 2,109            | 36,893           |
| Non-Group companies  | –                | 1,019            |
| <b>Income from other marketable securities and non-current loans</b> | <b>748</b>       | <b>302</b>       |
| Associates   | 94               | 107              |
| Non-Group companies  | 654              | 195              |
| <b>Other finance income</b>  | <b>97,118</b>    | <b>27,159</b>    |
| Group companies and associates                                       | 93,292           | 19,760           |
| Other interest   | 3,788            | 1,672            |
| Gains on investments   | 38               | 5,727            |
| <b>Exchange gains</b>  | <b>1,322</b>     | <b>63</b>        |
|  |                  |                  |
| <b>Gains on non-current assets and control portfolio</b>             | <b>258,556</b>   | <b>617</b>       |
| Gains on treasury share transactions                                 | –                | 3,238            |
| Asset-related grants transferred to profit or loss                   | 521              | 422              |
| <b>Extraordinary income</b>  | <b>13,780</b>    | <b>60,343</b>    |



**Notes to the financial statements**  
**Fomento de Construcciones y Contratas, S.A.**  
**At 31 december 2007 y 2006**

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## 1 Company activities

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that engage in activities such as construction, urban cleaning and integrated water cycle services, car parks, street furniture, passenger transport, vehicle roadworthiness tests, passenger and aircraft ground handling, logistics, cement, real estate, etc.

## 2 Basis of presentation of the financial statements

The accompanying financial statements, which were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures in which it participates, are presented in accordance with the Consolidated Spanish Companies Law, Royal Decree 1564/1989, of 22 December, and subsequent amendments thereto, the Spanish National Chart of Accounts, Royal Decree 1643/1990, of 20 December, and the industry-based adaptations implementing it.

The financial statements are stated in thousands of euros.

The balance sheets and income statements of the joint ventures in which the Company participates were proportionally consolidated on the basis of its percentage share of the profit or loss, income and expenses of each joint venture.

The Company has a 99% ownership interest in the Torre Picasso building, following the purchase of an additional 19% on 20 July 2007 and the 1% acquired by Fedemés, S.L., wholly-owned by Fomento de Construcciones y Contratas, S.A. This building is being operated through an owners' association, consequently the financial statements include the assets, liabilities, income and expenses in proportion to the Company's percentage of ownership.

The joint ventures and the owners' association were included by making the required uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. The detail of any material amounts relating to the joint ventures and the owners' association is included in these notes to the financial statements.

Appendix II lists the joint ventures and indicates the percentage share of their results.

The financial statements of Fomento de Construcciones y Contratas, S.A., which were prepared by its directors, have not yet been approved by the shareholders at the Annual General Meeting. However, it is expected that they will be approved without any changes.

Since Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, it is obliged under current legislation to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002, as well as all provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2007, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The consolidated financial statements of Fomento de Construcciones y Contratas, S.A. prepared in conformity with IFRSs present total assets of EUR 23,713,187 thousand and net worth attributable to the Company's shareholders of EUR 2,686,162 thousand. Consolidated sales and consolidated profit attributable to the Parent amount to EUR 13,880,633 thousand and EUR 737,851 thousand, respectively.

### 3 Distribution of profit

The proposed distribution of profit of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the shareholders at the Annual General Meeting is as follows:

|   | Amount              |
|---|---------------------|
| Profit for the year, before distribution  | 504,882             |
| <b>Distribution:</b>  |                     |
| Interim dividend  | EUR 1.065 per share |
| Final dividend  | EUR 1.065 per share |
| To voluntary reserves:  |                     |
| The amount remaining after payment of the interim and final dividends on outstanding shares carrying dividend rights at the date of payment will be allocated to this reserve |                     |

On 18 December 2007, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of 2007 profit equal to 106.50% gross of the par value of the shares, i.e. EUR 1.065 per share. The total amount of this dividend, EUR 138,654 thousand, was paid on or after 9 January 2008 on outstanding shares carrying dividend rights.

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Appendix IV hereto.

### 4 Measurement bases

The principal measurement bases applied by the Company in preparing its financial statements were as follows:

#### a) Intangible assets

Intangible assets are recognised at cost.

Tangible items held under finance leases are amortised by the straight-line method over the years of estimated useful life, which are the same as those established for property, plant and equipment. Administrative concessions are amortised over the concession period, which ranges on average from 25 to 50 years.

#### b) Property, plant and equipment

Property, plant and equipment are carried at acquisition cost or at production cost if the Company has performed in-house work thereon.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in the income statement for the year in which they are incurred.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

|  | Years of estimated useful life |
|--|--------------------------------|
| Buildings and other structures               | 25 – 50                        |
| Torre Picasso building                       | 75                             |
| Plant and machinery                          | 5 – 15                         |
| Other fixtures, tools and furniture          | 8 – 12                         |
| Other items of property, plant and equipment | 4 – 10                         |

Property, plant and equipment assigned exclusively to certain specific contracts are depreciated over the shorter of the years of useful life indicated above and the contract term.

Interest on loans used to finance non-current assets is generally charged to the income statement in the year in which it is incurred. However, for non-current assets whose construction requires a substantial period of time, cost includes the interest accrued on their financing until they come into operation. No material amounts were capitalised in this connection.

### c) Deferred charges

The Company capitalises the finance costs arising from the financing of the non-current assets required to carry on its water supply/treatment line of business, in accordance with the related industry adaptation of the Spanish National Chart of Accounts. The costs thus capitalised are deferred over the term of the service, provided that there is evidence that future income will enable the costs previously incurred to be recovered. These costs are allocated to income based on the proportion of operating income in relation to total income forecast in the economic-financial plan applied to finance costs.

The costs incurred to arrange the capitalised borrowing facilities taken out are allocated to income on a time proportion basis over the useful life of the related debt.

### d) Investments. Marketable securities and non-trade loans

In accordance with current legislation, investments in listed and unlisted marketable securities are carried at cost, net of the required valuation allowances. Consequently, the Company records all unrealised losses existing at year-end, but does not recognise any unrealised gains, except for those disclosed at the time of acquisition and still existing at the date of subsequent measurement.

Loans are measured at the amount delivered plus the unmatured accrued interest at the balance-sheet date. The appropriate value adjustments are made by recognising allowances for doubtful debts.

Securities and loans maturing within no more than 12 months from the balance sheet date are classified as short-term items (current assets) and those maturing within more than 12 months as long-term items (non-current assets). Other investments of a permanent nature are classified as non-current assets.

### e) Inventories

Inventories are stated at average acquisition price or average production cost and the necessary valuation adjustments are made to reduce the carrying amount to market value, if this is lower. Allowances are also recorded for the impairment of obsolete inventories.

### f) Treasury shares

Treasury shares are carried in accordance with their consolidated underlying carrying amount.

### g) Grants

Non-refundable grants related to assets are recognised as income in proportion to the depreciation charged on those assets.

### h) Provisions for pensions and similar obligations

The Company has not established any pension plans to supplement the social security pension benefits. Pursuant to the consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the Company externalises its obligations to its employees in this connection.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, executive directors and executives. In particular, the contingencies giving rise to benefits relate to employee terminations on any of the following grounds:

- a) Unilateral decision of the company.
- b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacity.
- e) Substantial change in professional terms and conditions.
- f) Vacation of office on reaching 60 years of age, at the executive's request and with the consent of the Company.
- g) Vacation of office on reaching 65 years of age, by unilateral decision of the executive.

The accompanying income statement includes premium payments in relation to this insurance policy amounting to EUR 970 thousand and collection of rebates amounting to EUR 4,108 thousand. At 31 December 2007, after payment of the aforementioned net amounts, the fair value of the premiums contributed covered all the actuarial obligations assumed.

#### **i) Provisions for contingencies and charges**

The Company has recorded provisions for contingencies and charges relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain since they are dependent on the fulfilment of certain conditions. These provisions are recorded when the related liability or obligation arises.

#### **j) Reversion reserve**

The Company records a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession term. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession term the net carrying amount (after deduction of the related accumulated depreciation) is zero.

The Company considers that the periodic maintenance plans for its assets, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concessions and that, therefore, no significant expenses will arise as a result of their return.

#### **k) Classification of debt**

Debts maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

Debts are stated at the amounts drawn plus the unmaturing accrued interest. Non-trade debts are carried at their repayment value and the interest on the transaction is recorded under "Deferred Charges" or "Accrual Accounts" on the asset side of the balance sheet, depending on whether the principal amount is classified as current or non-current. The interest is taken to income on the basis of the principal amount outstanding.

#### **l) Income tax**

The income tax expense of each year is calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences, which do not reverse in subsequent periods, between taxable profit for income tax purposes and accounting profit. To this adjusted accounting profit the Company applies the current tax rate and deducts the tax credits and tax relief earned in the year.

#### **m) Foreign currency transactions**

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the balance sheet date. Exchange losses are charged to income, whereas exchange gains are deferred until realised and are recognised under "Deferred Income".

The differences resulting from fluctuations in exchange rates from the date on which the transactions were made, or the related values were adjusted, to the date of collection or payment are recognised in the income statement.

#### **n) Revenue and expense recognition**

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The Company recognises as the period result on its contracts the difference between period production (measured at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Unbilled Production" under "Trade Receivables for Sales and Services". Pre-billings for various items are recorded under "Advances Received on Orders" on the liability side of the balance sheet.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions (see Notes 4-i and 12).

## o) Information on the environment

As indicated in Note 1, the Company engages mainly in services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof upon completion of its operations. Also, the Company has non-current assets for the protection of the environment and bears any costs required for this purpose in the performance of its business activities.

The acquisition costs of these non-current assets used in environmental conservation are recognised under "Property, Plant and Equipment" or "Intangible Assets" based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets. Also, in accordance with current accounting regulations, the Company recognises the expenses and provisions arising from its environmental commitments.

## p) Derivatives

Pursuant to Article 200 of the Consolidated Companies Law, as amended by Law 62/2003, of 30 December, for each type of derivative financial instrument the fair value and information relating to its scope and nature must be disclosed.

At the year-end cash flow swaps maturing in 2013 exist to cover fluctuations in the interest rates of loans in relation to the financing provided to Azincourt Investment, S.L. Sole-Shareholder Company (see Notes 7.I and 13.c). At year-end the estimated present value of the payment liability was EUR 4,183 thousand, EUR 3,909 thousand of which covered the tranche financed in pounds sterling.

# 5 Intangible assets

The detail of "Intangible Assets" and of the related accumulated amortisation at 31 December 2007 is as follows:

|  | Cost           | Accumulated Amortisation | Net            |
|--|----------------|--------------------------|----------------|
| Concessions, patents, licenses, trademarks and other | 38,899         | (20,331)                 | 18,568         |
| Rights on leased assets                              | 150,384        | (24,087)                 | 126,297        |
|  | <b>189,283</b> | <b>(44,418)</b>          | <b>144,865</b> |

The changes in 2007 in this heading in the accompanying balance sheet were as follows:

|  | Balance at 31-12-06 | Additions or charge for the year | Disposals or Reductions | Transfers       | Balance at 31-12-07 |
|--|---------------------|----------------------------------|-------------------------|-----------------|---------------------|
| Concessions, patents, licenses, trademarks and similar | 38,497              | 972                              | (570)                   | –               | 38,899              |
| Rights on leased assets                                | 97,113              | 93,286                           | –                       | (40,015)        | 150,384             |
| Accumulated amortisation                               | (36,018)            | (18,382)                         | 339                     | 9,643           | (44,418)            |
|  | <b>99,592</b>       | <b>75,876</b>                    | <b>(231)</b>            | <b>(30,372)</b> | <b>144,865</b>      |

"Concessions, Patents, Licenses, Trademarks and Other" relates mainly to joint ventures and includes most notably the amounts paid to obtain concessions for, inter alia, water supply services, which are being amortised on a straight-line basis over the concession term.

The features of the finance lease contracts in force at 2007 year-end are as follows:

|   |         |
|---|---------|
| Original cost of the assets                           | 150,384 |
| Value of purchase options                             | 1,483   |
| Contract term (years)                                 | 2       |
| Lease payments paid in the year                       | 69,768  |
| Lease payments paid in prior years                    | 29,063  |
| Lease payments outstanding, including purchase option | 54,536  |

The detail of the assets held under finance leases at 31 December 2007 is as follows:

|                                     |                |
|-------------------------------------|----------------|
|                                     |                |
| Plant and machinery                 | 124,115        |
| Other fixtures, tools and furniture | 25,526         |
| Other non-current assets            | 743            |
|                                     | <b>150,384</b> |

## 6 Property, plant and equipment

The detail of "Property, Plant and Equipment" and of the related accumulated depreciation at 31 December 2007 is as follows:

|  | Cost           | Accumulated Depreciation | Net            |
|--|----------------|--------------------------|----------------|
| Land and buildings   | 334,484        | (59,341)                 | 275,143        |
| Plant and machinery  | 432,515        | (279,719)                | 152,796        |
| Other fixtures, tools and furniture                                      | 120,394        | (73,198)                 | 47,196         |
| Advances and property, plant and equipment in the course of construction | 51,827         | –                        | 51,827         |
| Other property, plant and equipment                                      | 16,512         | (12,702)                 | 3,810          |
|  | <b>955,732</b> | <b>(424,960)</b>         | <b>530,772</b> |

EUR 85,144 thousand of the net carrying amount of property, plant and equipment relate to joint ventures.

All the property, plant and equipment were being used in production at 2007 year-end; however, EUR 196,025 thousand of property, plant and equipment had been fully depreciated.

The Company takes out the insurance policies it considers necessary to cover the possible risks to which its property, plant and equipment are subject.

The changes in property, plant and equipment, broken down to show the additions, disposals and reductions in 2007, were as follows:

|  | Balance at 31-12-06 | Additions or charge for the year | Disposals or Reductions | Transfers     | Balance at 31-12-07 |
|--|---------------------|----------------------------------|-------------------------|---------------|---------------------|
| Land and buildings   | 165,663             | 167,919                          | (1,668)                 | 2,570         | 334,484             |
| Plant and machinery  | 402,741             | 9,927                            | (16,428)                | 36,275        | 432,515             |
| Other fixtures, tools and furniture                                    | 103,167             | 11,218                           | (813)                   | 6,822         | 120,394             |
| Advances and property, plant and equipment in the course of production | 25,543              | 32,911                           | (975)                   | (5,652)       | 51,827              |
| Other property, plant and equipment                                    | 16,169              | 864                              | (521)                   | –             | 16,512              |
| Allowances   | (311)               | –                                | 311                     | –             | –                   |
| Accumulated depreciation   | (386,244)           | (45,954)                         | 16,881                  | (9,643)       | (424,960)           |
|  | <b>326,728</b>      | <b>176,885</b>                   | <b>(3,213)</b>          | <b>30,372</b> | <b>530,772</b>      |

The changes in 2007 included most notably the investment of EUR 163,902 thousand in relation to the purchase of 19% of the Torre Picasso building (see Note 2).

## 7 Investments, marketable securities and non-trade loans

### I. Long-term investments

The breakdown of long-term investments at 31 December 2007 is as follows:

|   | Cost             | Allowances       | Net              |
|---|------------------|------------------|------------------|
| Investments in Group companies          | 1,434,389        | (13,836)         | 1,420,553        |
| Investments in associates               | 134,237          | (80,893)         | 53,344           |
| Loans to Group companies                | 1,325,733        | –                | 1,325,733        |
| Loans to associates                     | 4,414            | –                | 4,414            |
| Long-term investment securities         | 28,748           | (27,413)         | 1,335            |
| Other loans                             | 29,103           | (5,541)          | 23,562           |
| Long-term deposits and guarantees given | 5,910            | –                | 5,910            |
|   | <b>2,962,534</b> | <b>(127,683)</b> | <b>2,834,851</b> |

The detail of the changes in this heading is as follows:

|   | Balance at<br>31-12-06 | Additions<br>or charge<br>for the year | Disposals or<br>Reductions | Transfers    | Balance at<br>31-12-07 |
|---|------------------------|--|----------------------------|--------------|------------------------|
| Investments in Group companies          | 1,366,731              | 21                                     | (42,370)                   | 110,007      | 1,434,389              |
| Investments in associates               | 244,242                | 2                                      | –                          | (110,007)    | 134,237                |
| Loans to Group companies                | 44,880                 | 1,280,768                              | –                          | 85           | 1,325,733              |
| Loans to associates                     | 2,316                  | 2,542                                  | –                          | (444)        | 4,414                  |
| Long-term investment securities         | 14,609                 | 14,139                                 | –                          | –            | 28,748                 |
| Other loans                             | 15,468                 | 14,558                                 | (439)                      | (484)        | 29,103                 |
| Long-term deposits and guarantees given | 5,430                  | 896                                    | (416)                      | –            | 5,910                  |
| Allowances                              | (113,016)              | (26,760)                               | 12,093                     | –            | (127,683)              |
|   | <b>1,580,660</b>       | <b>1,286,166</b>                       | <b>(31,132)</b>            | <b>(843)</b> | <b>2,834,851</b>       |

The detail, by company, of investments in Group companies and associates is provided in Appendices I and III, respectively, indicating, for each company in which the Company has a direct holding, the following data: company name, address, line of business, percentage of direct or indirect ownership, share capital and reserves, profit or loss, dividends received, listing status and the carrying amount of the holding.

The changes in the investment portfolio in Group companies and associates included most notably taking control of the Realia Group, which led to its treatment as an investment in a Group company in 2007 rather than as an investment in an associate, as was the case in 2006 and previously. Control was taken by entering into certain agreements with Caja Madrid, the other reference shareholder in this Group which, as in the case of the FCC Group, also held a 49.17% ownership interest in the Realia Group prior to its stock market floatation.

The agreements are set out in the "Shareholders Agreement" signed on 8 May 2007 and, inter alia, establish the following:

- Formation of the holding company "RB Business Holding, S.L." 50%-owned by Fomento de Construcciones y Contratas, S.A. and Caja Madrid.
- Contribution by the FCC Group and Caja Madrid to RB Business Holding, S.L. of shares representing 25.50% of the share capital of Realia, as a result of which RB Business Holding, S.L. took a 51% ownership interest in Realia Business, S.A.
- Appointment by Fomento de Construcciones y Contratas, S.A. of the majority of the directors in RB Business Holding, S.L. and in Realia Business, S.A., and of the executive directors of these companies, subject to the protection rights in favour of Caja Madrid and the mechanism for resolving deadlocks envisaged in the aforementioned agreement. The protection rights are implemented in the requirement that a reinforced qualified majority be obtained to resolve validly on certain matters.

On 6 June 2007 the primary offering of shares at Realia Business, S.A. was made followed by their admission to listing on the Madrid, Barcelona, Valencia and Bilbao stock markets, and their trading in the Spanish Unified Computerised Trading System (continuous market). Accordingly, the agreements between shareholders, whereby the shareholding structure that had existed since the incorporation of Realia Business, S.A. in 2000 changed, were completed.

In the aforementioned primary offering Fomento de Construcciones y Contratas, S.A. disposed of 17.04% of the share capital of Realia Business, S.A. with a carrying amount of EUR 42,370 thousand giving rise to profit before tax for the Company of EUR 258,016 thousand, which was recognised as extraordinary income in the accompanying income statement.

At 31 December 2007 Fomento de Construcciones y Contratas, S.A. had a direct ownership interest of 1.70% in Realia Business, S.A., which was not disposed of in the aforementioned primary offering and was measured at EUR 4,237 thousand in the balance sheet. It also had a direct ownership interest of 50% in RB Business Holding, S.L., which in turn holds a 51% ownership interest in Realia Business, S.A. measured at EUR 63,400 thousand.

A detail of the most significant balances under "Long-Term Investments - Loans to Group Companies" is as follows:

| Azincourt Investment, S.L. Sole-Shareholder Company | 1,081,187        |
|---|------------------|
| FCC Versia, S.A.                                    | 140,000          |
| Aqualia Gestión Integral del Agua, S.A.             | 67,000           |
| Enviropower Investments, Ltd.                       | 22,574           |
| ASA Abfall Service AG                               | 14,000           |
| Remainder   | 972              |
|   | <b>1,325,733</b> |

This heading included most notably the participating loan of EUR 1,081,187 thousand granted to Azincourt Investment, S.L. Sole-Shareholder Company, a wholly-owned investee of Fomento de Construcciones y Contratas, S.A., the former being the holder of the investment portfolio of the Waste Recycling Group acquired in 2006. This loan matures in December 2013, like the bank loan relating thereto (see Note 13.c). The loan earns fixed interest at 2.95% on a portion thereof and the variable portion earns interest based on certain performance indicators of the borrower. At the year-end the participating loan had accrued interest of EUR 75,628 thousand, which was recognised under "Other Finance Income from Group Companies" in the accompanying income statement.

The breakdown of the balance of "Long-Term Investment Securities" is as follows:

|   | Carrying Amount |                 |
|---|-----------------|-----------------|
|   | Assets          | Allowances      |
| Artscapital Investment, S.A.<br>(10.83% shareholding) | 4,171           | (4,171)         |
| Shopnet Brokers, S.A.<br>(15.54% shareholding)        | 2,796           | (2,796)         |
| Xfera Móviles, S.A.<br>(3.44% shareholding)           | 20,373          | (20,373)        |
| Other   | 1,408           | (73)            |
|   | <b>28,748</b>   | <b>(27,413)</b> |

Fomento de Construcciones y Contratas, S.A. invested an additional EUR 23,770 thousand in Xfera Móviles, S.A. in 2007. The overall investment is recognised under "Long-Term Investment Securities" at EUR 20,373 thousand and "Other Loans" (for the participating loans granted) at EUR 12,281 thousand in the balance sheet. At year-end the Company measured all the assets in Xfera Móviles, S.A., valued at EUR 32,654 thousand, based on their underlying carrying amount and therefore made a charge for the year for a total of EUR 25,914 thousand recognised under "Change in Investment Valuation Allowances" in the accompanying income statement and recognised in the balance sheet under "Long-term investment securities - Allowances" at EUR 20,373 thousand "Other Loans - Allowances" at EUR 5,541 thousand.

At 31 December 2007, the Company had provided guarantees for Xfera Móviles, S.A. amounting to EUR 8,014 thousand. Additionally, Fomento de Construcciones y Contratas, S.A. has a put option on the portfolio of Xfera Móviles, S.A. that is symmetrical to the call option held by Sonera Holding B.V. These rights can only be exercised on the maturity date in 2011, provided that certain terms and conditions are met, including most notably that Xfera Móviles, S.A. generates profit over two consecutive years prior to the aforementioned maturity date.

Changes in allowances for the year include the reversals of FCC Internacional B.V. and Egypt Environmental Services S.A.E. of EUR 7,682 thousand and EUR 3,524 thousand, respectively.

## II. Short-term investments

This heading includes basically the loans and other non-trade credit facilities granted, inter alia, to Group companies and associates to cater for certain specific cash situations and other short-term investments. These investments are measured at the lower of cost and market, plus the interest earned at market rates.

The most significant balances under "Loans to Group Companies" are as follows:

|   |                |
|---|----------------|
|   |                |
| FCC Construcción, S.A.                              | 331,465        |
| Azincourt Investment, S.L. Sole-Shareholder Company | 77,628         |
| Giza Environmental Services S.A.E.                  | 17,349         |
| Other   | 28,195         |
|   | <b>454,637</b> |

In 2007 the bridge loan arranged on 22 September 2006 was renegotiated to finance Azincourt Investment, S.L. (see Note 13) and, as a result, was transferred to long-term.

In general, the loans to Group companies earn interest at market rates.

## 8 Deferred Charges

The changes in 2007 in this heading in the accompanying balance sheet were as follows:

|                                 | Balance at<br>31/12/06 | Additions    | Amounts taken to<br>income or transfers | Balance at<br>31/12/07 |
|---------------------------------|------------------------|--------------|---|------------------------|
| Financing of non-current assets | 5,121                  | 40           | (332)                                   | 4,829                  |
| For debt arrangement            | –                      | 5,343        | (728)                                   | 4,615                  |
| Finance leases                  | 37                     | 195          | (229)                                   | 3                      |
|                                 | <b>5,158</b>           | <b>5,578</b> | <b>(1,289)</b>                          | <b>9,447</b>           |

## 9 Accounts receivable

The most significant accounts under this heading are as follows:

### a) Trade receivables for sales and services

The breakdown of the balance of this account in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows.

|  |                |
|--|----------------|
|  |                |
| Receivable for billed production         | 419,890        |
| Unbilled production                      | 73,959         |
| Trade receivables for sales and services | 493,849        |
| Advances received on orders              | (28,971)       |
| <b>Total trade receivables, net</b>      | <b>464,878</b> |

EUR 74,790 thousand of the net trade receivables balance relate to joint ventures.

The foregoing total is the net balance of trade receivables after deducting the balance of "Advances Received on Orders" on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

"Receivable for Billed Production" reflects the amount of the billings issued to customers for services provided pending collection at the balance sheet date.

"Unbilled Production" reflects the difference between the production recognised by Fomento de Construcciones y Contratas, S.A. on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company assigns trade receivables to financial institutions without recourse against Fomento de Construcciones y Contratas, S.A. in the event of non-payment. The amount deducted from the trade receivables balance at year-end in this connection amounted to EUR 109,077 thousand. These transactions bear interest on normal market terms and conditions. Collection management continues to be performed by Fomento de Construcciones y Contratas, S.A.

#### b) Receivable from Group companies

This heading includes the balances for operating transactions with companies forming part of the Fomento de Construcciones y Contratas Group.

#### c) Tax receivables

The breakdown of "Tax Receivables" is detailed in Note 14 "Tax Matters".

## 10 Shareholders' equity

The changes in 2007 were as follows:

|                             | Balance at<br>31/12/06 | 2005 Retained<br>Earnings | Dividends<br>Distributed | Profit for the<br>Year | Balance at<br>31/12/07 |
|-----------------------------|------------------------|---------------------------|--------------------------|------------------------|------------------------|
| Share capital               | 130,567                | –                         | –                        | –                      | 130,567                |
| Share premium               | 242,133                | –                         | –                        | –                      | 242,133                |
| Legal reserve               | 26,113                 | –                         | –                        | –                      | 26,113                 |
| Reserve for treasury shares | 8,156                  | –                         | –                        | –                      | 8,156                  |
| Reserve for retired capital | 2,770                  | –                         | –                        | –                      | 2,770                  |
| Voluntary reserves          | 450,304                | 28,342                    | –                        | –                      | 478,646                |
| Profit for the year         | 295,235                | (28,342)                  | (266,893)                | 504,882                | 504,882                |
| Interim dividend            | (130,191)              | –                         | 130,191                  | (138,654)              | (138,654)              |
| <b>Shareholders' equity</b> | <b>1,025,087</b>       | <b>–</b>                  | <b>(136,702)</b>         | <b>366,228</b>         | <b>1,254,613</b>       |

#### a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish stock market interconnection system.

With regard to the investments of 10% or more owned directly or indirectly (through subsidiaries) by other companies, as required by current legislation, B-1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.483% in the share capital. Also, per the data recorded at the Spanish National Securities Market Commission (CNMV), Inmobiliaria Colonial, S.A. has an ownership interest of 15.066%.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu (following the acquisition of 10.552% from Ibersuizas Holdings, S.L. on 30 January 2008), Simante, S.L., Larranza XXI, S.L. and Eurocis, S.A. have ownership interests of 83.927%, 5.726%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders which are recorded and published by the CNMV and in the FCC Group's Corporate Governance Report.

#### **b) Share premium**

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

#### **c) Legal reserve**

Under the Consolidated Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2007, the legal reserve had reached the stipulated level.

#### **d) Treasury shares**

The Company holds 375,986 treasury shares of EUR 1 par value each, representing 0.29% of its share capital, with a carrying amount of EUR 8,156 thousand.

In compliance with the obligation provided for under Article 79.3 of the Companies Law, the Company recognised, with a charge to voluntary reserves, a reserve for treasury shares amounting to EUR 8,156 thousand. This reserve is restricted until the shares are disposed of or retired.

#### **e) Reserve for retired shares**

This reserve includes the par value of the treasury shares retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

## **11 Grants**

The accompanying balance sheet includes grants received in the past amounting to EUR 8,706 thousand, EUR 4,807 thousand of which have been taken to income, including EUR 521 thousand in the year ended 31 December 2007. This amount relates mostly to joint ventures.

## 12 Provisions and allowances

The changes in 2007 were follows:

|                     | Balance at<br>31/12/06 | Period<br>Provisions | Amounts<br>Used | Reversals      | Transfers<br>and Other | Balance at<br>31/12/07 |
|---------------------|------------------------|----------------------|-----------------|----------------|------------------------|------------------------|
| <b>Provisions</b>   |                        |                      |                 |                |                        |                        |
| Litigation          | 67,679                 | 3,600                | –               | (612)          | 3,109                  | 73,776                 |
| Other contingencies | 107,494                | 7,570                | (338)           | (1,071)        | (3,109)                | 110,546                |
|                     | 175,173                | 11,170               | (338)           | (1,683)        | –                      | 184,322                |
| Reversion reserve   | 11,405                 | 1,048                | –               | (1,786)        | –                      | 10,667                 |
|                     | <b>186,578</b>         | <b>12,218</b>        | <b>(338)</b>    | <b>(3,469)</b> | <b>–</b>               | <b>194,989</b>         |

### Operating provisions

|   | Balance at<br>31/12/06 | Period<br>Provisions | Amounts<br>Used | Reversals       | Transfers | Balance at<br>31/12/07 |
|---|------------------------|----------------------|-----------------|-----------------|-----------|------------------------|
| <b>Provisions</b>                                   |                        |                      |                 |                 |           |                        |
| Legal and contractual<br>guarantees and obligations | 42,986                 | 320                  | –               | (11,674)        | 250       | 31,882                 |
| Other contingencies                                 | 14,004                 | 141                  | –               | (1,871)         | (250)     | 12,024                 |
|   | <b>56,990</b>          | <b>461</b>           | <b>–</b>        | <b>(13,545)</b> | <b>–</b>  | <b>43,906</b>          |

The Company recognises the provisions required for third-party liability and other estimated contingencies, as mentioned in Note 4-i. It also records a reversion reserve as indicated in Note 4-j.

## 13 Non-trade payables

### a) Non-current liabilities

The long-term payables in each of the various accounts in the accompanying balance sheet mature as follows:

|   | 2009           | 2010           | 2011           | 2012           | 2013 and<br>subsequent<br>years | Total            |
|---|----------------|----------------|----------------|----------------|---------------------------------|------------------|
| Bank borrowings                             | 100,830        | 100,830        | 240,830        | 560,830        | 489,122                         | 1,492,442        |
| Limited recourse project<br>financing loans | 2,701          | 427            | –              | –              | –                               | 3,128            |
| Long-term tax payables                      | 178            | 178            | 178            | 178            | 9,083                           | 9,795            |
| Guarantees and deposits                     | 959            | 1,015          | 857            | 112            | 3,310                           | 6,253            |
|   | <b>104,668</b> | <b>102,450</b> | <b>241,865</b> | <b>561,120</b> | <b>501,515</b>                  | <b>1,511,618</b> |

The detail relating to bank borrowings is shown in this Note 13-c) relating to finance facilities.

The balance of "Limited Recourse Project Financing Loans" relates to the payments outstanding in connection with the investments made by the Aqualia-FCC-Vigo joint venture which operates the water supply in Vigo. The main features of this debt are as follows: the interest rate on the amount outstanding is Euribor plus a spread based on market rates; repayment is in semi-annual instalments ending in 2010; the repayments are being made using the joint venture's revenue from operating the service and, if the contract terms and conditions are met, with no other liability for the venturers if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest.

The detail of the balance of "Long-Term Tax Payables" is disclosed in Note 14 ("Tax Matters").

## b) Current liabilities

“Payable to Group Companies and Associates” includes the loans from these companies, which bear interest at market rates, and the operating payables to these companies. The most significant balances under this heading are as follows:

|  |                |
|--|----------------|
|  |                |
| Grucyca, S.A.                          | 202,947        |
| Corporación Financiera Hispánica, S.A. | 178,744        |
| Asesoría Financiera y de Gestión, S.A. | 78,715         |
| Other                                  | 70,438         |
|  | <b>530,844</b> |

This heading also includes the interim dividend out of profit for 2007 amounting to EUR 138,654 thousand (see Note 3).

The content of “Tax Payables” is disclosed in Note 14 “Tax Matters”.

## c) Finance facilities

The Company has long- and short-term credit facilities related to its bank borrowings with a limit of EUR 3,469,365 thousand, of which EUR 1,451,717 thousand had not been drawn down at 31 December 2007.

The finance facilities include most notably:

- A syndicated loan arranged by the Company on 19 July 2007 for EUR 800,000 thousand subdivided in two tranches: Tranche “A”, a long-term loan totalling EUR 280,000 thousand, with partial maturities in July 2011 and July 2012 (50% at each maturity), and tranche “B”, a loan totalling EUR 520,000 thousand, maturing in December 2012, of which EUR 320,000 thousand had been drawn down at year-end. The interest rate borne for both tranches in 2007 is linked to Euribor plus a spread determined based on the change in the net financial debt/EBITDA ratio of the FCC Group, which was initially 0.325%. This spread will be adjusted each year. The heading “Non-Current Liabilities – Bank Borrowings” in the accompanying balance sheet includes EUR 600,000 thousand relating to this loan.
- A syndicated loan arranged by the Company on 25 January 2007 (replacing the bridge loan for EUR 1,030,000 thousand arranged in 2006 to finance Azincourt Investment, S.L. Sole-Shareholder Company, a wholly-owned investee of Fomento de Construcciones y Contratas, S.A., in the acquisition of the UK company Waste Recycling Group Ltd. and its group of companies). This loan is organised in two tranches, the first for an initial amount of EUR 819,700 thousand and the second in pounds sterling totalling EUR 200,000 thousand. Both tranches mature in December 2013 and are repaid in semi-annual instalments amounting to 4.615% of initial loan principal, and the remaining 40.005% of the loan is repaid at final maturity.

At year-end repayment of EUR 744,042 thousand of the tranche in euros was outstanding in euros (EUR 668,383 thousand at long-term and the remainder at short-term) and GBP 181,540 thousand in pounds sterling which at the year-end euro/GBP exchange rate totalled EUR 247,548 thousand (EUR 222,702 thousand at long-term and the remainder at short-term). The interest rate on the tranche in euros is linked to Euribor plus a spread determined based on the change in the net financial debt/EBITDA ratio of the FCC Group, which was initially 0.375%. This spread will be adjusted each year. The interest rate borne on the tranche in pounds sterling is linked to Libor and the spread is the same as that detailed for the tranche in euros. This syndicated loan has associated derivative instruments (see Note 4-p).

Also, due to fluctuations in the euro/pound sterling exchange rate, the loan in pounds sterling gave rise to exchange gains in the year of EUR 1,161 thousand, recognised as finance income in the accompanying income statement, and unrealised exchange gains of EUR 25,806 thousand, recognised under the heading of the same name on the liability side of the accompanying balance sheet.

- A syndicated loan arranged by the Company on 30 July 2003 for EUR 800,000 thousand, subdivided in two tranches: tranche “A”, amounting to EUR 300,000 thousand matured in 2007, leaving EUR 400,000 thousand maturing in July 2008, and tranche “B”, a revolving line of credit amounting to EUR 100,000 thousand, with final maturity on 30 July 2008. At 31 December 2007, EUR 400,000 thousand were available for drawdown and recognised under the heading “Current Liabilities – Bank Borrowings”. The financial cost of the two tranches is tied to Euribor plus a spread established on the basis of the debt-equity ratio of each year per the financial statements of the FCC Group.

In relation to Company financing it should be indicated that certain ratios relating to the coverage of finance charges and debt level in terms of gross operating profit (Ebitda) must be met. At year-end the established ratios had been complied with.

## 14 Tax matters

The detail of the balances of the tax receivables and tax payables on the asset and liability sides, respectively, of the accompanying balance sheet is as follows:

### I. Non-current

The balance of EUR 9,795 thousand under "Tax Payables" relates to the deferred tax liability relating to 30% of the accelerated depreciation of the Torre Picasso building, which qualifies for the tax incentives provided for in Royal Decree-Law 2/1985. The maturity schedule indicated in Note 13 relates to the years in which this deferred tax liability will reverse, calculated on the basis of the useful lives of the related assets.

### II. Corto plazo

|  |  | EUR thousand   |
|--|--|----------------|
| <b>Tax receivables:</b>  |  |                |
| Deferred income tax asset  |  | 67,729         |
| VAT refundable   |  | 4,595          |
| Other items  |  | 1,657          |
|  |  | <b>73,981</b>  |
| <b>Tax payables:</b>   |  |                |
| Personal and income tax withholdings<br>(from salary income and income from movable capital) |  | 8,380          |
| Deferred income tax liability  |  | 39,920         |
| Income tax payable   |  | 53,042         |
| VAT and other indirect taxes payable   |  | 2,576          |
| Levies and taxes other than income tax   |  | 3,086          |
| Accrued social security taxes payable  |  | 15,177         |
|  |  | <b>122,181</b> |

### Reconciliation of the accounting profit to the taxable profit for income tax purposes

| Accounting profit for the year before tax |           |               | 566,784        |
|---|-----------|---------------|----------------|
|   | Increases | Decreases     |                |
| Permanent differences                     | 1,305     | 586           | 719            |
| <b>Adjusted accounting profit</b>         | <b>–</b>  | <b>–</b>      | <b>567,503</b> |
| Temporary differences:                    | –         | –             | –              |
| – Arising in the year                     | 30,296    | –             | (4,727)        |
| – Arising in prior years                  | 18,519    | 35,023        | (9,919)        |
| <b>Taxable profit</b>                     |           | <b>28,438</b> | <b>552,857</b> |

|  |               |
|--|---------------|
| Adjusted accounting profit               | 567,503       |
| Income tax charge (32.5%)                | 184,438       |
| Inter-company double taxation tax credit | (86,448)      |
| Reinvestment tax credit                  | (29,504)      |
| Other tax credits and tax relief         | (7,046)       |
| Other adjustments                        | 462           |
| <b>Income tax expense</b>                | <b>61,902</b> |

Salient in 2007 was the use of the reinvestment tax credit for the extraordinary profit arising from the sale of 17.04% of the portfolio of Realía Business, S.A. (see Note 7). The tax credit was applied to income totalling EUR 203,478 thousand. The reinvestment will be made in assets included among those provided for in Article Royal Decree-Law 4/2004 and will be held for the stipulated time periods.

The temporary differences arose mainly as a result of the following:

- The increases include most notably the provisions and expenses recognised for accounting purposes, which will be tax deductible in subsequent years.
- The decreases include the profits of joint ventures which will be included in the tax base for income tax purposes of the following year, the deferral of the amortisation or depreciation charge of the non-current assets acquired under leases, and the expenses recognised in prior years which became tax deductible in 2007, since the requirements established by current legislation had been met.

The changes in 2007 in the current and non-current deferred tax assets and liabilities were as follows:

|                            |         | Deferred<br>Tax Asset |         | Deferred<br>Tax Liability |
|----------------------------|---------|-----------------------|---------|---------------------------|
| <b>Balance at 31/12/06</b> | –       | <b>70,056</b>         | –       | <b>47,613</b>             |
| Temporary differences      | –       | 604                   | –       | 5,363                     |
| Arising in the year        | 9,846   | –                     | 11,382  | –                         |
| Arising in prior years     | (9,242) | –                     | (6,019) | –                         |
| Otros ajustes              | –       | (2,931)               | –       | (3,261)                   |
| <b>Balance at 31-12-07</b> | –       | <b>67,729</b>         | –       | <b>49,715</b>             |

The changes due to temporary differences in the deferred tax assets and deferred tax liabilities relate to 32.5% of the temporary differences disclosed in the foregoing reconciliation.

The other adjustments arose because of positive or negative differences between the income tax estimate made at the balance sheet date and the subsequent income tax settlement expense at the time of payment, and the adjustment of the balances of deferred tax assets and liabilities at the 30% tax rate applicable for income tax in 2008.

At year-end, the Company did not have any tax loss or tax credit carryforwards.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. In relation to the years which have been reviewed, in certain cases the criteria applied by the tax authorities gave rise to tax assessments, which are currently being appealed against by the Company. However, the Company's directors consider that the resulting liabilities will not significantly affect the Company's equity.

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A. is taxed on a consolidated basis for income tax purposes with all the other Group companies that meet the relevant requirements provided for by tax legislation.

## 15 Guarantee commitments to third parties and other contingent liabilities

At 31 December 2007, Fomento de Construcciones y Contratas, S.A. had provided EUR 327,500 thousand of guarantees to government agencies and private-sector customers, mainly as performance bonds for services provided under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to EUR 178,958 thousand.

Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it participates are acting as defendants in lawsuits in relation to the liability inherent in the various business activities carried on by the Company in the performance of the contracts awarded, for which the related provisions have been recorded (see Notes 4-i and 12). Accordingly, the resulting liabilities would not have a material impact on the Company's equity.

## 16 Revenue, expense recognition and number of employees

In 2007 Fomento de Construcciones y Contratas, S.A. performed work and provided services for Group companies and associates totalling EUR 124,511 thousand. This income included most notably EUR 52,350 thousand billed for management and administration support services and the assignment of use of the FCC trade name to FCC Construcción, S.A., a wholly-owned subsidiary of the Company, which is recognised under "Other Operating Income" in the accompanying income statement. The Company also purchased EUR 37,916 thousand of services and consumables from the aforementioned companies. The finance income earned and finance costs incurred on non-trade receivables from and payables to Group companies and associates amounted to EUR 93,386 thousand and EUR 18,960 thousand, respectively.

Substantially all the revenue relates to services provided in Spain. Joint ventures accounted for EUR 155,793 thousand of the total figure.

Operating income includes rental income and billings for costs charged to the tenants of the Torre Picasso building which, in proportion to the Company's percentage of ownership (see Note 2) amounted to EUR 21,759 thousand and EUR 7,389 thousand, respectively.

The average number of employees at the Company in 2007 was as follows:

|                                   |               |
|-----------------------------------|---------------|
|                                   |               |
| Managers and university graduates | 345           |
| Other qualified line personnel    | 256           |
| Clerical and similar staff        | 811           |
| Other salaried employees          | 23,530        |
|                                   | <b>24,942</b> |

At 31 December 2007, the number of employees, managers and senior executives of the Company, by gender, was as follows:

|                                   | Men           | Women        | Total         |
|-----------------------------------|---------------|--------------|---------------|
| Directors                         | 15            | 5            | 20            |
| Senior executives                 | 5             | –            | 5             |
| Managers and university graduates | 259           | 89           | 348           |
| Other qualified line personnel    | 223           | 44           | 267           |
| Clerical and similar staff        | 425           | 402          | 827           |
| Other salaried employees          | 17,623        | 5,841        | 23,464        |
|                                   | <b>18,550</b> | <b>6,381</b> | <b>24,931</b> |

## 17 Information on the environment

As indicated in Note 4-o, by their very nature, the services provided by the Company are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact in conformity with the legally stipulated limits.

The performance of the aforementioned production activities requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2007, the acquisition cost of the non-current assets assigned to these production activities totalled EUR 780,371 thousand and the related accumulated depreciation amounted to EUR 399,199 thousand.

Management considers that the Company's possible contingencies relating to environmental protection and improvement at 31 December 2007 would not have a significant impact on the accompanying financial statements.

Fomento de Construcciones y Contratas, S.A., as indicated in Note 1 above, is the Parent of the FCC Group, which engages in a wide range of business activities. Due to the characteristics of these activities, the Group pays special attention to the control of its environmental impact, a detailed description of which is provided in its Corporate Social Responsibility report, which is published annually on FCC's website, [www.fcc.es](http://www.fcc.es); among other channels. Consequently, the reader should refer to this document for further information on the matters discussed in this note.

## 18 Fees paid to auditors

"Outside Services" in the accompanying income statement includes the fees for financial audit services provided to the Company, amounting to EUR 157 thousand. It also includes the fees relating to other services billed by the auditor or by other entities related to the auditor, amounting to EUR 142 thousand.

## 19 Information on the board of directors

The detail of the remuneration earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company is as follows (in thousands of euros):

|  |              |
|--|--------------|
|  |              |
| Fixed remuneration                     | 2,645        |
| Variable remuneration                  | 565          |
| Bylaw-stipulated directors' emoluments | 2,020        |
| Attendance fees                        | 6            |
|  | <b>5,236</b> |

An insurance policy was taken out and a premium was paid to cover payments arising from contingencies relating to death, permanent disability benefits, retirement bonuses and other items in relation to certain directors of Fomento de Construcciones y Contratas, S.A. (see Note 4.h). In 2007, the beneficiaries received EUR 7,341 thousand under the insurance policy.

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees were granted to the directors, and there were no pension or life insurance obligations to former or present directors.

Set forth below are the required disclosures in relation to the ownership interests held by the directors of Fomento de Construcciones y Contratas, S.A. in the share capital of non-FCC Group companies; the activities (if any) performed by them, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the company object of the FCC Group; and the transactions (if any) conducted by them or by persons acting on their behalf, with the Company or with any company in the same Group that are not part of the Company's normal business activities or are not conducted on an arm's length basis:

- The director Miguel Blesa de la Parra declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of Fomento de Construcciones y Contratas, S.A., in his capacity as Chairman of the Boards of Directors of Caja Madrid and of Corporación Financiera Caja de Madrid, S.A., which directly or indirectly own the share capital of Realía Business S.A. a company directly or indirectly owned by Fomento de Construcciones y Contratas, S.A. Caja Madrid has a 20% ownership interest in RB Business Holdings, a 30% ownership interest in Corporación Financiera Caja de Madrid, S.A. and a 50% ownership interest in Fomento de Construcciones y Contratas, S.A. RB Business Holdings has a 51% direct ownership interest in Realía Business, S.A.
- The director Luis Portillo Muñoz declared that he engaged in the following activities, as an independent professional or as an employee, that are identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.:
  - Director acting severally of Alinilam, S.L.
  - Sole director of Expo-An, SAU
  - Sole director of Lamesash, S.L.
  - Sole director of Plaza de Toros de Marbella, SAU
  - Sole director of Nazaria E.C., S.L.
  - Sole director of Inversiones Vendome, S.L.
  - Chairman and managing director of Ábaco Grupo Financiero Inmobiliario, SAU
  - Chairman and managing director of Las Salinas de Roquetas, S.L.
  - Sole director representing the Portival Group in Gestiones Empresariales Jarque, S.L.
  - Managing director acting on a joint basis of Inrama Gestiones, S.L.
  - Sole director representing the Portival Group in Inmópolis Calidad Sevilla, SAU
  - Sole director of Explotaciones Forestales y Cinegéticas Alta Baja, S.A.
  - Director of Sociedade Herdade da Rendeira Agropecuaria, S.A.
  - Director of Sociedad Agropecuaria Corujeira, S.A.
  - Sole director of Massilia Inversiones, AS
  - Sole director of Inversiones Tres Cantos, S.L.
  - Representative of the chairman of the Portival Group in Entrenúcleos Desarrollo Inmobiliario, S.L.
  - Representative of the chairman of the Portival Group in Dehesa de Valme, S.L.
- The other directors of Fomento de Construcciones y Contratas, S.A. have informed that they do not engage in any activity, as independent professionals or as employees, that is identical, similar or complementary to the activity that constitutes the Company's object.
- The other Board members of the Company do not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- In 2007 the other directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company in the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on an arm's length basis.

The detail of the directors holding positions in companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest is as follows:

| Name or Corporate Name of Director    | Corporate Name of the Group Entity  | Position Held   |
|---------------------------------------|-------------------------------------|-----------------|
| Cartera Deva, S.A.                    | Cementos Portland Valderrivas, S.A. | Director        |
| EAC Inversiones Corporativas, S.L.    | Realía Business, S.A.               | Director        |
|                                       | Cementos Portland Valderrivas, S.A. | Director        |
|                                       | FCC Construcción, S.A.              | Director        |
|                                       | Cementos Alfa, S.A.                 | Director        |
|                                       | Cementos Lemona, S.A.               | Director        |
|                                       | Lemona Industrial, S.A. Unipersonal | Director        |
| Fernando Falcó y Fernández de Cordova | Realía Business, S.A.               | Director        |
|                                       | FCC Construcción, S.A.              | Director        |
|                                       | Cementos Portland Valderrivas, S.A. | Director        |
|                                       | Cementos Lemona, S.A.               | Deputy Chairman |
|                                       | Corporación Uniland, S.A.           | Director        |
|                                       | Lemona Industrial, S.A. Unipersonal | Deputy Chairman |
|                                       | RB Business Holding, S.L.           | Director        |
|                                       | Giant Cement Holding Inc.           | Director        |
|                                       | Waste Recycling Group Limited       | Director        |

| Name or Corporate Name of Director   | Corporate Name of the Group Entity   | Position Held                                |
|--------------------------------------|--|--|
| Ibersuizas Alfa, S.L.                | Cementos Portland Valderrivas, S.A.  | Director                                     |
| Rafael Montes Sánchez                | FCC Construcción, S.A.<br>Cementos Portland Valderrivas, S.A.<br>Realia Business, S.A. | Director<br>Director<br>Director             |
| Gonzalo Anes y Álvarez de Castrillón | Cementos Alfa, S.A.  | Director                                     |
| Juan Castells Masana                 | Waste Recycling Group Limited  | Director                                     |
| Robert Peugeot                       | FCC Construcción, S.A.<br>Alpine Holding GmbH<br>Waste Recycling Group Limited         | Director<br>Director of security<br>Director |
| Antonio Pérez Colmenero              | Per Gestora Inmobiliaria, S.L.   | Director                                     |
| Mariano Miguel Velasco               | Grupo 14 Inmobiliarias por la Excelencia, S.L.   | Director                                     |

## 20 Statement of changes in financial position

| Source of funds  | 2007             | 2006           |
|--|------------------|----------------|
| Funds obtained from operations                               | 344,198          | 320,037        |
| Grants related to assets                                     | 118              | 4              |
| Increase in non-current liabilities                          | 1,676,654        | 252,498        |
| Disposal of property, plant and equipment                    | 1,831            | 3,012          |
| Disposal of long-term investments                            | 300,386          | 5,495          |
| Disposal of treasury shares                                  | –                | 4,504          |
| Write-off or transfer to short term of long-term investments | 1,698            | 1,874          |
| Transfer of provisions from short to long term               | –                | 125            |
| Extraordinary income   | 12,670           | 41,570         |
| Decrease in working capital                                  | 5,689            | 5,622          |
|  | <b>2,343,244</b> | <b>634,741</b> |

| Application of funds   | 2007             |   | 2006           |   |
|--|------------------|---|----------------|---|
| Non-current asset additions:                                   | 1,630,022        |   | 387,453        |   |
| Intangible assets  | 94,258           | – | 59,495         | – |
| Property, plant and equipment                                  | 222,839          | – | 46,415         | – |
| Long-term investments  | 1,312,925        | – | 281,543        | – |
| Dividends  | 275,356          |   | 240,543        |   |
| Repayment or transfer to short term of non-current liabilities | 437,866          |   | 6,745          |   |
|  | <b>2,343,244</b> |   | <b>634,741</b> |   |

### Change in working capital

|                           | 2007           |                | 2006             |                  |
|---------------------------|----------------|----------------|------------------|------------------|
|                           | Increase       | Decrease       | Increase         | Decrease         |
| Inventories               | –              | 448            | 385              | –                |
| Accounts receivable       | 99,391         | –              | –                | 216,355          |
| Accounts payable          | 730,872        | –              | –                | 1,061,082        |
| Short-term investments    | –              | 840,942        | 1,264,446        | –                |
| Cash                      | 10,466         | –              | 1,093            | –                |
| Accrual accounts          | –              | 5,028          | 5,891            | –                |
|                           | <b>840,729</b> | <b>846,418</b> | <b>1,271,815</b> | <b>1,277,437</b> |
| Change in working capital | 5,689          | –              | 5,622            | –                |
|                           | <b>846,418</b> | <b>846,418</b> | <b>1,277,437</b> | <b>1,277,437</b> |

The reconciliation of the accounting profit for the year to the funds obtained from operations shown in the foregoing statement of changes in financial position is as follows:

|   | 2007           | 2006           |
|---|----------------|----------------|
| Profit for the year after tax             | 504,882        | 295,235        |
| Depreciation and amortisation charge      | 64,336         | 56,341         |
| Transfer to reversion reserve             | 1,048          | 730            |
| Provisions for contingencies and charges  | 9,149          | 25,775         |
| Change in non-current asset allowances    | (11,248)       | (7,121)        |
| Change in investment valuation allowances | 25,914         | –              |
| Gains on investments                      | (258,016)      | (5,416)        |
| Gains on treasury share transactions      | –              | (3,238)        |
| Exchange gains                            | 25,786         | –              |
| Deferred charges                          | (4,289)        | –              |
| Extraordinary income                      | (12,670)       | (41,570)       |
| Other                                     | (694)          | (699)          |
| Funds obtained from operations            | <b>344,198</b> | <b>320,037</b> |

## 21 Analytical income statement

|   | 31-12-07         |               | 31-12-06         |               |
|---|------------------|---------------|------------------|---------------|
|   | Amount           | %             | Amount           | %             |
| Revenue   | 1,152,338        | 100.00        | 1,034,525        | 100.00        |
| + Other operating income  | 118,169          | 10.25         | 91,729           | 8.87          |
| + Group work on non-current assets  | 2,035            | 0.18          | 1,227            | 0.12          |
| <b>Production value</b>   | <b>1,272,542</b> | <b>110.43</b> | <b>1,127,481</b> | <b>108.99</b> |
| – Net purchases   | 104,042          | 9.03          | 92,725           | 8.96          |
| – Change in inventories of merchandise, materials and other consumables                           | 268              | 0.02          | (210)            | (0.02)        |
| – External and operating expenses   | 292,170          | 25.35         | 253,640          | 24.52         |
| – Staff costs   | 695,849          | 60.39         | 607,196          | 58.70         |
| <b>Gross profit from operations</b>   | <b>180,213</b>   | <b>15.64</b>  | <b>174,130</b>   | <b>16.83</b>  |
| – Depreciation and amortisation charge  | 64,336           | 5.58          | 56,341           | 5.45          |
| – Transfer to reversion reserve   | 1,048            | 0.10          | 730              | 0.07          |
| – Bad debts and change in operating allowances  | (22,230)         | (1.93)        | 13,043           | 1.26          |
| <b>Net profit from operations</b>   | <b>137,059</b>   | <b>11.89</b>  | <b>104,016</b>   | <b>10.05</b>  |
| + Finance income  | 313,945          | 27.25         | 254,677          | 24.62         |
| – Finance costs   | 126,497          | 10.98         | 50,289           | 4.86          |
| – Changes in investment valuation allowances  | 25,566           | 2.22          | (2,401)          | (0.23)        |
| <b>Financial profit</b>   | <b>161,882</b>   | <b>14.05</b>  | <b>206,789</b>   | <b>19.99</b>  |
| <b>Profit from ordinary activities</b>  | <b>298,941</b>   | <b>25.94</b>  | <b>310,805</b>   | <b>30.04</b>  |
| + Gains on non-current assets and extraordinary income  | 272,857          | 23.68         | 64,620           | 6.24          |
| – Losses on non-current assets and extraordinary expenses   | 16,262           | 1.41          | 43,153           | 4.17          |
| – Change in allowances for property, plant and equipment, intangible assets and control portfolio | (11,248)         | (0.98)        | (4,720)          | (0.46)        |
| <b>Profit before tax</b>  | <b>566,784</b>   | <b>49.19</b>  | <b>336,992</b>   | <b>32.57</b>  |
| – Income tax  | 61,902           | 5.38          | 41,757           | 4.03          |
| <b>Profit after tax</b>   | <b>504,882</b>   | <b>43.81</b>  | <b>295,235</b>   | <b>28.54</b>  |

## 22. Explanation added for translation to english

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

## Appendix I. Group Companies

| Company  | Carrying Amount |           | % of Ownership     | Dividends Received | Capital | Reserves        | 2007 Profit/Loss before Tax |                 |                 |
|--|-----------------|-----------|--------------------|--------------------|---------|-----------------|-----------------------------|-----------------|-----------------|
|  | Cost            | Allowance |                    |                    |         |                 | Ordinary                    | Extraordinary   |                 |
| AEBA Ambiente y Ecología de Buenos Aires, S.A.<br>Tucumán, 1321. 3ª<br>Buenos Aires. Argentina<br>-Urban cleaning-                           | 834             | 632       | Direct<br>Indirect | 50.00<br>2.50      | 310     | 1,000<br>(Pa)   | 1,634<br>(Pa)               | (750)<br>(Pa)   | (22)<br>(Pa)    |
| Aqualia Gestión Integral del Agua, S.A.<br>Federico Salmón, 13. Madrid<br>-Water management-   | 254,768         | -         | Direct<br>Indirect | 99.99<br>0.01      | 12,180  | 145,000         | 69,949                      | 51,205          | 2,118           |
| A.S.A. Abfall Service AG<br>Hans-Hruschka-Gasse, 9<br>Himberg (Austria)<br>-Urban cleaning-  | 226,785         | -         | Direct<br>Indirect | 99.98<br>0.02      | -       | 5,000           | 35,500                      | 2,822           | -               |
| Asesoría Financiera y de Gestión, S.A.<br>Federico Salmón, 13. Madrid<br>-Financial services-  | 3,008           | -         | Direct<br>Indirect | 43.84<br>56.16     | -       | 6,843           | 491,959                     | 26,878          | (56,638)        |
| Asiris, S.A. Correduría de Seguros<br>Pº de la Castellana, 111. Madrid   | 30              | -         | Direct<br>Indirect | 25<br>75           | -       | 120             | 1,085                       | 2,484           | (1)             |
| Azincourt Investment, S.L. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Portfolio company-   | 3               | 3         |                    | 100.00             | -       | 3               | (11,656)                    | (64,180)        | -               |
| Cementos Portland Valdeirivas, S.A.<br>Estella, 6. Pamplona<br>-Cement-  | 175,953         | -         | Direct<br>Indirect | 58.76<br>9.53      | 52,182  | 41,757          | 802,031                     | 200,634         | 6,318           |
| Compañía Auxiliar de Agencia y Mediación, S.A. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Portfolio company-               | 1,657           | -         |                    | 100.00             | 781     | 61              | 2,319                       | 790             | -               |
| Compañía General de Servicios Empresariales, S.A. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-      | 60              | -         |                    | 100.00             | -       | 60              | 17                          | 5               | -               |
| Corporación Española de Servicios, S.A.<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-  | 44              | -         | Direct<br>Indirect | 99.99<br>0.01      | 1       | 60              | 16                          | 3               | -               |
| Corporación Financiera Hispánica, S.A.<br>Federico Salmón, 13 – Madrid<br>-Portfolio company-  | 69,818          | -         | Direct<br>Indirect | 99.99<br>0.01      | 6,245   | 58,393          | 283,470                     | 8,228           | 61,965          |
| Egypt Environmental Services SAE<br>Cairo-Egypt<br>-Urban cleaning-  | 7,760           | 4,236     | Direct<br>Indirect | 97<br>3            | -       | 36,400<br>(Leg) | (36,070)<br>(Leg)           | 15,894<br>(Leg) | 12,363<br>(Leg) |
| Empresa Comarcal de Serveis Mediambientals del Baix Penedès, ECOBP, S.L.<br>Plaça del Centre, 3. El Vendrell (Tarragona)<br>-Urban cleaning- | 240             | -         |                    | 80.00              | 41      | 301             | 258                         | 135             | -               |
| Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.<br>Pza. Vázquez Molina, s/n. Úbeda (Jaén)<br>-Urban cleaning-            | 720             | -         |                    | 90.00              | 87      | 800             | 204                         | (3)             | -               |
| Europea de Gestión, S.A. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-                               | 63              | -         |                    | 100.00             | 7       | 60              | 22                          | 5               | -               |
| FCC Construcción, S.A.<br>Balmes, 36. Barcelona<br>-Construction-  | 275,551         | -         | Direct<br>Indirect | 99.99<br>0.01      | 104,000 | 130,000         | 135,680                     | 183,715         | 31,635          |
| FCC Construcciones y Contratas Internacional, S.L. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-     | 3               | -         |                    | 100.00             | -       | 3               | -                           | -               | -               |
| FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-            | 3               | -         |                    | 100.00             | -       | 3               | -                           | -               | -               |
| FCC Property development Conycon, S.L. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-                 | 3               | -         |                    | 100.00             | -       | 3               | -                           | -               | -               |

| Company   | Carrying Amount  |               | %<br>of Ownership              | Dividends<br>Received | Capital         | Reserves           | 2007<br>Profit/Loss before Tax |               |
|---|------------------|---------------|--------------------------------|-----------------------|-----------------|--------------------|--------------------------------|---------------|
|   | Cost             | Allowance     |                                |                       |                 |                    | Ordinary                       | Extraordinary |
| FCC International B.V.<br>Amstedijk 166<br>Amsterdam (The Netherlands)<br>-Portfolio company-                               | 49,910           | 1,399         | 100.00                         | 2,990                 | 40,840          | (2,990)            | 3,023                          | 7,632         |
| FCC Medio Ambiente, S.A.<br>Federico Salmón, 13 – Madrid<br>-Urban cleaning -   | 35,102           | –             | Direct 98.98<br>Indirect 1.02  | –                     | 43,272          | 62,158             | 17,283                         | (680)         |
| FCC Versia, S.A.<br>Federico Salmón, 13 – Madrid<br>-Management company-  | 62,625           | –             | Direct 99.99<br>Indirect 0.01  | 7,900                 | 40,337          | 62,495             | 37,804                         | (25,063)      |
| FCC 1, S.L. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-                           | 3                | –             | 100.00                         | –                     | 3               | –                  | –                              | –             |
| F-C y C, S.L. Sole-Shareholder Company<br>Federico Salmón, 13 – Madrid<br>-Instrumentality company-                         | 3                | –             | 100.00                         | –                     | 3               | –                  | –                              | –             |
| Fedemés, S.L.<br>Federico Salmón, 13 – Madrid<br>-Property development-   | 10,764           | –             | Direct 92.67<br>Indirect 7.33  | 578                   | 10,301          | 14,626             | 948                            | –             |
| Fomento Internacional Focsa, S.A.<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-                               | 69               | –             | Direct 99.93<br>Indirect 0.07  | 2                     | 90              | 23                 | 5                              | –             |
| Giza Environmental Services S.A.E.<br>Cairo – Egypt<br>-Urban cleaning-   | 7,566            | 7,566         | Direct 97.00<br>Indirect 3.00  | –                     | 35,500<br>(Leg) | (132,515)<br>(Leg) | (21,181)<br>(Leg)              | 289<br>(Leg)  |
| Grucycsa, S.A.<br>Pza. Pablo Ruiz Picasso, s/n – Madrid<br>-Portfolio company-  | 156,786          | –             | 100.00                         | –                     | 135,600         | 44,748             | 7,979                          | 7,960         |
| Limpietas Urbanas de Mallorca, S.A.<br>Fusters, 18 – Manacor (Balearic Islands)<br>-Urban cleaning-                         | 5,097            | –             | Direct 99.92<br>Indirect 0.08  | –                     | 308             | 1,519              | 281                            | –             |
| Per Gestora Property development, S.L.<br>Pza. Pablo Ruiz Picasso, s/n – Madrid<br>-Property management and administration- | 69               | –             | 99.00                          | –                     | 60              | 40                 | 29                             | (1)           |
| RB Business Holding, S.L.<br>Paseo de la Castellana, 216 – Madrid<br>-Property development-                                 | 63,400           | –             | 50.00                          | 16,924                | 300,000         | 26,329             | 33,911                         | –             |
| Realia Business, S.A.<br>Paseo de la Castellana, 216 – Madrid<br>-Property development-                                     | 4,237            | –             | Direct 1.70<br>Indirect 25.96  | 6,008                 | 66,570          | 491,961            | 128,400                        | 528           |
| Tratamientos y Recuperaciones<br>Industriales, S.A.<br>Anglí, 31 – Barcelona<br>-Waste treatment-                           | 21,455           | –             | Direct 74.92<br>Indirect 10.08 | 2,412                 | 72              | 6,861              | 2,570                          | 4             |
| <b>Total</b>  | <b>1.434.389</b> | <b>13,836</b> |                                | <b>212.648</b>        |                 |                    |                                |               |

**Note**

- Of the companies shown above, only Cementos Portland Valderrivas, S.A. and Realia Business, S.A. are listed companies and their market prices at the balance sheet date were EUR 74.10 and EUR 6.50, respectively. The average market price in the last quarter of 2007 was EUR 79.22 for Cementos Portland Valderrivas, S.A. and EUR 6.48 for Realia Business, S.A.
- As required by Article 86 of the Consolidated Spanish Companies Law, in 2007 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

## Appendix II. Joint ventures

| Company                         | % of Ownership | Company                         | % of Ownership | Company                       | % of Ownership |
|---------------------------------|----------------|---------------------------------|----------------|-------------------------------|----------------|
| ABASTECIMIENTO VILLALÓN         | 20.00          | EDAR ALMANSA                    | 5.00           | JARDINES PROTECCIÓN ESPECIAL  | 50.00          |
| AIGÜES DE LLEIDA                | 50.00          | EDAR ALMENDRALEJO               | 20.00          | JARDINES SANTA COLOMA         | 50.00          |
| AGUAS TOMELLOSO                 | 20.00          | EDAR CUERVA                     | 5.00           | JUNDIZ                        | 51.00          |
| ALCANTARILLADO BILBAO           | 90.00          | EDAR ELCHE                      | 20.00          | KABIEZESGO KIROLDECIA         | 60.00          |
| ALMEDA                          | 51.00          | EDAR RANILLA                    | 22.50          | KAIXARRANKA                   | 60.00          |
| AMPLIACIÓ LIXIVITATS            | 20.00          | ENERGÍA SOLAR ONDA              | 25.00          | LA CANDA                      | 30.00          |
| AMPLIACIÓN VERTEDERO GARDELEGUI | 55.00          | ESPAI AMBIENTAL DEL VEDAT       | 100.00         | LA LLOMA DEL BIRLET           | 80.00          |
| AMPLIACIÓN VERTEDERO PINTO      | 50.00          | F.L.F. LA PLANA                 | 47.00          | LA MINA                       | 20.00          |
| AQUALBAL                        | 20.00          | FANGOS IBIZA Y FORMENTERA       | 20.00          | LA SELVA                      | 100.00         |
| AQUALIA – FCC – MYASA           | 20.00          | FANGOS VIC                      | 20.00          | LAS YUCAS                     | 50.00          |
| AQUALIA – FCC – OVIEDO          | 5.00           | FCC – ACISA - AUDING            | 45.00          | LEA-ARTIBAI                   | 60.00          |
| AQUALIA – FCC – SALAMANCA       | 5.00           | FCC - ANPE                      | 80.00          | LEGIO VII                     | 50.00          |
| AQUALIA – FCC – SAN VICENTE     | 20.00          | FCC - DISEL BARCELONA           | 80.00          | L.J. SAN SEBASTIÁN            | 20.00          |
| AQUALIA – FCC VIGO              | 50.00          | FCC - DISEL N-VI                | 50.00          | L.V. SAN SEBASTIÁN            | 20.00          |
| ARGÍ GUEÑES                     | 70.00          | FCC - ERS LOS PALACIOS          | 50.00          | LIMPIEZA Y RSU LEZO           | 55.00          |
| ASTONDO                         | 40.00          | FCC – FCCMA ALCOY               | 20.00          | LOGROÑO LIMPIO                | 50.00          |
| AZUD VILLAGONZALO               | 20.00          | FCC – FCCMA COLMENAR VIEJO      | 20.00          | LOS LLANOS                    | 50.00          |
| BILBOKO SANEAMENDU              | 50.00          | FCC – FCCMA CORNELLÀ            | 90.00          | LVR MUSKIZ II                 | 70.00          |
| BIOCOMPOST DE ÀLAVA             | 50.00          | FCC – FCCMA R.B.U. - L.V. JAVEA | 20.00          | M-110                         | 50.00          |
| BOADILLA - SERVICIOS            | 50.00          | FCC – FCCMA L.V. PAMPLONA       | 20.00          | MADRID I                      | 50.00          |
| BOADILLA - VERSIA               | 50.00          | FCC – FCCMA OLESA               | 20.00          | MADRID II                     | 50.00          |
| BOCAS DE RIEGO ZONA 4           | 50.00          | FCC – FCCMA RBU TUDELA          | 20.00          | MADRID III                    | 50.00          |
| BOMBEO VALMOJADO                | 20.00          | FCC – FCCMA S.U. DENIA          | 20.00          | MANACOR                       | 30.00          |
| BONMATÍ                         | 10.00          | FCC – FCCMA SAN JAVIER          | 20.00          | MANCOMUNIDAD ALTO MIJARES     | 50.00          |
| CAMÍ SA VORERA                  | 20.00          | FCC – FCCMA SEGRIÀ              | 20.00          | MANCOMUNIDAD DE ORBIGO        | 20.00          |
| CAN BOSSA                       | 20.00          | FCC – FIRA 2000                 | 80.00          | MANTENIMIENTO COLEGIOS BILBAO | 70.00          |
| CANA PUTXA                      | 20.00          | FCC – FOCONSA                   | 50.00          | MANTENIMIENTO COMISARIAS      | 100.00         |
| CANDAS                          | 20.00          | FCC – HIJOS DE MORENO, S.A.     | 50.00          | MANTENIMIENTO DE EDIFICIOS    | 60.00          |
| CANGAS                          | 50.00          | FCC – HIMOSA                    | 50.00          | MÉRIDA                        | 10.00          |
| CASTELLAR DEL VALLÉS            | 50.00          | FCC – ICS                       | 80.00          | METEOROLÓGICAS A-6            | 33.00          |
| CEMENTERIOS PERIFÉRICOS II      | 50.00          | FCC – PALAFRUGELL               | 20.00          | MOLINA                        | 5.00           |
| CHAPARRAL BAJO                  | 20.00          | FCC – PROMECO 2000, S.L.        | 50.00          | MOLLERUSA                     | 60.00          |
| CHAPARRAL BAJO FASE B           | 20.00          | FCC – SUFI MAJADAHONDA          | 50.00          | MONTCADA                      | 50.00          |
| CHIPIONA                        | 50.00          | FCC – SUFI PESA                 | 50.00          | MORALEJA                      | 50.00          |
| CIUTAT VELLA                    | 50.00          | FCC – SYF PLAYAS                | 40.00          | MORELLA                       | 50.00          |
| CN III                          | 45.00          | FCC – TEGNER                    | 50.00          | MURO                          | 20.00          |
| COLEGIOS SANT QUIRZE            | 50.00          | FCC – TPA PILAS                 | 80.00          | NAVALMORAL                    | 50.00          |
| COMPLEJO DP. CABEZO DE TORRES   | 20.00          | FCC - LUMSA                     | 50.00          | NIGRÁN                        | 10.00          |
| CONSERVACIÓN DE GALERÍAS        | 50.00          | FCC – SECOPSA I                 | 50.00          | NIJAR                         | 20.00          |
| CONSERVACIÓN Y SISTEMAS         | 60.00          | FCCSA – GIRSA                   | 80.00          | NOROESTE                      | 33.00          |
| CONTADORES BURGOS               | 100.00         | FUENTES XÀTIVA                  | 50.00          | NOVELDA                       | 5.00           |
| CTR-VALLES                      | 10.00          | GESTIÓ DE RUNES DEL PAPIOL      | 40.00          | OCAÑA                         | 75.00          |
| CUENCA                          | 20.00          | GESTIÓN INSTALACIÓN III         | 34.99          | ONDA EXPLOTACIÓN              | 33.33          |
| CYCSA-EYSSA VIGO                | 50.00          | GESTIÓN PISCINA DE MULA         | 20.00          | OPERACIÓN ACERAS 2004         | 50.00          |
| DEIXALLERIA TARRAGONA           | 20.00          | GETAFE                          | 50.00          | PARQUES SINGULARES MÓSTOLES   | 50.00          |
| DEIXALLERIES                    | 20.00          | GIREF                           | 20.00          | PASAIA                        | 70.00          |
| DEPÓSITO CABECERA               | 80.00          | GIRSA – FCC                     | 20.00          | PAVIMENTO ZONA I              | 50.00          |
| DEPURADORA HUESCA               | 80.00          | GUADIANA                        | 20.00          | PAVIMENTOS PAMPLONA           | 50.00          |
| DOS AGUAS                       | 35.00          | HÉROES DE ESPAÑA                | 50.00          | PEQUEÑAS OBRAS                | 50.00          |

| Company                            | %<br>of Ownership | Company                            | %<br>of Ownership | Company                  | %<br>of Ownership |
|------------------------------------|-------------------|------------------------------------|-------------------|--------------------------|-------------------|
| PEQUEÑAS OBRAS 2006 FUENLABRADA    | 50.00             | SALTO DEL NEGRO                    | 50.00             | URNIETA                  | 20.00             |
| PINETONS                           | 50.00             | SAN FERNANDO                       | 20.00             | VERTEDERO GARDELEGUI     | 70.00             |
| PINTO                              | 50.00             | SANT QUIRZE                        | 50.00             | VERTEDERO GARDELEGUI II  | 70.00             |
| PISCINA CUBIERTA MUN. L'ELIANA     | 85.00             | SANT QUIRZE DEL VALLÉS             | 50.00             | VERTRESA                 | 10.00             |
| PISCINA CUBIERTA C. DEP. ALBORAYA  | 42.50             | SANTA COLOMA DE GRAMANET           | 61.00             | VIGO RECICLAJE           | 70.00             |
| PISCINA CUBIERTA MANISES           | 65.00             | SANTOMERA                          | 60.00             | VINAROZ                  | 50.00             |
| PISCINA CUBIERTA PAIPORTA          | 90.00             | SANTURTZIKO GARBIKETA              | 60.00             | VIVIENDAS MARGEN DERECHA | 60.00             |
| PISCINA MUNICIPAL ALBATERA         | 65.00             | SASIETA                            | 75.00             | WTC ZARAGOZA             | 51.00             |
| PISCINA POLIDEPORTIVO PAIPORTA     | 65.00             | SAV - FCC TRATAMIENTOS             | 35.00             | ZARAGOZA DELICIAS        | 51.00             |
| PLA D'URGELL                       | 60.00             | SEAFSA – FCCSA ALCALÁ              | 20.00             | ZARAUZ                   | 20.00             |
| PLANTA BIOMETANIZACIÓN LAS DEHESAS | 50.00             | SEGURIDAD VALDEBEBAS               | 20.00             | ZONZAMAS FASE II         | 30.00             |
| PLANTA DE TRATAMIENTOS VALLADOLID  | 60.00             | SELECTIVA SAN MARCOS               | 65.00             | ZURITA                   | 50.00             |
| POLÍGONO TORREHIERRO               | 50.00             | SELLADO VERTEDERO LOGROÑO          | 50.00             |                          |                   |
| PONIENTE ALMERIENSE                | 50.00             | SERVICIOS EXPO                     | 60.00             |                          |                   |
| POSU – FCC VILLALBA                | 50.00             | SIMÓN HERNÁNDEZ                    | 50.00             |                          |                   |
| POZUELO                            | 20.00             | SOLANA                             | 35.00             |                          |                   |
| PRISMA 2004-2005                   | 50.00             | TIRVA FCC – FCCMA RUBÍ             | 20.00             |                          |                   |
| PUERTO                             | 50.00             | TABLADA                            | 20.00             |                          |                   |
| R.B.U. VILLA-REAL                  | 47.00             | TANATORIO PATERNA                  | 50.00             |                          |                   |
| R.S. PONIENTE ALMERIENSE           | 50.00             | TARAZONA                           | 80.00             |                          |                   |
| RADARES ZARAGOZA                   | 50.00             | TOLOSALDEA                         | 60.00             |                          |                   |
| REDONDELA                          | 10.00             | TOMELLOSO                          | 50.00             |                          |                   |
| REFORMA PLAZA DEL CRISTO           | 20.00             | TORREJÓN                           | 25.00             |                          |                   |
| RESIDENCIA                         | 50.00             | TORRIBERA                          | 50.00             |                          |                   |
| RESTAURACIÓN GARRAF                | 27.50             | TORRIBERA II                       | 50.00             |                          |                   |
| RIVAS                              | 30.00             | TORRIBERA III                      | 50.00             |                          |                   |
| RUTA DE LOS PANTANOS               | 50.00             | TREMP                              | 51.00             |                          |                   |
| S.U. BILBAO                        | 70.00             | TRIAGTGE I CLASSIFICACIÓ D'ENVASOS | 60.00             |                          |                   |
| SABIÑÁNIGO                         | 80.00             | TXINGUDI                           | 75.00             |                          |                   |

## Appendix III. Associates and jointly-controlled entities

| Company   | Carrying Amount |               | % of Ownership                 | Dividends Received | Capital           | Reserves          | 2006 Profit/Loss before Tax |                 |
|---|-----------------|---------------|--------------------------------|--------------------|-------------------|-------------------|-----------------------------|-----------------|
|   | Cost            | Allowance     |                                |                    |                   |                   | Ordinary                    | Extraordinary   |
| Clavegueram de Barcelona, S.A.<br>Acer, 16. Barcelona<br>-Saneamiento urbano-   | 733             | -             | 20.33                          | 202                | 3,606             | 3,582             | 1,167                       | 175             |
| Ecoparc del Besós, S.A.<br>Rambla Cataluña, 91-93. Barcelona<br>-Saneamiento urbano-  | 2,621           | 601           | Direct 31.00<br>Indirect 18.00 | -                  | 7,710             | (860)             | (2,750)                     | 1,673           |
| Ecoserveis Urbans de Figueres, S.L.<br>Pg. Empordà Internacional, Calle A, parcela 50. Vilamalla (Girona)<br>-Saneamiento urbano-           | 301             | -             | 50.00                          | 63                 | 601               | 43                | 243                         | -               |
| Empresa Mixta de Limpieza de la Villa de Torrox, S.A.<br>Pz. de la Constitución, 1. Torrox. (Málaga)<br>-Saneamiento urbano-                | 300             | -             | 50.00                          | 100                | 600               | 250               | 348                         | -               |
| Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.<br>Pz. Al Andalus, 1. Rincón de la Victoria (Málaga)<br>-Saneamiento urbano- | 301             | -             | 50.00                          | 105                | 601               | 296               | 477                         | -               |
| Gestión Integral de Residuos Sólidos, S.A.<br>Santa Amalia, 2. Valencia<br>-Saneamiento urbano-   | 4,732           | -             | 49.00                          | 603                | 781               | 1,639             | 2,766                       | (213)           |
| Ingeniería Urbana, S.A.<br>Saturno, 6. Alicante<br>-Saneamiento urbano-   | 3,786           | -             | 35.00                          | 928                | 6,010             | 5,589             | 4,693                       | (67)            |
| Pallars Jussà Neteja i Serveis, S.A.<br>Pau Casals, 14. Tremp (Lleida)<br>-Saneamiento urbano-  | 25              | -             | 40.80                          | -                  | 60                | (21)              | (5)                         | -               |
| Proactiva Doña Juana E.S.P.S.A<br>Calle 98 nº 9-03 of. 804, Ed. Torre Sancho<br>Santa Fe de Bogotá (Colombia)<br>-Saneamiento urbano-       | 284             | -             | Direct 23.75<br>Indirect 27.05 | -                  | 2,250,000<br>(Pc) | 1,376,822<br>(Pc) | 2,316,746<br>(Pc)           | 107,301<br>(Pc) |
| Proactiva Medio Ambiente, S.A.<br>Cardenal Marcelo Espinola, 8. Madrid<br>-Saneamiento urbano-  | 119,542         | 80,292        | 50.00                          | -                  | 56,520            | 11,607            | 6,602                       | (85)            |
| Servicios Urbanos de Málaga, S.A.<br>Ulises, 18. Madrid<br>-Saneamiento urbano-   | 1,610           | -             | 51.00                          | 108                | 3,156             | 297               | 495                         | -               |
| Suministros de Agua de Queretaro S.A. de C.V.<br>Santiago de Queretaro (México)<br>-Gestión de aguas-                                       | 2               | -             | Direct 24.00<br>Indirect 0.03  | -                  | 100<br>(Pm)       | 162,541<br>(Pm)   | 2,290<br>(Pm)               | -               |
|   | <b>134,237</b>  | <b>80,893</b> |                                | <b>2,109</b>       |                   |                   |                             |                 |

### Note

- As required by Article 86 of the Consolidated Spanish Companies Law, in 2007 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

## Appendix IV. "Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A. for the distribution of an interim dividend in 2007".

In accordance with Article 216 of the Consolidated Spanish Companies Law, which requires the Company's directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated that:

- 1 The after-tax profit of Fomento de Construcciones y Contratas, S.A. at 30 September 2007 amounted to EUR 418,447 thousand.
- 2 The Company's after-tax cash flow in the first nine months of 2007 amounted to EUR 457,382 thousand.
- 3 The Company's cash and cash equivalents at 30 September 2007 amounted to EUR 840,387 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material changes with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of EUR 139,054 thousand out of 2007 profit.

The number of shares carrying the entitlement to an interim dividend is calculated by subtracting the treasury shares existing at the date of payment of the dividend from the 130,567,483 shares representing the total share capital.

Accordingly, it is proposed that the following interim dividend out of 2007 profit be approved:

|  |           |
|--|-----------|
| Gross % of each share carrying dividend rights | 106,5%    |
| Gross interim dividend per share               | EUR 1,065 |

The legally required personal income tax or corporate income tax withholdings, as appropriate, will be made from the gross interim dividend declared.

The members of the Board resolved unanimously:

- 1 To approve the directors' report transcribed above;
- 2 To distribute an interim dividend out of the profit for 2007 in the amount indicated in the directors' report, which will be paid on 9 January 2008 and will be duly announced on a timely basis.

Madrid, 18 December 2007

# Directors' report

## Fomento de Construcciones y Contratas, S.A.

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## Introduction

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of roads and sewerage systems, the maintenance of green spaces and buildings, water purification and distribution and other complementary services. It also engages in the lease of offices and premises in the emblematic Torre Picasso building, which is 99% owned by the Company.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which is made up of a wide range of subsidiaries engaging in activities such as construction and services relating to urban cleaning, the integral water cycle, car parks, street furniture, passenger transport, vehicle roadworthiness testing, passenger and aircraft handling, logistics, cement, real estate, etc. Consequently, for a fully comprehensive representation of the economic events of 2007, the reader is referred to the information contained in the consolidated financial statements.

The economic and financial information presented in this directors' report was prepared in accordance with the Spanish Commercial Code and the Spanish Companies' Law.

The figures given below are expressed in millions of euros.

### Company performance in 2007

| Main Aggregates                              | 2007     | 2006     | Change   |          |
|--|----------|----------|----------|----------|
|  |          |          | Absolute | %        |
| Revenue                                      | 1,152.30 | 1,034.50 | 117.80   | 11.40    |
| Gross profit from operations                 | 180.20   | 174.10   | 6.10     | 3.50     |
| % gross margin                               | 15.60    | 16.80    | (1.20)   | (7.10)   |
| Net profit from operations                   | 137.10   | 104.00   | 33.10    | 31.80    |
| % net margin                                 | 11.90    | 10.10    | 1.80     | 17.80    |
| Dividends received from subsidiaries         | 214.80   | 227.20   | (12.40)  | (5.50)   |
| Financial loss                               | (52.90)  | (20.40)  | (32.50)  | (159.30) |
| Extraordinary profit                         | 267.80   | 26.20    | 241.60   | 922.10   |
| Profit before tax                            | 566.80   | 337.00   | 229.80   | 68.20    |
| Net profit                                   | 504.90   | 295.20   | 209.70   | 71.00    |
| Dividend to be distributed per share (euros) | 2.13     | 2.05     | 0.08     | 3.90     |

Net revenue increased by 11.4% in 2007 to a total of EUR 1,152.3 million. The net profit from operations amounted to EUR 137.1 million, up 31.8% with respect to 2006 (EUR 104 million).

The dividends received from the Company's subsidiaries amounted to EUR 214.8 million, remaining at levels similar to 2006 and the financial loss increased due to increased indebtedness and to the rise in interest rates.

Consequently, the increase in profit from operations together with the extraordinary profit of EUR 258 million generated by the sale of 17.04% Realia Business, S.A. permitted the achievement of net profit of EUR 504.9 million, representing growth of 71% with respect to 2006.

### Dividends

The Board of Directors proposes the distribution of a final dividend of EUR 1.065 per share, representing 106.50% of the par value of the shares outstanding at the date of payment, and the allocation of the remaining profit to unrestricted reserves. Earlier, on 9 January 2008, an interim dividend of EUR 1.065 per share was paid pursuant to the resolution adopted by the Board of Directors on 18 December 2007.

## Acquisitions of treasury shares

At 2007 year-end Fomento de Construcciones y Contratas, S.A. held 375,986 treasury shares, representing 0.29% of its share capital, valued at EUR 8,156 thousand.

Also, in 2007 Compañía Auxiliar de Agencia y Mediación S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its share capital, recognised for a carrying amount of EUR 1,107 thousand. Also, Asesoría Financiera y de Gestión, S.A. (Afigesa) owned 5,046,871 shares of Fomento de Construcciones y Contratas, S.A., which represent 3.87% of its share capital, recognised for a carrying amount of EUR 259,409 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the Consolidated Spanish Companies Law.

In accordance with Article 79.4 of the Spanish Companies Law, the changes in the number of shares in the year are detailed in the table below.

|                            | FCC, S.A.      | Afigesa          | Cía. Auxiliar de Agencia y Mediación | FCC Group        |
|----------------------------|----------------|------------------|--------------------------------------|------------------|
| <b>At 31 December 2006</b> | <b>375,986</b> | –                | <b>316,098</b>                       | <b>692,084</b>   |
| Acquisitions or additions  | –              | 5,046,871        | –                                    | 5,046,871        |
| <b>At 31 December 2007</b> | <b>375,986</b> | <b>5,046,871</b> | <b>316,098</b>                       | <b>5,738,955</b> |

## Research and development activities

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in this field encompass the matters which, either directly or indirectly, have a bearing on the business activities carried on by it. Noteworthy in 2007 were the steps taken in the course of its activities aimed at protecting the environment in order to facilitate sustainable growth.

In the sphere of Environmental Services, during the year work started on a new project, the aim of which is to research the treatment of solid urban waste through a process of anaerobic digestion, with special emphasis on the environmental indicator "water" as one of the basic vectors of this process. Work was also carried out on the development of new prototypes for vehicles, especially noteworthy being the entry into service of a self-propelled street sweeping and spraying vehicle in which the two functions can be operated simultaneously, with a waste suction system that simultaneously sprays water at high pressure onto the street surface, thereby achieving optimal cleaning quality. Also worth noting is the project in progress to generate alternative fuels obtained from the products that urban waste treatment plants reject.

As regards waste disposal, mention must be made of the studies on the use of fat saturated algae in methanisation processes to stabilize pH, thereby impeding the formation of ammonia and bringing about an increase in the specific production of biogas and of the research focusing on the processes aimed at reducing the amount and toxicity of waste sludge produced in urban waste water treatment plants.

The research undertaken in the water business concentrated mainly on the development of new industrial waste water treatment processes, through the study of various technologies aimed at practically preventing the generation of sludge. Another noteworthy activity is the project to improve drinking water treatment processes using ozone.

In the Versia area, work continued on the EPISOL project to develop a light urban vehicle featuring hybrid propulsion. In the first phase the vehicle would have a heat engine and, at a more advanced phase a fuel-cell/solar powered engine. In this project the subsidiary Cemusa continued to work in cooperation with the Spanish University Institute for Automobile Research (Instituto Universitario de Investigación del Automóvil (INSIA)) at Universidad Politécnica de Madrid and the Spanish Industrial Automation Institute (Instituto de Automática Industrial (IAI)) under the aegis of the Spanish National Research Council (Centro Superior de Investigaciones Científicas). The Giugiaro Design team is also planned to be included in the project of designing the vehicle's exterior and to advise on its industrial launch.

Noteworthy in the construction line of business is FCC Construcción S.A.'s involvement in the European Construction Technology Platform and in the Spanish Construction Technology Platform, the objective of the two organisations being to combine the efforts of research centres, industry and universities in all matters relating to research, development and technological innovation.

Especially noteworthy in connection with the projects carried out in 2007 is the continuation of projects started in previous years such as Tunconstruc, aimed at optimising underground construction; Manubuild, for the industrialisation of construction; Arfrisol, for bioclimatic architecture and solar energy and Hatcons, which studies the diverse aspects of underground construction projects including highly efficient concrete and the interaction between machines, coatings and land. Furthermore, new projects were started in 2007, including most notably the Sustainable Concrete project, focusing on concrete with aggregates from tunnelling machine and dredger waste; the Puentes Integrales (Integral Bridges) project, for integral jointless bridges; the Cleam project, for efficient, environment-friendly construction; the Puerto Seguro (Safe Port) project, to devise a system capable of linking the natural environment with occupational risks in marine construction and the Túneles Sumergidos (submerged tunnels) project for submerged tunnels in seismic areas.

In the Cement line of business it should be mentioned that research and development work on new products and applications of cement is carried out basically in the Group's laboratories in the Olazagutia plant in Navarra. In 2007 projects were carried out in different areas: assessment of raw materials, alternative fuels, studies on the use of materials that would permit emissions of CO<sub>2</sub> and other gasses to be reduced, culminating in the commencement of the processing of two patents for materials in the manufacture of new cement products. Equally noteworthy are the research and development projects in relation to the production processes of the plant in South America and the US. Mention should also be made of the Company's involvement, through the committees for standardisation, with analysis techniques and research projects shared with customers, in the development of products and new applications.

The Cementos Portland Valderrivas group, as the leading Spanish cement producer, is actively working on Madrid's hosting of the International Congress on the Chemistry of Cement, which will take place in Spain's capital in 2011, an event of the highest scientific level in cement circles. The group also participates extensively in the research work carried out at the Spanish Institute for Cement and its Applications (IECA) and the European Cement Association (Cembureau).

## Financial risk management objectives and policies

As a concept, financial risk refers to changes in the financial instruments arranged by the FCC Group due to political, market (e.g. volatility) and other factors. The risk management philosophy is consistent with the business strategy, at all times seeking maximum profitability and solvency, for which strict control criteria are in place, as are mechanisms for the management thereof, based on identifying, measuring, analysing and controlling the risks incurred as a result of the Groups business operations. The Risk Policy is correctly integrated in the organisation. In accordance with this Risk Policy, the financial instruments arranged by the Group are not for speculative purposes, but are used exclusively to hedge transactions.

Given the volatility of the money markets, Fomento de Construcciones y Contratas, S.A. and its corporate Group maintain an active exchange rate risk management policy, to ensure that they are in the most advantageous position in this connection at all times. Because of the business activities carried on, which are closely linked to inflation, the Group's financial policy consists in achieving a situation in which both the current financial assets, which to a large extent are a natural hedge for the current financial liabilities, like the debt, are tied to floating interest rates. However, bearing in mind the uncertainty of the future performance of interest rates and respecting the policy whereby the original instrument be designated as a hedge, interest rate swaps are arranged, mainly, in swap transaction agreements in which the Group companies pay fixed rates and receive variable rates.

A relevant consequence of the FCC Group's positioning in international markets has been its exposure due to net positions of currencies against the euro or of one foreign currency against another, when the investment in and financing of an activity cannot be performed in the same currency. The FCC Group's general policy is to reduce, as far as is possible, the negative effect that exposure to different currencies has on the Group's financial statements, on both transactional movements and on net worth.

The Group actively manages exchange rate risk through the arrangement of financial transactions in the same currency in which the asset is denominated, i.e. by endeavouring to arrange in local currency the financing of the investment required for the company's local activity in the country of origin, with a view to achieving a natural hedge or matching the cash flows generated with the financing. However, sometimes this is not possible because of a weak currency in the country of origin, in which case either the consolidation currency or the currency that gives the highest level of correlation is used.

In order to mitigate liquidity risk, Fomento de Construcciones y Contratas and its corporate Group maintains a presence at all times in different markets. In order to facilitate the obtainment of financing lines and minimise the risk arising from the concentration of operations, the Group obtains financing from over 150 Banks both in Spain and abroad, operating in diverse markets with 78.8% of debt in euros and 21.2 % in various international markets in different currencies, mainly in US dollars and pounds sterling, also using a wide range of financial products such as credits, debentures, syndicated transactions and discounts.

## Outlook for 2008

Set forth below are the prospects for 2008 for the various lines of business composing the FCC Group. On the whole, considering the trends in the business of the various markets in which each business area operates, the Group forecasts consolidation of revenue and of the Group's profits with respect to the profits obtained in 2007 through the contribution of the new and significant acquisitions made in the framework of the 2005-2008 Strategic Plan. The backlog of projects awarded and of services not yet provided at the end of 2007, amounting to EUR 33,148.9 million, ensure the maintenance of a high level of business activity over the next few years.

In the **Environmental Services** area, the significant market share achieved is expected to be consolidated, linking growth to the extension and renewal of agreements, and to the entry into service of treatment plants at the construction phase as they are completed. In the **International** sphere the growth strategy's prime objectives are expansion in Europe, particularly in Eastern Europe. The ASA group, specialising in integral waste management and treatment services, once it has set up in Serbia and Lithuania in 2007, has growth prospects in Bulgaria and the Ukraine. Also, the Waste Recycling group, which is the British leader in solid urban waste management and specialises in landfill management, the treatment of hazardous waste and incineration, shows notable growth perspectives with the long-term PFI contracts (Private Financing Initiative) confirmed with the award of the contracts for Wrexham and R3 (Reading, Wokingham and Bracknell Forest).

In the area of **Industrial Waste** a significant increase in sales is forecast as a result of the purchase of Hydrocarbon Recovery Services Inc. and International Petroleum Corp. in the US and the operation at full capacity of the new facilities built in Portugal.

In the **Water Management** area the geographical diversification strategy commenced in prior years is set to continue consolidating the position of that line of business as the number two private operator in the Spanish market and, accordingly reasonable growth levels are expected to be maintained. On the **International** front the presence in Italy and in the Czech Republic with the Caltanissetta contract and the company SmVak respectively, opens up new business opportunities in these countries and in their geographical sphere of influence. Mention should also be made of the desalination projects in Algeria and the hydraulic infrastructure concession contract in Mexico which guarantee significant growth in this business area.

At the beginning of 2008 the backlog of the Environmental Services area amounted to EUR 23,407.7 million which is equal to over six years of production.

The **Versia** area forecasts growth in 2008, which will be sustained mainly by the contribution of the areas mentioned below and by the development of the new business opportunities in the Eastern European countries that are related to the area's business activities. The **Urban Furniture** area expects to significantly increase its activity, internationally, due to the maturation of the Italian and New York contracts, while in Spain it is set to be strengthened by the implementation of the contracts for the operation of large format advertising in Madrid and of bus shelters in Malaga. Also, this business area will continue with the implementation of new lines of business, such as the system to rent bicycles in Spanish and foreign cities and the installation of new bus shelters with the LED system, which will permit a reduction in energy consumption in the lighting of the shelters including the use of solar energy.

Also, the **Airport Handling** area will continue with the consolidation of the contracts obtained through tenders in Spain, the start-up of which began in the first quarter of 2007 and of Flightcare Italia which operates in Rome's Fiumicino and Chiambino airports.

The **Construction** area forecasts that for 2008 revenue as a whole in Spain will be very similar to 2007 as a result of the stabilisation of that market. In an analysis by product type it is expected that residential building construction will continue to decrease while the levels in non-residential building construction and civil engineering work will be maintained.

In the **international** sphere, the main objective is the consolidation of Alpine Bau, a group of companies acquired at the end of 2006, with its base in Austria and a presence in many Eastern European countries, where positive growth opportunities exist, while the objective in the Americas is to continue growth in Central America and Mexico, through the subsidiaries already established there and to begin entry into the US market where some projects have already been awarded.

At the beginning of 2008 the backlog of the Construction area amounted to EUR 9,075.4 million which is equal to over one year of production.

The performance of the **Cement** area will hinge upon the consolidation of the acquisitions previously made, which were a milestone in terms of sales, revenue, profits and international development and, accordingly, it is expected that in 2008 the Plan for the obtainment of synergies will be completed. The outlook for the Spanish market in terms of unit sales indicates a slowdown in cement consumption, while in international markets strong performance is expected for this business activity in Tunisia, Argentina, Uruguay and the UK. In the US market, the decrease in construction activity in the residential area will be accompanied by a decrease in cement consumption which is not expected to affect the subsidiary Giant Cement Holding Inc., due to its geographical location which should permit market share to be increased and, therefore physical unit sales are forecast to increase slightly. Also, the investments planned for 2008 are aimed at improving the efficiency of the production, environmental and occupational safety processes, thereby reinforcing the area's competitive positioning.

In relation to the **Real Estate** business activity, which is carried on by the Realia group, it should be mentioned that for the Property development area the current situation of adjustment of supply and demand in the residential real estate sector will impact all Spain's property developers. However, the backlog of presales with a deposit and private contracts should provide a high level of coverage of the budgeted activity for 2008. The land sales segment will continue with the rotation policy that has been the ongoing trend over the last few years.

Also, the volume of land owned (3.2 million m<sup>2</sup> of buildable land (maximum limit)) and the various types of product and urban development work, mean that these sales will not endanger the continuity of the real estate development business activity in the coming years. At the end of 2007 the company had already made presales of land amounting to approximately EUR 69 million that will materialise in 2008.

It is also strategic for the Realia group to continue with land development management in various spheres thereby adding value to the land and to the company and meaning that at the time of sale to third parties, its value is close to or exceeds the value given by the independent valuer (in 2007 sales made were 1.8% below the independent valuer's appraisal).

Finally, mention should be made of the Realia group's clear commitment to international expansion of the property development area, which it has been carrying on in Portugal and Poland and in 2007 extended activities to Romania with the creation of the company Realia Rom and, in the first few months of 2008, with the purchase of Parno Real Estate and the creation of a new company called Realia Zarea. The group intends to increase this international growth with new sites in Eastern European and Central American countries.

In connection with the Property Asset Management area, it should be noted that in 2007, the Guynemer building located in Paris (12,008 m<sup>2</sup>) was added to the Realia group's assets, as was the Ferial Plaza Shopping Centre, which was developed by the group and is located in Guadalajara (Spain) with a gross leasable surface area of 31,746 m<sup>2</sup>. Also, disposals were made, thus making cash of approximately EUR 121 million available to the subsidiary Realia Patrimonio for the 2008 investment plan. This company has five shopping centre projects in progress that will come into service in the 2008-2010 period with a gross leasable surface area of over 200,000 m<sup>2</sup>. Also, three projects are in progress in relation to office space for lease which will become available for operation between 2009 and 2010 and will contribute a leasable surface area of 56,000 m<sup>2</sup>. The completion of the projects in progress will increase the Realia group's current leasable surface area by over 50%.

Realia is committed to the growth of leased property, as evidenced by its investment in the projects in progress, which are developed and managed in full by the group. Realia is also committed to a solid investment plan involving the acquisition of new assets in Spain and EU countries with liquid and consolidated lease markets. This expansion will create value for the company through the revaluation of all the assets in progress. Lastly, it should be mentioned that the Realia group will continue to rotate the leased assets that it considers have reached maturity in terms of the creation of value for the shareholder and that are not located in key business areas that contribute to the group's profit.

## Additional information in compliance with Art. 116.Bis of Securities Market Law 24/1988, of 28 July as established by Law 6/2007 of 12 April

- a) Structure of the share capital, including any securities not traded in a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class, the rights and obligations conferred and the percentage of share capital represented.

The share capital of Fomento de Construcciones y Contratas, S.A. is established at one hundred and thirty million five hundred and sixty seven thousand, four hundred and eighty three (130,567,483) euros, represented by one hundred and thirty million, five hundred and sixty seven thousand four hundred and eighty three (130,567,483) fully subscribed and paid shares of EUR 1 par value each, all of the same class and series and represented by book entries. Each share gives the right to one vote.

- b) Restrictions on transferability of the shares.

There are no bylaw restrictions as to the transferability of the shares other than those established in the Consolidated Spanish Companies Law.

- c) Significant ownership interests in the share capital (direct and indirect.)

Fomento de Construcciones y Contratas, S.A. is controlled by B1998, S.L. This company owns 59,871,785 shares directly (45.855%) and 8,653,815 shares indirectly (6.628%, through its subsidiary AZATE, S.A.), representing 52.483% of the share capital.

Inmobiliaria Colonial, S.A. owns 19,671,780 shares directly, representing 15.066% of the share capital.

- d) Restrictions on voting rights.

There are no bylaw restrictions on the voting rights.

- e) Side agreements.

The company has been notified of the following side agreements, which pursuant to the Securities Market Law, have been filed at the Mercantile Registry relating to the registered office:

On 1 February 2008 Esther Koplowitz purchased the ownership interest (52.483%) that Ibersuizas Holdings held in B-1998, majority shareholder of Fomento de Construcciones y Contratas (FCC). This purchase was agreed on 24 December 2007. At present the share capital of B-1998 is owned by Esther Koplowitz (83.92%), Simante, represented by Robert Peugeot (5.73%), Larranza XXI (Bodegas Faustino), represented by Lourdes Martínez (5.34%) and Eurocis, represented by José Aguinaga (5.01%).

Public deed whereby Hipercentro, S.L., Biscaybay Holding, S.L., Catalana De Obras y Servicios, S.A' and EBM Alisma FCR, shareholders of Ibersuizas Holdings, S.L., became parties by accession to the investment, divestment and shareholders' agreement of B 1998, S.L, executed before the Madrid notary Segismundo Álvarez Royo-Villanova, dated 22 May 2007.

Public deed of novation amending the investment, divestment and shareholders' agreement of B 1998, S.L. executed before the Madrid notary Segismundo Álvarez Royo-Villanova, dated 22 May 2007, whereby the rules established to determine the price of the shares of B 1998, S.L. if the purchase option provided for in this contract in favour of Esther Koplowitz and Dominum is exercised before 1 January 2011 were amended to the effect that all amounts from Uniland, S.A. and Global Vía, S.A. and their respective corporate groups would be excluded from the formula to calculate the exercise price.

Public deed of novation amending the investment, divestment and shareholders' agreement of B 1998, S.L. and of accession thereto, executed before the Madrid notary Segismundo Álvarez Royo-Villanova, dated 22 May 2007, relating to the company B 1998, S.L. with Larranza XXI, S.L. and Bodegas Faustino, S.A. on 13 January 2005, whereby the rules established to determine the price of the shares of B 1998, S.L. if the purchase option provided for in this contract in favour of Esther Koplowitz Romero de Juseu and Dominum is exercised before 1 May 2011 were amended to the effect that all amounts from Uniland, S.A. and Global Vía, S.A. and their respective corporate groups would be excluded from the formula to calculate the exercise price.

These amendments do not in any way alter the holding of Esther Koplowitz Romero de Juseu in B 1998, S.L., or the agreements between the parties in relation to the governing of B 1998, S.L. and indirectly of Fomento de Construcciones y Contratas, S.A. or any forecast relating to the control of the two companies.

Deed for the transfer of shares of B-1998, S.L. to Larranza XXI, S.L. and execution in a public deed, together with confirmation of the shareholders' purchase and sale agreement, authorised by the Madrid notary José Antonio Escartín Ipiéns, on 13 January 2005 under number 78 of his protocol, containing the agreement for the purchase and sale of the shares of B-1998, S.L. and the latter company's shareholders' agreement, which was executed on 13 January 2005 by Esther Koplowitz Romero de Juseu and Dominum Dirección y Gestión, S.A. of the one part and by Larranza XXI, S.L. and Bodegas Faustino Martínez, S.A. of the other.

Public deed of the sale of shares of B-1998, S.L. by Dominum Dirección y Gestión, S.A. to SIMANTE, S.L.U., executed before the Madrid notary José Antonio Escartín Ipiéns on 28 July 2004, under number 2613 of his protocol, containing the side agreements entered into on 28 July 2004 by Esther Koplowitz and Dominum Dirección y Gestión, Simante, S.L. and Société Foncière Financière et de Participations-FFP.

Execution in a public deed of an investment and divestment and shareholders agreement entered into by Esther Koplowitz, Dominum Dirección y Gestión, S.A., Inversiones Ibersuizas, S.A., Ibersuizas Holdings, S.L., Cartera Deva, S.A. and Inversiones San Felipe, S.L. and authorised by the Madrid notary José Antonio Escartín Ipiéns on 28 July 2004 under number 2614 of his protocol. The public deed contains the side agreements entered into on 28 July 2004 by Esther Koplowitz and Dominum Dirección y Gestión S.A., Inversiones Ibersuizas S.A., Ibersuizas Holdings, S.L., Cartera Deva S.A. and Inversiones San Felipe, S.L.

*Full information relating to the side agreements is posted on the website at [www.fcc.es](http://www.fcc.es)*

**f) Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Company's bylaws.**

The related provisions are the Board Regulations, which in **Chapter IV "Appointment and Removal of Directors"**, establishes the articles applicable to the appointment and removal of the Board members and the amendment of the Company's bylaws:

**Article 16. Appointment, confirmation or re-appointment of directors:**

The proposals for the appointment or re-appointment of directors that the Board of Directors submits to the shareholders at the Annual General Meeting for their consideration and the resolutions regarding appointment adopted by the Board by virtue of the powers of co-optation statutorily attributed to it must concern technically qualified and experienced persons of acknowledged honour and repute and shall be approved by the Board following a proposal made by the Appointments and Remuneration Committee in the case of independent directors and following a report from the Appointments and Remuneration Committee in the case of other directors.

As soon as the General Meeting call notice is published, the Board of Directors must post on its website the following information on the proposed candidates for appointment or confirmation as directors:

- (i) the candidate's professional and biographical profile.
- (ii) other Boards of Directors of which he/she is a member, irrespective of whether the company in question is listed or not.
- (iii) the category of director, as applicable, stating in the case of nominee directors, the shareholder at whose request they have been appointed, re-appointed or with whom they have ties;
- (iv) date of his/her first appointment as Company director and also dates of subsequent appointments;
- (v) Company shares and derivative financial instruments, for which the Company's shares are the underlying, held by the director whose office is to be confirmed or who is to be re-appointed, or who is the candidate that is to take office as director for the first time. This information shall be kept updated.

The Secretary of the Board of Directors shall provide each new director with a set of the Company's bylaws, these Regulations, the Internal Rules of Conduct, the latest consolidated and individual financial statements and directors' report approved by the shareholders at the Annual General Meeting, the auditors' reports relating thereto and the latest economic and financial information reported to the markets. The Secretary shall also inform new directors of the names of the present auditors and their contact persons.

All directors must sign a receipt with respect to this documentation, agreeing to familiarise themselves with it and to faithfully fulfil their obligations as director.

The Company shall establish guidance programmes to enable directors to gain quick and adequate knowledge of the Company and its Group and also of the rules of corporate governance. It shall also offer coaching programmes on such information when the circumstances call for it.

**Article 17. Appointment of independent directors**

The appointment of independent non-executive directors shall be restricted to persons that satisfy the conditions indicated in Article 6. 2. a) of these Regulations.

Without prejudice to remaining on the Board of Directors, a director who has had this status for an uninterrupted period of 12 years may not hold office classified as independent director. However, following a favourable report from the Appointments and Remuneration Committee, the Board may propose to the shareholders at the Annual General Meeting that the director maintain his/her classification as independent even though the aforementioned circumstance is met.

**Article 18. Term of office**

1. Directors shall hold office for the period established in the Company bylaws, which in no case may exceed six years, notwithstanding their re-appointment to office.
2. Directors appointed by co-optation shall discharge office until the date of the first Annual General Meeting. This period shall not count for the purposes of that established in the preceding paragraph.
3. Directors whose term of office has concluded or who, for any other reason, cease to discharge their position may not render services at any entity that is a competitor of FCC for a period of two years.
4. Should it be deemed appropriate, the Board of Directors may release an outgoing director from this obligation or shorten the term thereof.

**Article 19. Re-appointment of directors**

Before any re-appointment of directors is submitted for consideration to the shareholders at the General Meeting, the Appointments and Remuneration Committee must issue a report appraising the quality of work and dedication to the position in the preceding term of office of the proposed directors.

**Article 20. Removal of directors**

1. Directors shall vacate office when the term for which they were appointed has elapsed or when the shareholders at the General Meeting, by virtue of the powers attributed to them by law or in the bylaws, so resolve.
2. Directors must place their office at the disposal of the Board and, where the Board of Directors sees fit, must tender their formal resignation in the following cases:
  - a) When they vacate the positions, offices or functions that were associated with their appointment as executive directors.
  - b) In the case of nominee directors, where the shareholder at whose request they were appointed transfers in full the ownership interest held in FCC or where such interest is reduced to a level that requires a reduction in the number of nominee directors.
  - c) When they are subject to any statutorily envisaged incompatibility or prohibition.
  - d) When the Board itself requests the director's removal, with the majority vote of at least two thirds of its members:
    - when he/she has been seriously admonished by the Board for failing to perform his/her obligations, after a prior proposal or report from the Appointments and Remuneration Committee or
    - when his or her continued membership of the Board could jeopardise the Company's credit and reputation. Directors must inform the Board of any criminal suits in which they are involved as the accused party and also of the subsequent developments of such proceedings. In any event, should any director be prosecuted or an order to commence trial be issued against him/her for any of the corporate offences specified in Article 124 of the Companies Law, the Board shall examine the case at its earliest convenience and, in view of the specific circumstances, shall decide whether or not the director should tender his resignation, providing reasoned disclosure thereon in the Annual Corporate Governance Report.
3. The Board of Directors may not propose the removal of any independent director before the period established in the bylaws for his appointment has elapsed, except where there is just cause, in the opinion of the Board, following a prior report from the Appointments and Remuneration Committee. Specifically, it shall be deemed that there is just cause where the director fails to discharge the duties inherent to his position or he is subject to any of the circumstances described in Article 6.2.a of these Regulations, whereby he is barred from appointment as independent director.
4. When as a result of his resignation or for some other reason a director vacates his position before his term of office has concluded, he shall explain the reasons in a letter submitted to all the members of the Board. The director's vacation of office shall also be disclosed in the Annual Corporate Governance Report as a relevant event, together with the reasons therefor. Particularly, where the director's resignation is due to significant or repeated resolutions adopted by the Board, on which the director has placed on record his serious reserve and as a result thereof has opted to resign, this circumstance shall be expressly stated in the letter addressed to the other members of the Board.

**g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares:**

Baldomero Falcones Jaquotot is the only member of the Board of Directors on whom powers of attorney have been conferred.

The powers delegated to him are as follows:

**To open and close accounts**

To open and close all manner of current and savings accounts or time deposits, at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions. To acquire, alienate, cancel and pledge certificates of deposit. To hire and cancel safe deposit boxes at banks and other financial institutions.

**To draw on accounts**

To sign cheques, acquire banking cheques, buy and sell foreign currencies, order transfers, money transfers and payments and, in any manner, withdraw amounts from current and other accounts in official and private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

**To route payments through bank accounts**

To make standing orders for payments, bills, bills of exchange and other trade notes in any kind of accounts at official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

**To arrange credit facilities and loans**

In his capacity as borrower, to arrange credit facilities, loans and financial discounts, secured or unsecured with progress billings or invoices for works and services performed, as well as any other personal guarantee, with official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions and also with any individual or legal entity, establishing the interest, terms, fees, covenants and conditions he may freely stipulate. To receive and repay in full or in part the amount of such loans or credit facilities and, in connection therewith, to postpone, divide and amend conditions subsequent. To modify, renew and repay fully or partially the aforementioned credit facilities or loans and, as a means of documentation, to sign the related policies and agreements and accept, issue or endorse, as the case may be, bills of exchange and other documentation that may be required. To request, arrange, modify and cancel the opening of any manner of simple or documentary letters of credit.

**Credit facilities and loans as lender**

In his capacity as lender, to arrange credit facilities and loans, secured or unsecured with personal guarantees or security interests, establishing the interest, terms, fees, covenants and conditions he may freely stipulate and in connection therewith to postpone, divide and amend conditions subsequent. To modify, renew and repay fully or partially the aforementioned credit facilities or loans and, as a means of documentation, to sign the related policies and agreements and accept, issue or endorse, as the case may be, bills of exchange and other documentation that may be required. To request, arrange, modify and cancel the opening of any manner of simple or documentary letters of credit.

**To endorse certificates**

To endorse or pledge to official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions, progress billings for construction work or services performed and that should be received by the state, autonomous community governments or bodies, provincial governments, island councils, municipal councils or joint local authority bodies or any other public or private entity.

**To pay amounts into**

To pay amounts into any manner of accounts.

**To make collections**

To collect accounts receivable, irrespective of their amount, origin or nature, from the state, autonomous community governments, provincial governments, island councils, municipal councils, or joint local authority bodies or any other public or private individual or legal entity, signing the related receipts or letters of payment, for full amounts or amounts delivered on account, and also to receive amounts in the form or repayable advances. To make assignments of trade receivables (factoring).

**To make collections by means of documents made out to the Company**

To collect accounts receivable, irrespective of their origin or nature, from the state, autonomous community governments, provincial governments, island councils, municipal councils, or joint local authority bodies or any other public or private individual or legal entity, signing the related receipts or letters of payment, for full amounts or amounts delivered on account, and also receive amounts in the form or repayable advances. This power may be exercised exclusively when the payment is made by cheque, promissory note, bill of exchange or any other trade note made out to the Company holding the account receivable or at its order.

**To issue and negotiate trade notes**

To issue, draft, negotiate, endorse and collect bills of exchange, money orders and letters of instruction and to collect and endorse promissory notes, cheques and banking cheques, to prepare re-draft accounts and demand protests or the control of the aforementioned trade notes.

**To request statements**

To request statements of accounts from official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

**To approve statements**

To approve or contest statements of accounts of official or private banks, including the Bank of Spain, savings banks and other credit or financial institutions.

**To arrange surety bonds for the principal**

To request and arrange surety bonds for the Company, as principal, with official or private banks, including the Bank of Spain, savings banks and other credit, financial or insurance entities through the provision by the latter entities of bonds, sureties, guarantees, surety bonds, rights in rem and other guarantees.

**To provide surety bonds and guarantee the Principal and its investees**

To request and arrange surety bonds for the principal and also guarantee its investees with official or private banks including the Bank of Spain, savings banks and other credit, financial or insurance entities, through the provision by the latter entities of technical bonds, i.e. guarantees relating to contracts (provisional or final bonds), guarantees in the form of certificates for the procurement of machinery in project contracts or for the provision of services or supplies, signing such documents as are freely stipulated between them for such purpose.

**To accept trade notes and sign promissory notes**

To accept bills of exchange and other trade notes and to sign promissory notes.

**To make and withdraw deposits**

To provide all manner of guarantees, provisional and final deposits in cash, securities, sureties, acknowledged or any manner of receivables to secure contracts, bids or tenders at the General Deposit Agency and at any of its offices and also at any state, autonomous community government or body, provincial government, island council, municipal council or joint local authority body or other public or private entity, including individuals. To replace redeemed securities with any others. To receive the amount of the coupons relating to such securities. To request the return of provisional and final sureties, guarantees and deposits, withdrawing both the cash and the sureties, the guarantees and securities deposited, receiving the interest earned on such guarantees and deposits and to discharge them and, as appropriate, to sign receipts, payment orders and such other public and private documents as may be appropriate in each case.

**To make payments**

To pay any amounts that are owed, demanding receipts, letters of payment and the appropriate slips. To assign the management of invoice payments to credit institutions (confirming).

**To make bids and take part in tenders**

To bid and take part in all manner of auctions, tenders, price-based invitations to tender and any other manner of tender that may be called. To make the appropriate bids for such purpose, even jointly or jointly and severally with other bidding entities, whether they be individuals or legal entities, as well as economic interest groupings (EIGs) or joint ventures or any other type of association. To sign such public or private documents as may be required, including plans, projects and any other relating to the bid or tender.

**Representation at the opening of sealed envelopes at tenders**

To attend acts at which bids are opened in connection with any manner of tender called by public or private entities, whether they be individuals or legal entities and also to submit to the Board of the contracting body or entity such claims, reserves or observations as he sees fit and to sign the related documents that are issued.

**To enter into agreements for the execution of projects, the provision of services and the sale of supplies**

To enter into agreements, assign them, amend them, terminate them and, if appropriate, rescind them with any public or private individual or legal entity, the state, autonomous community governments, provincial governments, island councils, municipal councils or joint local authority bodies, provided that the subject-matter of such agreements is the execution or provision, by the principal, of all manner of projects, services, supplies and also agreements of any type relating to concessions, leases and administrative arrangements. To accept all manner of awards, made to the principal. To negotiate and agree to prices under dispute, changes or increases therein. To request the final settlement of such agreements.

**Laying out ground plans of projects**

To be present at the verification of ground plans and at the delivery of provisional or final works, irrespective of their nature and the contracting entity, be it a public or private individual or legal entity, the state, autonomous community government, provincial government, island council, municipal council, or joint local authority or individual, signing such documents as may be necessary or advisable and making the representations and reserves that he deems fit.

**To buy and enter into agreements**

To enter into agreements, to amend, terminate and, as the case may be, to rescind the acquisition and supply of materials or fixtures, the provision of services and also the execution of all manner of projects or portion thereof and the provision of services by third parties.

**Water, electricity and telephony supplies**

To arrange the supply and connections for water, gas, electricity and telephone with the utilities companies.

**Insurance**

To arrange, amend, surrender, pledge, terminate, rescind and settle all classes of insurance, signing the policies and contracts with the insurance companies in the conditions deemed appropriate and to receive from the insurance companies the compensation that may be applicable.

**Authorisations for international trade**

To make all manner of applications to official bodies to request concessions, permits or licences on imports and exports, without any limitation, and in connection with such concessions, permits and licences, to file documents, appear at procedures and proceedings, receive notices and file appeals.

**To receive correspondence**

To receive all manner of correspondence, the documents of declared-value items, money transfers and packages. To collect goods, packages, letters or any other manner of remittance from the customs and carrier and railway companies, making the relevant claims, where appropriate.

**To sign correspondence**

To sign postal, telegraphic or any other manner of correspondence.

**To issue certificates**

To issue appraisal reports and progress billings for projects or services performed.

**Collective bargaining**

To negotiate and sign collective labour agreements, irrespective of their scope.

**Industrial relations**

To open work centres, hire, amend, renew, terminate and, as the case may be, rescind employment contracts, setting with the employees the financial, working and any other manner of conditions deemed appropriate. Sign the related employment contracts. Initiate disciplinary proceedings and adopt the appropriate measures. Perform all manner of formalities, dealings and actions and procedures with the Ministry of Work, Social Security offices, employment offices, trade unions and other bodies, filing and signing such submissions, requests and documents as may be required. Have dealings with the Labour inspectors in any proceeding or review conducted by them.

**Labour proceedings**

To appear before the labour courts, the higher courts of justice, the National Appellate Court, the Supreme Court or any administrative or court body in labour-related matters. Hold conciliation hearings, with or without settlement. Settle matters or differences, file requests, documents and submissions, as plaintiff or defendant, empowering him expressly to answer interrogatories and ratify them in such procedures and investigations as may be required in this respect and to take such other steps as he deems fit.

**To develop and divide properties into lots**

To develop and divide properties into lots, request the approval for subdivision plats and newly built estates, the segregation and re-grouping of land lots and to accept them and, in general, to take part in all procedures envisaged under the Land and City Master Plan Law and supplementary legislation and in the Municipal Ordinances. To assign by any means real estate for development purposes. To set boundaries and mark limits, make property groupings, segregations and divisions. Request registrations, entries for property features that are greater or lesser in reality than the description thereof and modifications of boundaries, new descriptions and all manner of registry entries. To apply for construction permits, to make declarations of new construction, construct buildings under condominium property arrangements or any other type of association, to set the ownership shares thereof and to draft the bylaws and regulations, if applicable. To divide common properties and accept awards.

**Rights in rem on real estate properties**

To arrange, accept, amend, redeem and discharge mortgages, usufructs, annuities, easements and all manner of rights in rem on real estate properties.

**To lease properties of third parties**

In his capacity as lessee, to arrange the lease of all manner of properties, even where the lease cannot be registered at the Property Registry, and also to renew, assign, amend, terminate and, as the case may be, rescind the related agreements.

**To lease properties**

To lease all manner of real estate properties, even where the lease cannot be registered at the Property Registry. To execute, renew, amend, terminate and, as the case may be, rescind the related agreements. To evict tenants and lessees.

**Real estate finance leasing**

To enter into agreements, assign them, amend them, terminate them, and as the case may be, rescind them with any individual or public or private legal entity, provided the subject-matter of such agreements is the performance of finance lease transactions relating to real estate.

**The purchase and sale of vehicles and movable property**

To purchase, sell, exercise the retrospective right of first refusal, exchange and, by any means, to acquire or alienate, simply or subject to conditions, with deferred price, received price or in cash, all manner of movable properties (except the purchase and sale of company shares) and vehicles, without exception. Pay or receive, as the case may be, the price of acquisitions or sales. Set up or accept rights in rem as security interest and express conditions subsequent on such movable properties or vehicles and, in the event of sale, to accept any manner of guarantees as might be provided to secure the deferred price of the sale of such movable properties and vehicles.

To determine, himself, freely and without any restriction or limitation whatsoever, the conditions under which the acquisitions, alienations and exchanges in question are to be carried out and, for the purposes in question, to take all manner of steps and perform all manner of formalities and acts at the traffic authorities, tax offices, municipal councils, customs and other public and private bodies, without exception.

#### **To lease vehicles and movable properties of third parties**

In his capacity as lessee, to arrange the lease of all manner of vehicles and movable properties and also to execute, renew, amend, terminate and, as the case may be, rescind the related agreements.

#### **To assign vehicles and movable properties on a lease basis**

To lease all manner of vehicles and movable properties and also to execute, renew, amend, terminate and, as the case may be, rescind the related agreements.

#### **Finance lease of movable properties**

To enter into agreements, assign them, amend them, terminate them and, as the case may be, rescind them with any public or private individual or legal entity, provided that the subject-matter of such agreements is the performance of finance lease transactions relating to movable properties.

#### **Rights in rem on movable properties**

To set up, accept, modify, redeem and discharge security interests, pledges, usufructs and all manner of rights in rem on movable properties.

#### **To purchase credits and other intangible rights**

To purchase and, in any other manner, to acquire in a single payment or in instalments and in the conditions he deems fit, all manner of credits and other intangible rights, provided that such credits and rights are not represented by securities or securities registered in the book entry trading system.

#### **Sale of credits and other intangible rights**

To sell, alienate, pledge and in any manner to encumber, transfer, in a single payment or in instalments, and in the conditions he deems fit all manner of credits and other intangible rights, provided that such credits and rights are not represented by securities or securities registered in the book entry trading system.

#### **To form companies**

To form civil law partnerships and mercantile companies. To subscribe shares, debenture loans and units and to pay out amounts in cash or in any assets. To waive pre-emption rights on share issues and debenture loans. To accept exchanges, conversions and redemptions. To approve, accept and amend bylaws and shareholders' agreements relating to shareholder relationships or with respect to the company, which supplement, replace or modify the contents of the rights and obligations of the shareholders under the bylaws. To appoint, accept, waive, remove and replace positions of representation, administration, management, direction and that of attorneys-in-fact, setting the authority in each case and appointing managers and members of the managing bodies and other offices, being able, as appropriate, to designate, remove and replace third persons as representatives of the principal company in the discharge of the duties of the office for which they were appointed.

#### **To form joint ventures and other associations**

To form, renew, amend, alter the form of, dissolve and liquidate associations, economic interest groupings, joint ventures or any manner of associations. To subscribe shares and pay out amounts in cash or in any other assets. To waive pre-emption rights on share issues. To accept exchanges, conversions and redemptions. To approve, accept and amend bylaws and shareholders' agreements relating to shareholder relationships or with respect to the company, which supplement, replace or modify the contents of the rights and obligations of the shareholders under the bylaws. To appoint, accept, waive, remove and replace positions of representation, administration, management, direction and that of attorneys-in-fact, setting the authority in each case and appointing managers and members of the managing bodies and other offices, being able, as appropriate, to designate, remove and replace third persons as representatives of the principal company in the discharge of the duties of the office for which they were appointed.

#### **Representation before the governing bodies of companies and other associations**

To attend and vote at Annual, Extraordinary or Universal Meetings of shareholders, exercising all the rights and fulfilling all the obligations intrinsic to the status of shareholder. To approve or contest, as the case may be, company resolutions.

To attend and vote at Boards of Directors' meetings, committees or any other managing bodies of companies, joint ventures, economic interest groupings or any other type of association, approving and contesting the resolutions adopted, as the case may be.

To discharge the positions and assignments for which he has been appointed on the governing boards of companies, joint ventures, economic interest groupings or any manner of association, exercising the rights and fulfilling the obligations intrinsic thereto.

#### **Representation**

To represent the principal in proceedings, appeals, procedures and claims, irrespective of their nature or amounts, in dealings with the state, autonomous community governments or bodies, provincial governments, island councils, municipal councils or joint local authority bodies, courts, tribunals, the public prosecutor's office and, in general, any other jurisdictions, and thereat to institute, monitor, follow through to completion, as plaintiff, defendant or in any other capacity, all manner of proceedings, acts of settlement, hearings and civil, criminal, administrative, economic-administrative and judicial review proceedings, of a governmental or tax nature and at all levels and jurisdictions. To

lodge petitions and bring actions and exercise exceptions in whatsoever proceedings, processes and appeals, including appeals of cassation and other extraordinary appeals. Where required, to give personal confirmation and to respond to interrogatories and, in general, to carry out such court and out-of-court actions as may be supplementary to the proceeding in hand. To file, follow up and discontinue all manner of appeals, as appropriate, against decisions of the state, autonomous community governments or bodies, provincial governments, island councils, municipal councils or joint local authority bodies or any public or private corporations or bodies, that in any way violate or may violate the principal's rights, making such representations and granting such documents as may be required in exercising such powers. To appear before all manner of entities and before them to sign and monitor such proceedings, submissions, petitions and documents as may be necessary.

#### **Settlement**

To settle all manner of issues and differences and to discontinue actions and appeals, under the conditions, agreements and obligations deemed fit, except for transactions entailing the acquisition or alienation of real estate properties or rights in rem. To agree, settle and give commitments in respect of all credits, rights and actions, disputes and differences.

#### **Arbitration**

To submit the resolution of all manner of disputes and differences to arbitration. To execute the deed relating to the appointment of the arbitrators, establishing the matters to be submitted for resolution in the terms and conditions he deems fit. To accept the arbitral award that is handed down or to file legal appeals and, in general, to perform and grant whatsoever is permitted in matters of arbitration under current law.

#### **To empower lawyers and court procedural representatives**

To grant powers of attorney to litigate or any special procedural powers he deems appropriate, including the powers of delegation, and to revoke them when he sees fit.

#### **To accept the acknowledgement of debts and dation en paiement**

To accept the acknowledgment of debt by third parties and the guarantees that are offered and provided, whether they be pledges or security interests, mortgages or antichreses, or the award of movable or immovable properties, establishing in all cases the agreements, clauses and conditions he deems fit. To accept as payment of debts all manner of movable and immovable properties and rights at their appraisal value or at the value freely agreed and in the conditions he sees fit.

#### **Attendance at creditors' meetings**

As representative of the company and exercising all its rights, to attend the insolvency proceedings of its debtors, as provided for in Insolvency Law 22/2003, of 9 July, and particularly, to designate, in the event of the company itself being designated insolvency manager by a third of the creditors, a professional satisfying the legal conditions for his appointment by the insolvency judge, as provided for in Article 27 of the Law and to abide by the meeting's proposals and to attend insolvency creditors' meetings in a speaking and voting capacity, accepting or rejecting the meetings' proposal and the guarantees offered to secure claims, in accordance with Articles 103, 108, 121 et al of the same Law. To take part in the implementation of the meeting's proposal and, as the case may be, in the insolvency liquidation. In general, for all the foregoing, to exercise the actions and rights that are appropriate therfor and the powers statutorily granted to the creditors.

#### **To request notarial documents**

To request all manner of notarial documents. To bring proceedings of title, for resuming successive train of title, of release from charges and notarial documents of verification. To execute deeds of clarification or rectification.

#### **Tax returns**

To sign returns, details or any other forms relating to taxation or levies.

#### **To buy securities**

To buy and, in any other manner, to acquire, by means of a single payment or in instalments and in the conditions he deems fit, treasury bills, debentures, bonds, company shares and securities. To evidence their acquisition and holding and to receive them. To make and submit representations.

#### **To sell securities**

To sell, alienate, pledge and, in any other manner, to charge and transfer, by means of a single payment or in instalments and in the conditions he deems fit, treasury bills, bonds, company shares and securities. To convert, exchange and deliver them, to make representations and to file claims.

#### **Purchase of treasury shares**

In compliance with the requirements of Article 75 and additional provision one of the Consolidated Spanish Companies Law and within the limits and under the conditions established by the shareholders at the Annual General Meeting, which authorised the transaction, to buy and in any manner to acquire treasury shares of the principal, in a single payment or in instalments.

#### **Sale of treasury shares**

To sell, alienate, pledge and, in any other manner, to charge and transfer treasury shares of the principal, by means of a single payment or in instalments and in the conditions he deems fit.

#### **To guarantee and provide sureties for third parties**

To guarantee and provide sureties for third parties and to such end provide, on behalf of the granter Company, all manner of guarantees including mortgage guarantees and security interests.

**Purchase of real estate properties**

To purchase, to exercise the retrospective right of first refusal and, by any other means, to acquire, purely or subject to conditions, with deferred price (be it represented or not by bills of exchange), received price or in cash, all manner of real estate properties and rights in rem. To give and discharge the collaterals he deems fit to secure deferred prices, including mortgages that encumber the acquired asset and express conditions subsequent or any combination thereof or other guarantees. With respect to the guarantees provided, to establish schemes for their discharge, automatically or unilaterally on the purchaser's part, to accept, modify and exercise purchase options on immovable properties and other rights in rem.

**Sale of real estate units**

To sell, exchange or, by any means, to alienate, purely or under conditions, with deferred or received price or in cash, all manner of immovable properties and rights in rem. To accept the personal guarantees and collaterals that he sees fit to secure deferred prices, including pledges, mortgages and express conditions subsequent or any combination thereof or other guarantees. To collect the deferred price, to grant letters of payment and discharge such guarantees. With respect to the guarantees provided, to establish schemes for their discharge, automatically or unilaterally on the purchaser's part. To grant, modify and waive purchase options on immovable properties and other rights in rem.

**Sale of real estate developments**

To sell homes, business premises, offices, storerooms, parking lots and other real estate units, setting the prices, the manner of payment and the interest, as the case may be, that he deems appropriate.

**Delegation of powers of attorney**

To delegate the aforementioned powers of attorney fully or partially to the persons he sees fit. To limit, restrict or amend the contents of each of the powers in the cases and in the manner he deems necessary. To revoke powers that have been conferred, irrespective of the person or company body that granted them, even if they were granted by the Board of Directors, the directors or the Executive Committee, with the attorney-in-fact retaining all and every one of the powers delegated to him.

In connection with the possibility of issuing or repurchasing shares, in accordance with the aforementioned description, he may with his sole signature:

- sell and purchase treasury shares.
- purchase and sell securities.

- h) **Significant agreements entered into by the Company which will come into force, be amended or terminate in the event of a change in control of the Company resulting from a takeover bid, and their effects, except when dissemination thereof may be seriously detrimental to the Company. This exception shall not apply when the Company is required by law to publish this information.**

No such agreements exist.

- i) **Agreements between the Company and its directors, senior executives or employees which provide for termination benefits when the latter resign or are dismissed without justification or if the employment relationship ends as a result of a takeover bid.**

The Company has not established any supplementary pension plans in addition to those of the social security. In accordance with the Consolidated Pension Fund and Plan Law, in the specific cases in which there are similar obligations the Company externalises the related obligations to the employees.

Also, following authorisation from the executive committee, on a previous date an insurance policy was arranged and the related premium paid to cover the contingencies of death, permanent occupational disability, retirement bonuses and pensions and other situations for, inter alia, the executive directors and senior executives. Specifically, the contingencies giving rise to indemnities are those entailing the termination of the employment relationship on any of the following grounds:

- a) Unilateral decision by the company.
- b) Dissolution of the parent for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Other grounds of physical or legal incapacity.
- e) Substantial change in the working conditions.
- f) Vacation of office, upon reaching 60 years of age, at the executive's request and with the Company's agreement.
- g) Vacation of office upon reaching 60 years of age.



**Auditor's report**  
Fomento de Construcciones y Contratas, S.A.



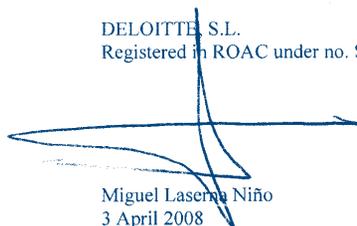
*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22).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

## AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of  
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. comprising the balance sheet at 31 December 2007 and the related income statement and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.
2. As required by Spanish corporate and commercial law, for comparison purposes the directors present, in addition to the 2007 figures for each item in the balance sheet, income statement and statement of changes in financial position, the figures for 2006. Our opinion refers only to the 2007 financial statements. On 4 April 2007, we issued our auditors' report on the 2006 financial statements, in which we expressed an unqualified opinion.
3. Fomento de Construcciones y Contratas, S.A. is the head of a corporate group which presents consolidated financial statements separately from the accompanying financial statements. On this same date we issued our auditors' report on the 2007 consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), in which we expressed an unqualified opinion. Per the consolidated financial statements prepared according to EU-IFRSs, the total consolidated assets and sales amounted to EUR 23,713 million and EUR 13,881 million, respectively, and the consolidated profit for the year and equity attributable to the shareholders of the Parent amounted to EUR 738 million and EUR 2,686 million, respectively.
4. In our opinion, the accompanying financial statements for 2007 present fairly, in all material respects, the net worth and financial position of Fomento de Construcciones y Contratas, S.A. at 31 December 2007 and the results of its operations and the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying directors' report for 2007 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2007. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.  
Registered in ROAC under no. S0692



Miguel Laseña Niño  
3 April 2008