



annual report 2007



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Letter from the Chairman

"FCC will continue to be a clear business reference in terms of soundness and profitability in the future"

Ladies and gentlemen

Fiscal year 2007 was a very special year for FCC, as you can see from this Annual Report, not only because of the truly spectacular results obtained, thanks to the work of a great professional staff and the unconditional support of our shareholders of reference, but also because of the progress made in the area of good governance and corporate responsibility.

The challenges of economic, environmental and social sustainability, including climate change and the exhaustion of natural resources and biodiversity, are important to a Group such as FCC. But it is also becoming increasingly evident that these are strategic factors which affect the competitiveness of the company in an environment of changing risks, demands and opportunities. And FCC has understood this by incorporating corporate responsibility commitments into its new strategic plan.

The Group's 2007-2008 Corporate Responsibility Master Plan promotes the integration of business strategy with corporate responsibility objectives. The report addresses the principle actions carried out in this regard. This year, for example, we have reinforced the framework of values and integrity by revising the mission, vision and values of FCC, drafting a Code of Conduct, deploying an ethical channel as a safeguard measure, and adapting the Group's internal rules to the CNMV's Unified Code of Good Governance.

The issues of climate change and the goal of achieving a low-carbon economy have been undertaken by the different business areas while the Group has made progress in their strategic analysis, in the response to the demands for information from socially responsible investors, and the presence of FCC in public and private initiatives.

Our company has managed to face these challenges and to achieve the ambitious goals we had set for in the 2005-2008 Strategic Plan—a year ahead of time!

As you can see, FCC is prepared to successfully meet the challenges which advanced societies demand and which it will undoubtedly face in the future as a clear business reference in terms of soundness and profitability.

Rafael Montes Sánchez
Chairman



Letter from the Managing Director

Baldomero Falcones joined FCC as Vice President
and Managing Director in January 2008

Ladies and gentlemen

You hold in your hands the annual report for fiscal year 2007 which is a faithful reflection of FCC's success last year, a year in which it took a qualitative and quantitative leap, unprecedented in its hundred-year history, which converted it into a company with a permanent presence in numerous countries and in very diverse and always profitable business activities.

I will summarise the company's principal indicators below which are the result of the efforts of a great staff which I had the honour to join in January 2008..

Net turnover was 13,881 million euro, which represents a 46.4% increase over the year before. This spectacular increase in turnover is due to the consolidation of the companies acquired in 2006 (WRG, Alpine, Uniland, SmVaK, Lemona and Flightcare Italia) and also to the excellent performance of the businesses that were already part of the Group.

We have seen the first fruits of our firm commitment to international expansion with **revenues from business abroad** reaching 36% of the total (4,996 million euro), tripling the 2006 figure. The areas where we have the strongest international presence are construction (41%) and environmental services (36%). 83% of foreign revenues are generated in European countries and 5% in the United States.

50% of the Group's revenues came from construction, due primarily to our international expansion, while 34% came from services, almost 13% from cement and the rest from our real estate business.

Thanks to the efforts of all business areas, at the end of the year the Group had a **backlog** of 33,149 million, which represents an 8.6% increase over the year before.

The **gross operating profit** was 2,042 million euro, which represents an increase of 47.2% and a sales margin of 14.7%, one-tenth higher than the year before. Services contributed 41% to overall Ebitda, cement contributed 30.4%, construction 17.5% and real estate and others, 11%.

The **parent company's profits**, after taxes and minority shareholders, were 738 million euro, which represents a 37.8% increase over 2006.

"Our firm commitment to international expansion has already had an effect, with revenues from business abroad accounting for 36% of the total (4,996 million euro)"

"The total dividend paid against 2007 profits will be 2.13 euros per share, which represents a 4% increase over the year before"

"FCC is now present in 52 countries and employs one hundred thousand people"

These magnificent results were obtained while maintaining the soundness of our balance sheet, since our **net financial debt** at the end of the year was 7,967 million euro, 4,846 of which referred to debt with recourse to the parent company and the remainder to project financing. The net financial debt with recourse was 2.71 time Ebitda, the lowest in our sector.

In view of these excellent results, the Board of Directors will ask the General Meeting of Shareholders to approve the payment of a complementary dividend of 1.065 euros per share, the exact same amount as the interim **dividend** paid in January. If the dividend proposal is successful, the total dividend paid against 2007 profits will be 2.13 euros per share, which represents a 4% increase over the year before.

At FCC, we are making important strides in **Corporate Responsibility**. During the first year of the Corporate Responsibility Master Plan, the actions contained in the Plan gradually incorporate into the Group's strategies and operations the corporate responsibility elements which are material and key to the current and sustainable success of the business.

Climate change and the goal of a low carbon economy, investment in R+D+i and environmental technologies are strategic factors for FCC which it has undertaken with even more determination than in 2006.

Our Group grew in 2007 and became more diverse. FCC is now present in 52 countries and **employs** one hundred thousand people. Growing with diversity and stability requires integration. In this regard, we are developing the Galileo Project, designed to establish a solid cultural, compliance and management foundation for the new international companies that have joined our Group.

All of this can be seen in our Corporate Responsibility Report which has been audited by an independent third party and drafted according to the strict requirements of the Global Reporting Initiative (GRI).

I would like to take this opportunity to thank the employees for their hard work and dedication and the shareholders for having faith in us.

Baldomero Falcones Jaquotot
Vice President and Managing Director

Governing Bodies

Board of Directors

Rafael Montes Sánchez	Chairman Nominee Director
Baldomero Falcones Jaquotot	Vice Chairman Managing Director Executive Director

B 1998, S.L. Representative: Esther Koplowitz Romero de Juseu Nominee Director	Robert Peugeot Nominee Director
Dominum Desga, S.A. Representative: Esther Alcocer Koplowitz Nominee Director	Cartera Deva, S.A. Representative: José Aguinaga Cárdenas Nominee Director
Dominum Dirección y Gestión, S.A. Representative: Carmen Alcocer Koplowitz Nominee Director	Larranza XXI, S.L. Representative: Lourdes Martínez Zabala Nominee Director
EAC Inversiones Corporativas, S.L. Representative: Alicia Alcocer Koplowitz Nominee Director	Max Mazin Brodovka Independent Director
Fernando Falcó y Fernández de Córdoba Nominee Director	Mariano Miguel Velasco Nominee Director
Marcelino Oreja Aguirre Nominee Director	César Ortega Gómez Independent Director
Miguel Blesa de la Parra Nominee Director	Antonio Pérez Colmenero Corporate Human and Other Resources Manager Executive Director
Gonzalo Anes y Álvarez de Castrillón Independent Director	Luis Manuel Portillo Muñoz Nominee Director
Juan Castells Masana Nominee Director	Francisco Vicent Chuliá Secretary (non-member)
Felipe Bernabé García Pérez General Secretary Executive Director	

Strategy Committee

Chairman	Esther Koplowitz Romero de Juseu, on behalf of B 1998, S.L.
Members	Esther Alcocer Koplowitz, on behalf of Dominum Desga, S.A. Fernando Falcó y Fernández de Córdoba Lourdes Martínez Zabala, on behalf of Larranza XXI, S.L. Robert Peugeot José Aguinaga Cárdenas, on behalf of Cartera Deva, S.A.



Executive Committee

Chairman	Baldomero Falcones Jaquotot
Members	Fernando Falcó y Fernández de Córdova Dominum Desga, S.A. represented by Esther Alcocer Koplowitz Juan Castells Masana Cartera Deva, S.A. represented by José Aguinaga Cárdenas
Secretary (non-member)	Francisco Vicent Chuliá

Appointments and Remunerations Committee

Chairman	Esther Alcocer Koplowitz, on behalf of Dominum Desga, S.A.
Members	Fernando Falcó y Fernández de Córdova Rafael Montes Sánchez Antonio Pérez Colmenero José Aguinaga Cárdenas, on behalf of Cartera Deva, S.A. Robert Peugeot Gonzalo Anes y Álvarez de Castrillón Max Mazin Brodovka
Secretary (non-member)	José María Verdú Ramos

Audit and Control Committee

Chairman	Fernando Falcó y Fernández de Córdova
Members	Alicia Alcocer Koplowitz, on behalf of EAC Inversiones Corporativas, S.L. Gonzalo Anes y Álvarez de Castrillón Juan Castells Masana
Secretary (non-member)	José María Verdú Ramos

Steering Committee

Chairman	Baldomero Falcones Jaquotot
Members	Esther Alcocer Koplowitz Alicia Alcocer Koplowitz Fernando Falcó y Fernández de Córdova Ignacio Bayón Maríné Felipe Bernabé García Pérez (Secretary) José Luis de la Torre Sánchez José Ignacio Martínez-Ynzenga y Cánovas del Castillo José Mayor Oreja Antonio Pérez Colmenero Víctor Pastor Fernández José Luis Vasco Hernando Antonio Gómez Ciria Gérard Ries Eduardo González Gómez José María Verdú Ramos

The new economic environment in which the FCC Group will be operating in the period 2008–2010 will presumably be characterised by:

- Economic slowdown in developed countries.
- Growth in emerging countries.
- More restrictive capital and financial markets and higher financing costs.
- Deceleration of construction and real estate business in the Spanish and North American residential markets.
- Growing demand for investment in transport and service infrastructures in both developed and emerging countries.
- Growing concern with the environment and generation of alternative and clean energies.

strategy

Two-thirds have been invested in international markets





Within this context, management has developed a Strategic Plan for 2008-2010 with the goal of consolidating FCC as a diversified and international leader in services and infrastructure. The main objectives of the Plan are the generation of value for shareholders, the professional development of employees and the contribution of the FCC Group to the sustainable development of society.

These objectives will be reflected in the following business terms:

1. **Profitability:** Generating an increase in value for shareholders of more than 50%.
2. **Leadership:** Earning revenues of 18,000 million euro in the year 2010.
3. **Diversification:** Services will be the primary source of the Group's Ebitda: more than 50% in the year 2010.
4. **Internationalisation:** Income from foreign business will represent more than 50% of the total in the year 2010.

In order to achieve these objectives, FCC will implement three main strategies that will entail an investment of 4,100.

■ **Consolidation of current business,** maintaining FCC's position of leadership and market share in the markets where it operates, consolidating and integrating recent acquisitions. The Group plans to invest approximately 2,400 million euro to consolidate its current business.

■ **Taking advantage of growth opportunities** in the service and infrastructure business in the strategic areas of the United Kingdom, Central and Eastern Europe, the United States and Central America. In addition, the Group will continue to diversify its business, focusing on the energy sector, particularly the areas of co-generation, energy efficiency and renewable energies. To do so, the FCC Group will invest 2,600 million euro in acquisitions and development during the period 2008-2010.

■ **Enhancing the organisation's efficiency** by reorganising people and processes, managing talent and optimising costs.

The Strategic Plan calls for maintaining and improving the Group's financial solvency and security during the period 2008-2010 with a corporate debt to Ebitda rate of less than three. In addition,



the Group will continue to be financially disciplined, internationalise its sources of financial resources and strengthen its relationship with investors.

FCC wants to be recognised and admired by the society it serves and for its contribution to sustainable development. The 2008-2010 Strategic Plan will promote initiatives related to corporate responsibility and transparency that will allow the Group to achieve its objectives.

01/31/2007 | **Changes on the Board and other Governing Bodies**

Esther Koplowitz proposes the appointment to the company's Board of Luis Portillo, Chairman of Inmocaral (which owns 15.066% of FCC), and Mariano Miguel, CEO of Inmobiliaria Colonial.

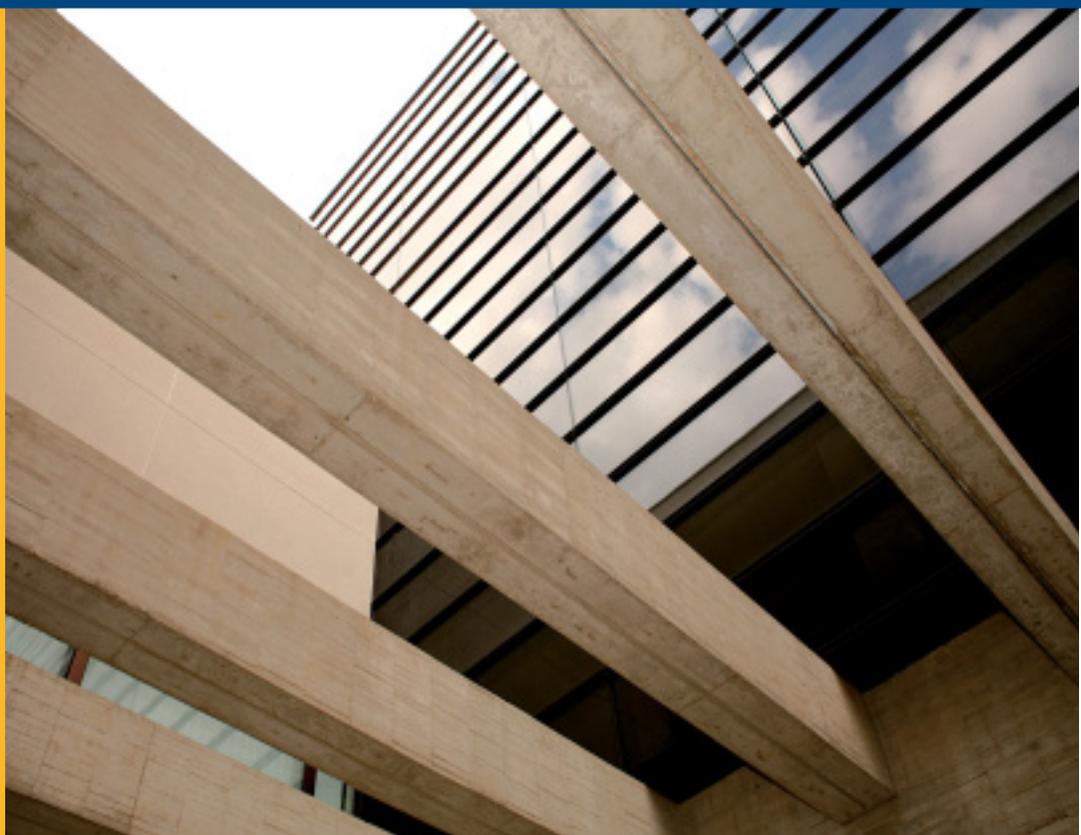
02/27/2007 | **Report on FY 2006 results**

FY 2006 results.

04/02/2007 | **Annual Corporate Governance Report**

relevant events

reported to the CNMV



05/09/2007 | Report on FY results

2007 Q1 results.

05/22/2007 | General Meeting announcement

Announcement of the General Meeting of Shareholders to be held in Barcelona on 28 June 2007 and meeting agenda.

06/29/2007 | Changes on the Board and other Governing Bodies

Announcement of the resolution passed by the General Meeting of Shareholders in relation to the Board of Directors, which stands at 21 members. The directors B 1998, S.L. and Francisco Más-Sardá Casanelles are re-elected

07/26/2007 | Changes on the Board and other Governing Bodies

07/30/2007 | Report on FY results

2007 first half-year results.

08/01/2007 | Share acquisitions and transfers

El Corte Inglés and FCC have reached an agreement under which Inmobiliaria Asón has sold



05/23/2007 | Changes on the Board and other Governing Bodies

Ibersuizas Holdings, S.L. steps down as a member of the Board of Directors of FCC.

and the new directors César Ortega Gómez, Luís Manuel Portillo Muñoz and Mariano Miguel Velasco are elected.

20% of Torre Picasso to FCC for 170 million euro. As a result, FCC owns 100% of the building. With this acquisition, FCC now owns 100% of the building.

06/29/2007 | Announcement of general meeting resolutions

Announcement of the resolutions passed at the General Meeting of Shareholders held in Barcelona on 28 June 2007.

07/19/2007 | Shareholder agreements

Announcement of the "novation modifying the agreements of the shareholders of B 1998, S.L.", which control 52.483% of FCC's capital.

Torre Picasso, in Madrid's AZCA complex, has 122,216 m² of floor space on 43 floors above grade, plus shopping areas and a five-storey basement car park.

07/25/2007 | Share acquisitions and transfers

10/11/2007	Syndicated loans Fifteen banks today syndicated an 800 million euro long-term loan to FCC	The operation cost 182.5 million dollars, i.e. nine times 2008 Ebitda. As a result, FCC, which is controlled by Esther Koplowitz, will become the second-largest player in this field in the USA.	12/19/2007	Resolutions of the Board of Directors The Board approves the payment of an interim dividend of 1.065 euros per share against 2007 results.
11/15/2007	Report on FY results Results of the first nine months of 2007.	HRS and International Petroleum operate in 21 states in the Mid-Atlantic, South-East and South Central regions of the USA, an area with a total population of 160 million.	12/26/2007	Other relevant events Esther Koplowitz Romero de Juseu, through her company Dominum Dirección y Gestión, S.A., has purchased the 10.55% share in the company B 1998, S.L. (which owns 52.483% of FCC's share capital) from Ibersuizas Holdings, S.A, effective on 30 January 2008.
12/11/2007	Share acquisitions and transfers FCC has acquired from Siemens Water Technologies Corp. (SWT) its two US subsidiaries specialised in treatment and recovery of industrial oils and other ancillary services to the oil industry: Hydrocarbon Recovery Services Inc. (HRS) and International Petroleum Corp. The two companies will be integrated into FCC Ámbito, the group's industrial waste management division.	The acquired Group, which is based in Houston, Texas, has 38 industrial plants, a fleet of 362 vehicles, and 528 employees. It is expected to obtain 140 million dollars in revenues in 2008.		The price of the transaction was 381.5 million euro which means that the underlying FCC shares were valued at 55.94 euros per share.
		12/18/2007 Changes on the Board and other Governing Bodies The Board of Directors accepted the resignations of Francisco Mas-Sardá Casanelles, Marcelino Oreja Aguirre as Non-Executive Chairman and Rafael Montes Sánchez as Managing Director and appointed Baldomero Falcones Jaquotot as Managing Director and Rafael Montes Sánchez as Non-Executive Chairman.		This transaction carried out at the request of Esther Koplowitz, which increases her ownership in FCC, resulted in the disinvestment of the Ibersuizas Group in the share capital of B 1998, S.L. and consequently of the FCC Group. Ibersuizas Holdings, S.L. will cease to be part of the shareholders' agreement that regulates the relations between the shareholders of B 1998, S.L. At the same time, on the effective date of the agreement indicated above, Ibersuizas Holdings, S.A. will step



Other communications

down as a member of the Board of Directors of B 1998, S.L. and Ibersuizas Alfa, S.L. will step down as a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

Following this reorganisation, the shareholdings in B 1998, S.L. are as follows:

Esther Koplowitz (directly or indirectly)	83.92%
Eurocis, S.A.	5.01%
Simante, S.L.	5.73%
Larranza XXI, S.L.	5.34%
Total	100.0%

01/30/2007 **FCC and Caja Madrid found Global Vía Infraestructuras**

Caja Madrid and FCC have established a 50:50 joint venture called Global Vía Infraestructuras, S.A. to group all of the infrastructure assets owned by the two partners.

The company's initial capital stock is 250 million euro and it has holdings in 35 infrastructure concessions, basically roads, commercial ports and marinas, metro and tram lines, and hospitals.

At its first meeting, the new company's Board of Directors elected Jesús Duque as Chairman of Global Vía Infraestructuras and appointed Javier Falces as general manager.

08/01/2007 **FCC enters the glass recycling business**

FCC has entered the glass recycling business by acquiring the Gonzalo Mateo Group for 20 million euro.

It has acquired two companies, Gonzalo Mateo, S.L. and Cristales Molidos, S.L., which will be incorporated into Ámbito, FCC's industrial waste management division.

The Gonzalo Mateo Group processes 100,000 tonnes of consumer and industrial glass waste per year at its three plants in Aragón and Valencia; it is expected to report 12.5 million euro in revenues this year.

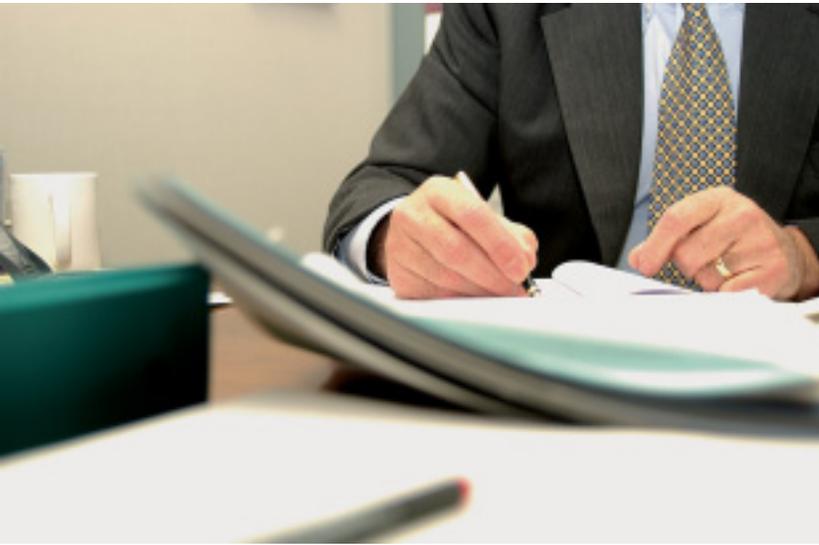


The FCC Group in figures



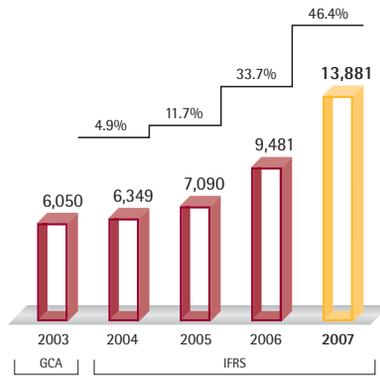
18 consolidated figures

22 brief history of financial figures

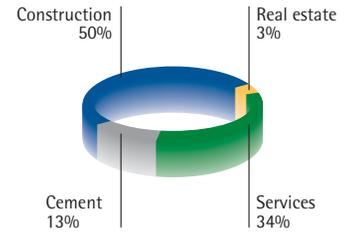


Turnover

Millions of euros

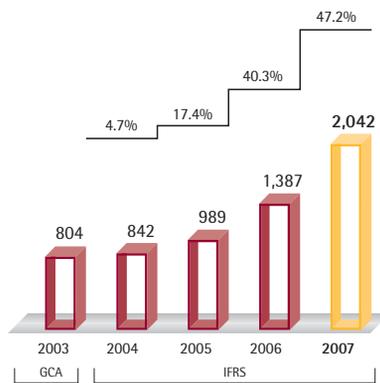


Breakdown by activity



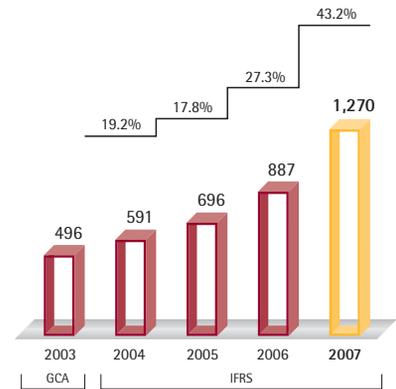
Gross operating profit (Ebitda)

Millions of euros



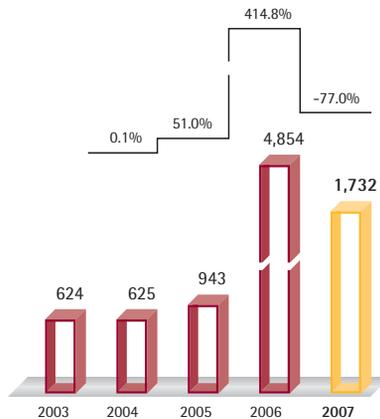
Pre-tax profits

Millions of euros



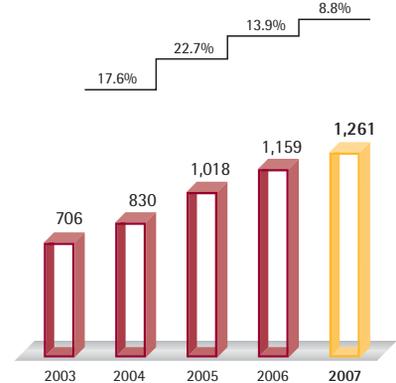
Investments

Millions of euros



Cash flow after taxes

Millions of euros

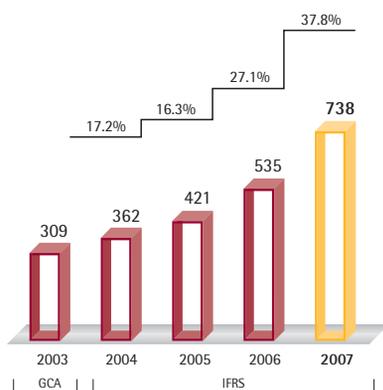


The FCC Group in figures: consolidated figures

GCA: Data according to Spanish General Chart of Accounts rules
IFRS: Data according to International Financial Reporting Standards

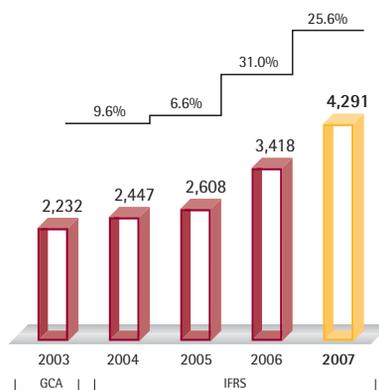
Net profit attributed to the parent company

Millions of euros



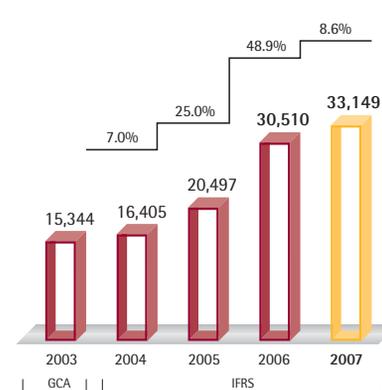
Net wealth

Millions of euros



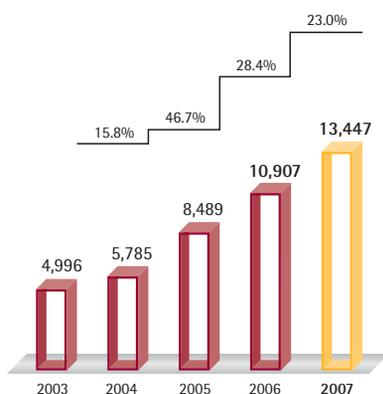
Construction and services backlog

Millions of euros



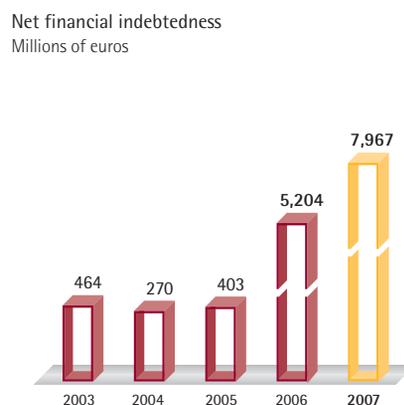
Construction work and services contracted

Millions of euros

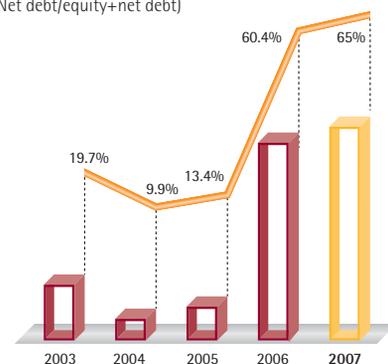


Net financial indebtedness and leverage

Millions of euros



Leverage %
(Net debt/equity+net debt)



Evolution of shares

In 2007, the Spanish stock market made trading history by reaching 15,945 points on 8 November 2007 after starting the year at 14,146 points. However, this trend was interrupted by the subprime mortgage crisis in the United States which affected the world's financial system, causing serious credit problems that ultimately affected the economy, with growth forecasts for world economic activity revised in a downward direction. The Ibex-35 index ended the year at 15,182 points with an appreciation of 7.3%.

The performance of the securities in the Spanish construction sector was worse than the index of reference due to changes in the economic cycle which have had serious repercussions on residential real estate construction. FCC's shares ended the year at 51.40 euros per share, down by 33.4%, which was less than the losses sustained by other companies in the sector such as Ferrovial or Sacyr.

Five-year performance of FCC shares: If an investor invested 10€ in FCC stock on 31-12-2002, his investment would be worth 26.8€ on 31-12-2007, including dividends.

Stock market capitalisation

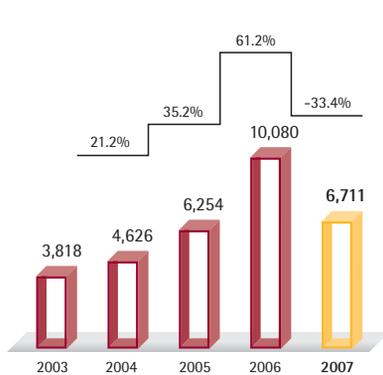
FCC ended the year with a capitalisation amount of 6,711 million, lower than the previous year's record of 10,080 million.

Trading

The total share volume traded was more than 171 million shares, with a daily average of 674,995 shares, which is an 55.1% increase over 2006. Over the course of the year, the traded volume exceeded 1.3 times FCC's total share capital. As far as the cash value traded, the daily average was 45 million euro, more than double the previous year's figure.

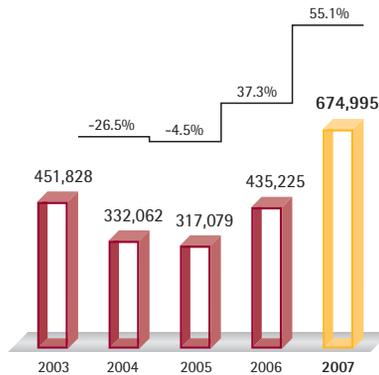
Stock market capitalisation

Millions of euros



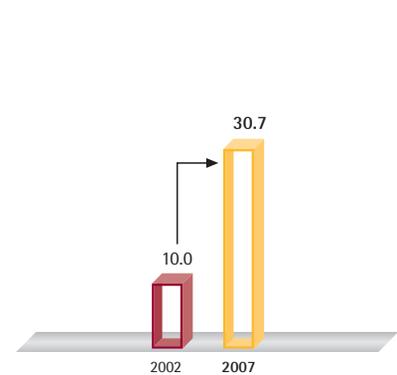
Trading volume

Number of shares daily average



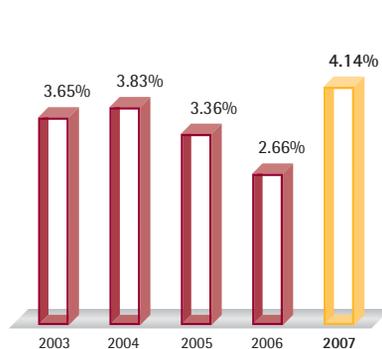
Five-year share yield

Including dividends



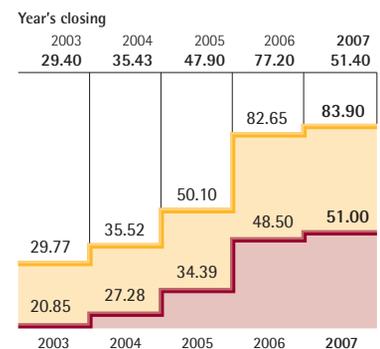
Dividend yield

Calculated with the closing quote



Annual high, low and closing price of shares

Euros



Dividends

Should the proposal that will be submitted to the General Meeting of Shareholders in June 2008 be approved, the amount that will be distributed to shareholders in the form of dividends paid on fiscal 2007 profits will be 2.13 euro per share (gross), distributed in two payments: the interim dividend of 1.065 euro (gross) per share paid on 9 January 2007 and the complementary dividend of 1.065 euro (gross) per share.

The total figure is 3.9% higher than the dividend paid on fiscal year 2006 profits and it makes for a pay-out of 60%, higher than the 50% target pay-out.

In the last five years, the distributed dividend has been multiplied fourfold.

Treasury stock

In fiscal year 2007, FCC acquired a total of 5,046,871 shares of treasury stock for more than 315 million euro. The net position at 31 December 2007 was 5,738,955 shares, equivalent to 4.4% of the company's share capital.

Shareholders

FCC, S.A., issues shares under the book entry system. Those shares are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the information on file in National Securities Market Commission records, the company's most relevant shareholders are as follows:

B 1998, S.L.	59,871,785	45.855%
Inmobiliaria Colonial, S.A.	19,671,780	15.066%
Azate, S.L.*	8,653,815	6.628%

* Wholly-owned subsidiary of B 1998 S.L.

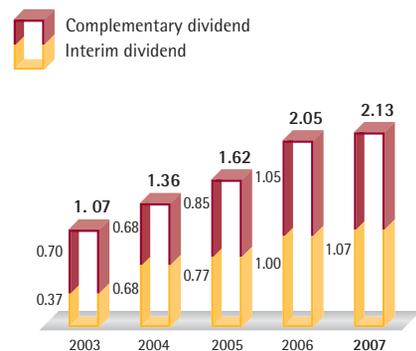
FCC's free float is 32% of the share capital and is composed of Spanish minority shareholders (21%), Spanish institutional investors (32%) and foreign institutional investors (47%),

according to the data provided by Iberclear in May 2007.

The composition of the free-float is as follows:

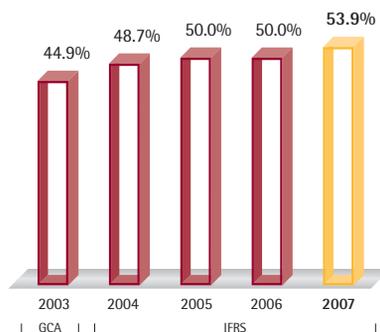
Dividend per share

Euros



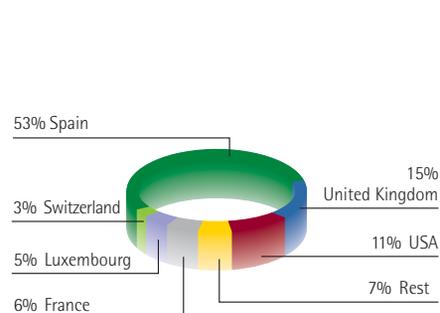
% Pay-out

(Controlling company dividend/net operating results)



Free float breakdown by country

As of 1 June 2007



Assets (Millions of euros)	2007	2006	2005	2004
Non-current assets	13,824	11,581	4,201	3,506
Tangible fixed assets	8,979	6,718	2,182	1,929
Intangible assets	3,313	3,258	956	654
Investments in associated companies	489	584	512	472
Non-current long-term assets	544	605	184	155
Other non-current assets	499	416	367	296
Current assets	9,858	7,441	4,739	3,958
Inventories	2,709	1,080	509	373
Accounts receivable	5,373	4,776	3,121	2,715
Other current long-term investments	162	155	67	121
Cash and cash equivalentss	1,614	1,430	1,042	749
Non-current assets for sale and from discontinued activities	31			
Total assets	23,713	19,022	8,940	7,464

Data according to International Financial Reporting Standards (IFRS).

Liabilities (Millions of euros)	2007	2006	2005	2004
Net wealth	4,291	3,417	2,608	2,447
Wealth attrib. shareholders in parent co.	2,686	2,613	2,232	2,031
Share capital	131	131	131	131
Accum. income and other reserves	1,956	2,077	1,780	1,626
Income for the year	738	535	421	363
Interim dividend	(139)	(130)	(100)	(89)
Minority interests	1,605	804	376	416
Non-current liabilities	9,745	6,858	1,547	1,017
Payable financial institutions and other non-current financial liabilities	7,663	4,738	811	493
Non-current provisions	910	965	415	331
Other non-current liabilities	1,172	1,155	321	193
Current liabilities	9,677	8,747	4,785	4,000
Payable financial institutions and other current financial liabilities	2,593	2,656	832	762
Trade accnts payable and other curr. liab	7,001	6,041	3,922	3,211
Current provisions	83	50	31	27
Total liabilities	23,713	19,022	8,940	7,464

Data according to International Financial Reporting Standards (IFRS).

Assets (Millions of euros)	2003
Due from shareholders for uncalled capital	–
Fixed and other noncurrent assets	2,977
Intangible	585
Tangible	1,731
Long-term	639
Parent company shares	11
Start-up expenses	11
Goodwill in consolidation	191
Deferred charges	39
Current assets	3,833
Inventories	429
Accounts receivable	2,705
Short-term investments	391
Cash	293
Accrual accounts	15
Total assets	7,040

Data according to Spanish General Chart of Accounts (GCA).

Liabilities (Millions of euros)	2003
Shareholders' equity	1,846
Capital	131
Additional paid-in capital	242
Reserves	429
Consolidation reserves	846
Translation differences	(63)
Fiscal year profit	309
Interim dividend	(48)
Minority interests	388
Negative consolidation difference	36
Deferred revenues	47
Provisions for contingencies and expenses	238
Long-term debt	749
Debentures and other marketable debt securities	46
Payable to financial institutions	445
Other payables	232
Capital payments payable	26
Current liabilities	3,736
Payable to financial institutions	590
Payable to Group and associated companies	13
Trade accounts payable	2,379
Other non-trade payables	667
Operating allowances	86
Accrual accounts	1
Total liabilities	7,040

Data according to Spanish General Chart of Accounts (GCA).

Historical evolution of the main financial indicators

Income statement (Millions of euros)	2007	2006	2005	2004
Operating revenues	14,076	9,534	7,154	6,411
Net sales	13,880	9,481	7,090	6,349
Other revenues	196	53	64	62
Operating expenses	(12,777)	(8,653)	(6,498)	(5,846)
Variation finished goods and work-in-process inventories	0	58	44	(21)
Supplies and other external expenses	(8,941)	(6,025)	(4,346)	(3,832)
Personnel expenses	(3,093)	(2,180)	(1,863)	(1,716)
Depreciation and amortization expense	(726)	(474)	(319)	(272)
(Allocation)/Reinvestment of operating allowances	(17)	(32)	(14)	(5)
Operating income	1,299	881	656	565
Financial revenue	108	72	41	48
Financial expenses	(515)	(209)	(81)	(70)
Translation differences	(16)	(4)	6	(5)
Income/(loss) variations in value of financial instruments	16	56	6	(2)
Financial result (loss)	(407)	(85)	(28)	(29)
Share in income of associated companies	32	89	78	72
Result (Deterioration)/Reinvest. tang. and int. fixed a.	(2)	(5)	(12)	(21)
Other profit or (loss)	348	7	2	4
Income before taxes on continued activities	1,270	887	696	591
Corporate income tax expense	(349)	(278)	(217)	(167)
Minority interests	(183)	(73)	(58)	(61)
Income attributed to the parent company	738	536	421	363

Data according to International Financial Reporting Standards (IFRS).

Statement of income (Millions of euros)	2003
+ Net sales	6,050
+ Other revenues and work on fixed assets	145
+ Variations finished goods and work-in-process inventories	8
= Total production value	6,203
– Cost of materials used and other expenses	3,773
– Personnel expenses	1,626
= Gross operating income	804
– Depreciation of fixed assets and reinvestment fund	269
– Variations in working capital provisions	16
= Net operating income	519
+ Financial revenues	65
– Financial expenses	105
– Variations in investment valuation allowances	5
– Amortization of goodwill	19
+ Returns of companies accounted for by the equity method	66
= Income from ordinary activities	521
+ Extraordinary income	(25)
= Income before taxes	496
– Corporate income tax	126
= Income after taxes	370
– Income attributed to minority interests	61
= Net income attributed to the parent company	309

Data according to Spanish General Chart of Accounts (GCA).



the FCC Group's areas of activity



27 services

45 construction

73 cement

83 real estate



services

Street cleaning, Barcelona



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

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



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

Turnover

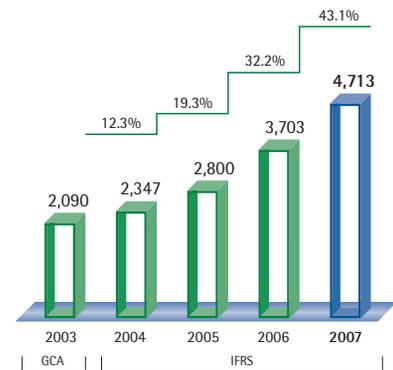
The provision of public services is one of FCC's core activities. It accounts for 34% of net revenues and 41% of gross operating income (Ebitda).

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

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

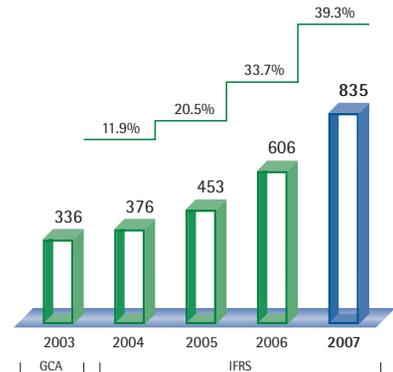
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros



city sanitation

Turnover:
2,725 million euro

Analysis of the sector

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

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

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

FCC's activity

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

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

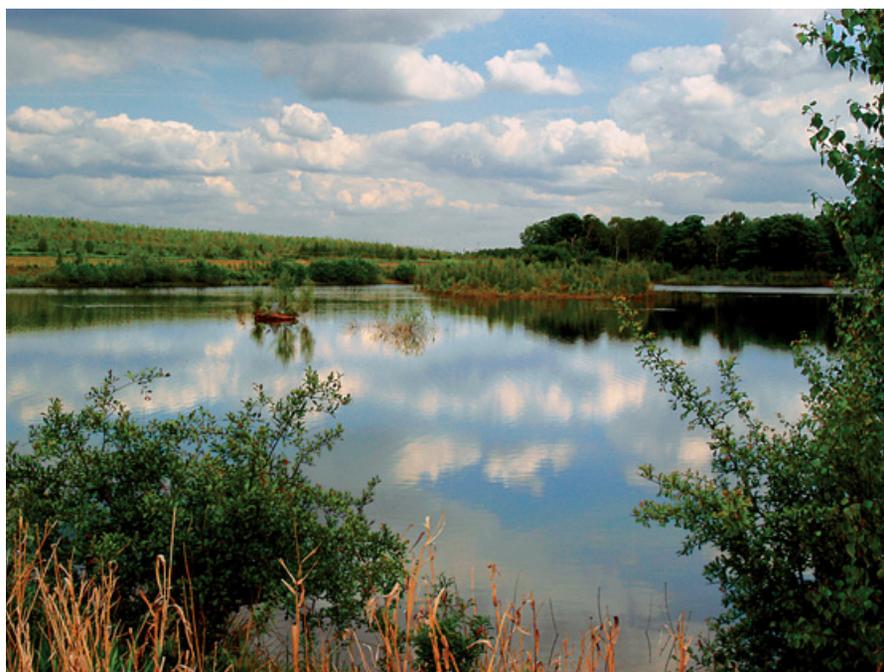
Alzira (Valencia). Eight-year contract for trash collection, street-cleaning and ecopark management.

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

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

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

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



Upkeep at Moore Nature Reserve. United Kingdom

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

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

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

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

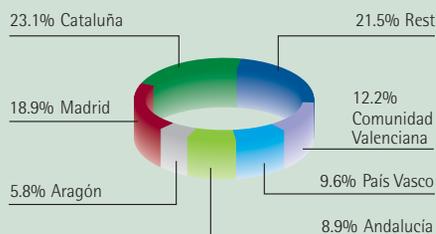
San Marcos Consortium (Guipúzcoa). Collection of recyclable paper-cardboard and plastics for this association which includes the municipalities of San Sebastián, Rentería, Pasajes, Oiartzun, Lezo, Astigarraga, Lasarte-Oria, Usurbil, Urnieta and Hernani, for five years.

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

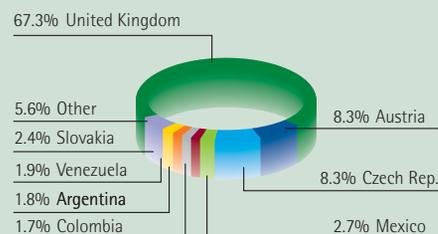
Puerto de Santa María (Cádiz). Nine-year contract for street-cleaning, trash collection and complementary services. The entire fleet of vehicles is being renovated and equipped with gas engines. A water treatment system is being built to be used for street-cleaning and washing vehicles.

Geographical area

Contracts in Spain

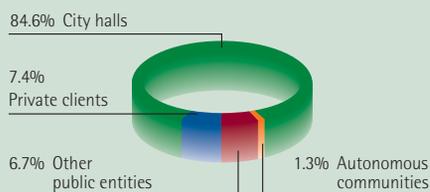


Contracts abroad



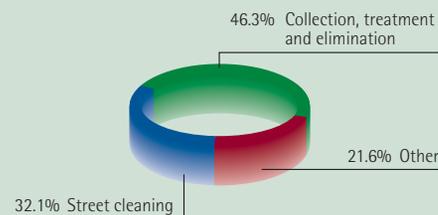
Breakdown by client type

Contracts in Spain



Breakdown by service type

Contracts in Spain



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

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

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

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

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

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

technological innovation

Hybrid sweeper/scrubber

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

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

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

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

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

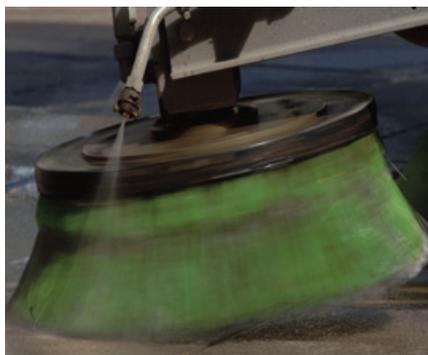
to the suctioning mouth of the machine. A single spray gun can be used or both at once. The water is sprayed from a high-pressure pump that provides water at a pressure of 50 bar with a flow rate of 116 l/min.

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

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



Street cleaning. Ávila



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

Side-loading garbage trucks

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

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

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

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

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

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

water management

Turnover:
828 million euro

Analysis of the sector

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

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

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

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

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

Activity in the FCC Group

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

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

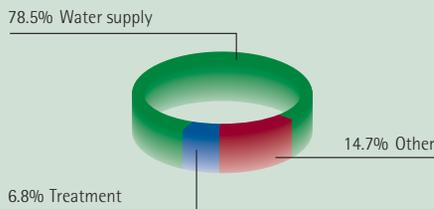


In addition, Aqualia was the only Spanish company to receive the Customer Service Leadership award as part of the Best Practice programme of the British consulting firm, Frost&Sullivan, an award which recognises business excellence in the international arena. This award recognises Aqualia's ongoing efforts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

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

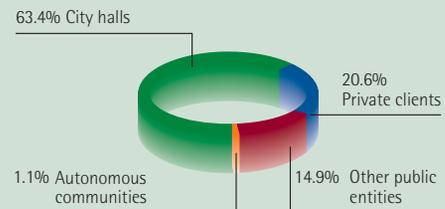
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain



Geographical area

Contracts in Spain



Central offices of SmVaK, Ostrava. Czech Republic

Most important contracts awarded in 2007

Water management

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

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

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

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

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

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

Water treatment

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

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

Management of municipal sport complexes

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

Hydraulic works concessions

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

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

Industrial water

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



Wastewater treatment plant. Salamanca

industrial waste

Turnover:
200 million euro

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

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

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

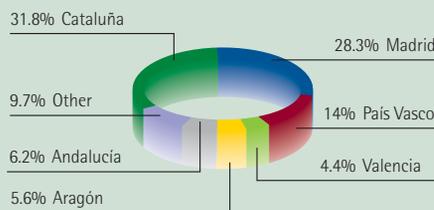
In December it reached an agreement to acquire the companies Hydrocarbon Recovery Services Inc. and International Petroleum Corp. from Siemens. Both companies are located in the United States, making Ambito the second largest hydrocarbon waste manager in the US, with 38 facilities in 21 states.

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



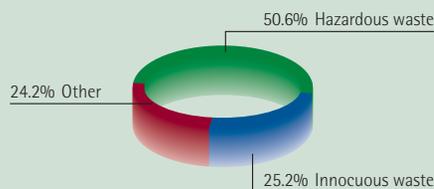
Geographical area

Contracts in Spain



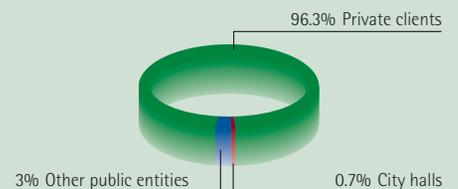
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain



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

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

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

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

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

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

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

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

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

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

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



Glass recycling, Muel. Zaragoza



Trisa industrial waste treatment and recovery plant. Constanti. Tarragona

versia

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

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



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

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

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

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

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

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

logistics

Turnover: 340.5 million euro



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

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



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

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



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



Order sorter, Mercamadrid. Madrid

airport handling

Turnover: 258.4 million euro

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

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

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

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



Passenger handling service. Fuerteventura

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

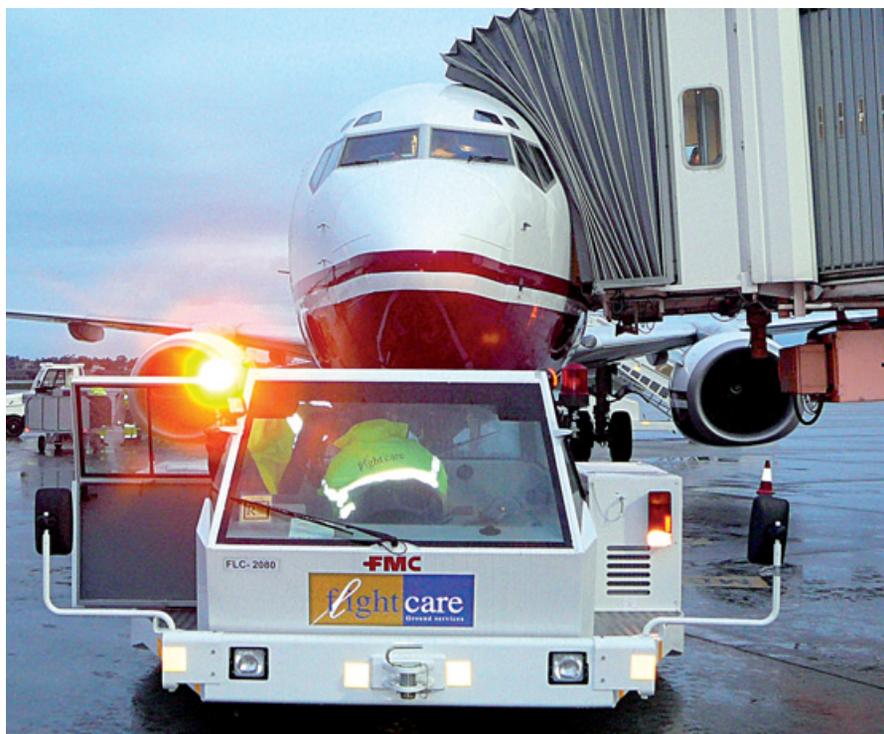
Belgium is one of the basic pillars of Flightcare's business in Europe, where it is present at the airports in Brussels, Ostend-Bruges and Lieja. In Brussels,



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

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

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



Push-back service. Alicante Airport

urban furniture

Turnover: 136.3 million euro

CEMUSA



Advertising panel. Madrid

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

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

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

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

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



Newsstand, New York. USA

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

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

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

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

parking

Turnover: 136.3 million euro



Regulated parking area, Aranda de Duero. Burgos

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

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

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



The most important contracts awarded last year were:

Regulated on-street parking

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

Benissa (Alicante): 200 spaces for ten years.

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

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

Underground parking

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

Vehicle towing and impoundment

Aranda de Duero (Burgos): for two years.

Jaca (Huesca): for one year.

Móstoles (Madrid): six-month extension.

conservation and systems

Turnover: 50 million euro

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

Its fields of expertise include:

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

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



Service tunnel control centre. Madrid

Most significant awards:

Traffic control and shadow toll systems

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

Technical installations and tunnel control

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

Technical installations and rail tunnel control

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

Urban services and conservation

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

Public works

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

Work for Canal de Isabel II, Iberdrola and Unión Fenosa

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



Plaza de la Luna. Madrid

technical vehicle inspections

Turnover: 47.3 million euro

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

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



Vehicle inspection station, Liria, Valencia

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

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

transport

Turnover: 29.4 million euro

Corporación  



Barcelona tram

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

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

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

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

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

industrial vehicle sales

Turnover: 24.6 million euro



Street scrubber. Valladolid

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

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

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

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

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

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

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

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



Street sweeper. Segovia

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



construction

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



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Torredembarra Harbour. Tarragona

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

Analysis of the sector

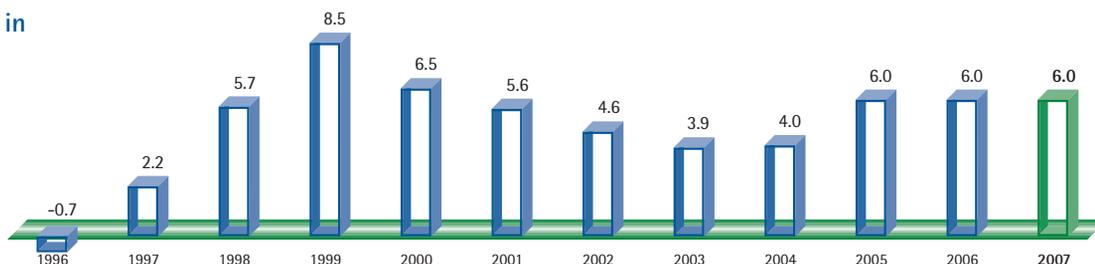
Since May of 2007, the investment in construction has been declining as a consequence of a sharp decline in residential construction and a more moderate decline in non-residential construction which is consistent with the maturity of the expansion cycle of national demand.

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

Annual variation rates in construction activity

In constant terms

Source: Seopan



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

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

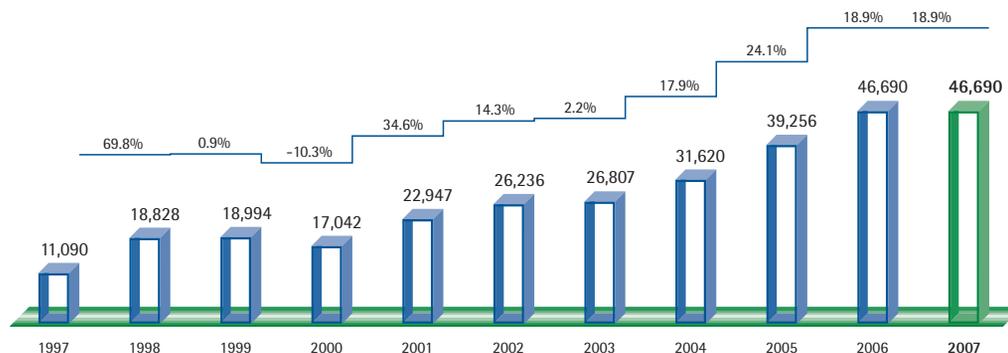
By subsectors, residential construction accounted for 35.5% of the total for the construction industry (which is similar to the average for the European Union) with a 4% increase in 2007, just a half point below 2006. The number of finished homes was 643,000, or 9.8% more than the year before.

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

Evolution of public tenders

In constant terms

Source: Seopan



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

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

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

Spain holds the number-three position in the European Union construction market with 15.0% of the total, after Germany with 18.6% and the UK with 15.6%. Comparison of Spain's

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

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

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

unemployment within the context of the national economy.

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

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

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

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



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

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

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

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

FCC's activity

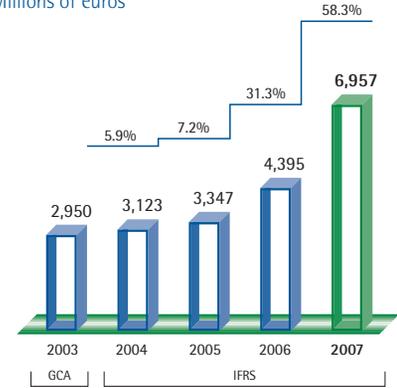


All the strings to FCC's construction activity are held by the company FCC Construcción, S.A., which in 2007 had turnover of 6,957 million euro, 58.3% more than in the preceding fiscal year. 41.2% of this turnover was generated outside of Spain. Construction continues to be the area that has the biggest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

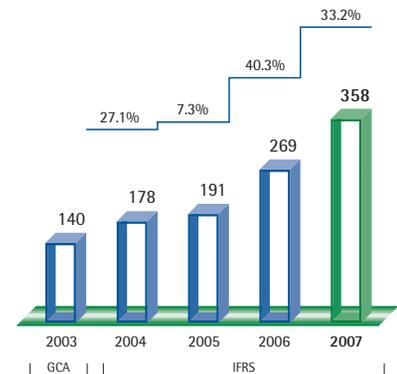
The gross operating income was 357.7 million euro, which represents an increase of 33.2% over 2006. As far as the Group's Ebitda is concerned, the construction business contributes 17.5%.

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

Turnover
Millions of euros

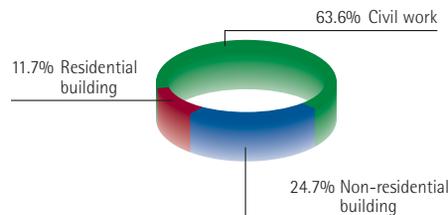


Gross operating profit (Ebitda)
Millions of euros

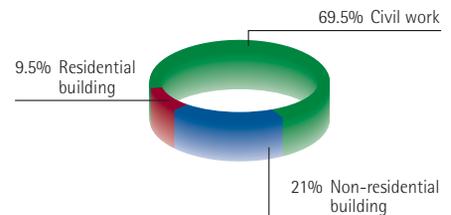


Breakdown of client type

Turnover



Backlog



motorways, dual carriageways and roads



Radial 5 dual carriageways. Madrid



Cartagena-Vera motorways

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

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

- **La Sagra motorway. Section: Valmojado-Illescas** (Toledo). The first section of a new motorway connecting the A-5, A-42 and A-4, some 40 km from Madrid.
- **A-3 and A-31 Concession** (Cuenca). A 19-year highway conservation and maintenance contract. This is a shadow toll concession that refers to a section of the so-called first generation motorway.
- **A-7 Mediterranean Motorway. Section: Almuñécar-Salobreña and connection to A-44** (Granada). The final section of the A-7 motorway in the province of Granada, consisting of 7.8 km of new road construction and a 2.3 km connection to the A-44.
- **Second Pfänder tunnel** (Austria). This relates to the construction of a tunnel on the A-13 expressway through the Rhine valley. Alpine will execute the tunnel measuring 6.5 km long using a tunnel boring machine (TBM) for the first time on a highway tunnel project in Austria.
- **Suspension bridge in Saxony** (Germany). The new suspension bridge over the Elbe River in Niederwartha/ Dresden, is the first suspension bridge in Saxony. It is 366 metres long with a 192 metre span over the river and a 77 metre high pylon.
- **Bridge over the Danube River**, between Vidin (Bulgaria) and Calafat (Romania), measuring 1,971 metres long for road and rail traffic.
- **Bridge over the Danube in Traismauer** (Lower Austria). Joins the S33 and S5 roads. When completed, it will connect Sankt Pölten and Vienna to the north of the Danube by motorway.
- **Cantabrian Motorway. Section: Solares-La Encina** (Cantabria). A 13.8 Km long section with three junctions in Sarón, Sobremazas and Solares.
- **SE-40 motorway. Sector E. Sector E. Section: A-92-A-376, in Alcalá de Guadaíra** (Sevilla). Contains one junction, five concrete underpasses and one mixed platform, three prestressed overpasses, two metallic overpasses and one viaduct over the Guadaira River composed of 13 sections and prefabricated beams.
- **Tarragona-Montblanc motorway (A-27). Section: El Morell-Valls relief road** (Tarragona). Spanning a length of 9.5 Km, it includes three junctions, six



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

■ **Mudéjar motorway (A-23).**

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

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

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

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

■ **Otopeni suspension bridge in Bucharest.**

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

■ **Restoration of the Pan-American road to Darién. Panama. Section:**

41.7 Km Ipetí-Agua Fría bridge and rehabilitation of the 44.7 Km long Portobelo-El Cruce-La Guaira-Nombre de Dios-Unión Santeña road in Colón.

hydraulic works

Ebro Weir, Zaragoza

The most relevant contracts awarded last year included:

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

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

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



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

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

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

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

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

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

maritime works



Valencia Harbour channel

The most notable contract awards included:

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

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

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

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

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

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

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

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

rail infrastructures



Moncloa Metro station. Madrid

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

The most important contracts awarded last year included:

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

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

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

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

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

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

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

urban development



Ronda de Monte Alto housing development. La Coruña

Most relevant contract awards:

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

residential

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

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

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



Cerrado del Águila, Golf Resort, Marbella. Málaga



minutes from Panama's financial district.

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

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

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

non-residential construction

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

The most significant contracts awarded included:

Administrative and office buildings

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

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

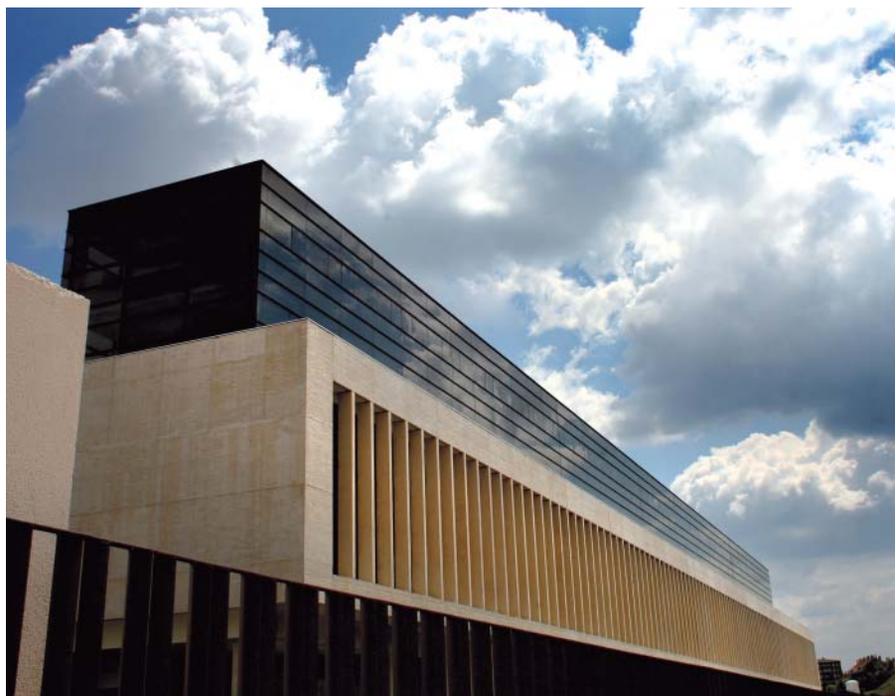
- **Mixed use buildings and parking garages, Vullpalleres Oest Sector of Sant Cugat del Vallés** (Barcelona).

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

- **New court building in Cuenca.**

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

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



Castilla y León Parliament

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

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

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

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

Schools

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

■ **School in Carabanchel** (Madrid).

Hospitals

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

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

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

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

Cultural, sports and entertainment complexes

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

■ **New stadium for the Valencia Football Club,**

with a 75,000 seat capacity. The most unique feature of this building is the combination facade-rooftop which will use tectonic blocks to simulate the 16 neighbourhoods of Valencia, arranged around the old course of the Turia River. The project also includes a three-level underground parking garage for 3,500 vehicles, foundations, concrete structures and stadium seating.

■ **Connection infrastructure.**

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

■ **Navarra library and film library**

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



Siglo XXI municipal athletic centre. Zaragoza



Valdecillas Hospital. Santander

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

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

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

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

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



Valencia Trade Fair grounds



Underwater Archaeology Museum. Cartagena



Fire Museum. Zaragoza

Shopping centres, fairgrounds and conference facilities

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

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

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

Hotels and resorts

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

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

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

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

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



Telefónica's Communications City in Las Tablas, Madrid

Industrial construction

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

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

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



Refurbishment of the Archives of Simancas, Salamanca

Rehabilitation and maintenance

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

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

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

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

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

electrical installations

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

The most important contracts awarded in 2007 included:

Electrical system design and installation

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

Maintenance

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

Advanced information systems engineering

Work continued on the following projects:

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



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

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

heating and air conditioning

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



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

Installations

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

Maintenance

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

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

conservation and infrastructures



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

Motorways and dual carriageways

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

The following road conservation contracts were renewed in 2007:

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

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

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

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

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

Maintenance of hydraulic infrastructures

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

Forestry work

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



Forestry work

engineering

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

Motorways

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

Railways

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



Amorebieta relief road. Vizcaya



West relief road viaduct in Ubrique. Cádiz

Hydraulic works

- **Wastewater treatment for the catchment area of the Tablas de Daimiel National Park.** Enlargement of the Villarrubia de los Ojos water treatment plant in Ciudad Real.
- **Enlargement of the Mohernando water treatment plant** (Guadalajara).
- **Enlargement and modernisation of the Tremp basin irrigation system in the Catalán Pyrenees.**
- **Transformation of the irrigation system in the Rovelló mountains** in Tarragona.

Construction technical assistance

- **Management of construction work on the A-350 road.** Section: intersection with the AL-610 in Pulpi to the intersection with the A-332 in San Juan de los Terreros, Almería.
- **Management of construction work on the western and eastern branch lines of the water supply system to the region of Aljarafe.** Sevilla.
- **Management of the construction work on the widening of the C-59 road between the A-7 motorway and Palau-Solità i Plegamans** in Barcelona.

PROSER

corporate image



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

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

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

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

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

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

oil and gas pipelines

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

The following work was performed in 2007:

- **Widening of the Rota-Zaragoza oil pipeline.** Section: Conquista-Almódovar del Campo (44.5 Km of polyethylene-coated API 5L X-52 steel pipe, Ø 12", and four valve positions).
- **APA gas pipeline from position F-07.1 to Utrera, Los Palacios and Villafranca** (Sevilla). (21.5 Km of polyethylene-coated API 5L Gr. B steel pipe, Ø 6", two regulation boxes for

connections to populations and eight horizontal perforations).

The following new contracts were awarded:

- **Contract for logistics, pipe transport and a microtunnel** in Denia, Ibiza and Palma de Mallorca for the Denia-Ibiza-Palma de Mallorca underwater gas pipeline.
- **Updating of the air-conditioning system at the Madrid-2 La Vaguada** shopping centre. The entire system was replaced with pre-insulated pipes (both steel and flexible polyethylene) in different diameters and incorporation of a system of meters in all commercial premises.



Ditch-digging machine



precast components

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

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

Hydraulic works

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

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



The most significant hydraulic works contracts included:

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

- **Water supply to Lleida and population centres in the irrigable zone of the Pinyana Canal.**
Phase II with 5 Km of post-stressed concrete pipes with metal sleeves and elastic joints and 1,000 mm diameters.

Railways

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

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

Underground works

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



infrastructure concessions



Arganda Hospital. Madrid

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

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

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

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

■ Cedinsa Eix Llobregat (34%)

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

■ Cedinsa d'Aro (27.2%)

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

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

■ Cedinsa Ter (27.2%)

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

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

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

■ WTC Almeda Park, S.A. (12.5%)

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

■ Urbicsa (29%)

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



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

■ **Hotel Vela (25%)**

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

■ **Tema Concesionaria, S.A. (100%)**

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

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

■ **Autovía Conquense (100%)**

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

■ **Cedinsa Eix Transversal (27.2%)**

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

Global Vía Infraestructuras

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

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

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

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

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

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

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

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

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

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



Autovía del Camino. Pamplona-Logroño

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

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

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

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

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

■ Autovía del Camino, S.A. (40%)

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

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

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

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

■ Marina Port Vell, S.A. (30.66%)

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

■ Nàutic Tarragona, S.A. (25%)

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

■ Oligsa (20%)

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

■ Port Torredembarra, S.A. (24.08%)

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

■ Ruta de los Pantanos, S.A. (50%)

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

■ Tramvia Metropolità, S.A. (19.03%)

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

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

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



Metro to Madrid-Barajas Airport. Terminal 4. Madrid



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

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

■ **Túnel d'Envalira, S.A. (40%)**

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

■ **Metro de Málaga (24.50%)**

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

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

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

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

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

■ **Portsur Castellón, S.A. (30%)**

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

■ **Tranvía de Parla, S.A. (32.50%)**

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

■ **Marina de Laredo, S.A. (42.5%)**

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

■ **Hospital del Sureste, S.A. (66.66%)**

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

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

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

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

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

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

■ **Autopistas del Valle, S.A. (48%)**

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

■ **Autopista San José-Caldera (48%)**

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

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

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

■ **Hospital de Son Dureta (32%)**

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



Light metro. Sanchinarro. Madrid

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

■ N6 Galway-Ballinasloe (45%)

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

■ Accesos de Madrid, CESA. (20%)

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

■ R-2 Autopista del Henares (10%)

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

■ Alicante ring road (25%)

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

■ Sanchinarro light metro (42.5%)

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

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

■ M-50 Concessions Ltd (45%)

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

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

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

■ Nuevo Necaxa-Tihuatlán (50%)

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

The Austrian subsidiary Alpine has been awarded the following concessions:

■ Traismauer bridge over the Danube in Austria

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

■ South section of the A1 motorway in Poland

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

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

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

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

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

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

technology development

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

Underground work

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

■ Pajares tunnels

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



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



M-30 south bypass tunnel. Madrid

■ La Cabrera tunnels

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



El Manzanal Bridge. Zamora

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

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

■ Sol-Gran Vía Station

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

Bridges and special structures

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

■ Manzanal del Barco bridge

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

■ Bridge over the Seco river in Castellón

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

■ Bridge over the Guadalquivir in Palma del Río

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

■ Caja Madrid tower at the former Real Madrid Sport Complex

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

Maritime works

■ El Musel port in Gijón

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



Seville Harbour lock

■ Port of Sevilla

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

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



Enlargement of El Musel Harbour. Asturias

Award to foster innovation 2007

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



Low reflection caissons for wharves and seawalls

Research and development

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

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

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

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

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

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



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

cement

El Alto factory. Madrid



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



Factory at Olazagutia. Navarra

Analysis of the sector

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

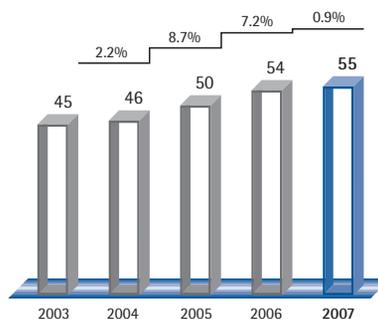
Total imports of cement and clinker into Spain were 13.6 million Tm, reaching their highest volume in 2007 with an increase of 6.5% over 2006.

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

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

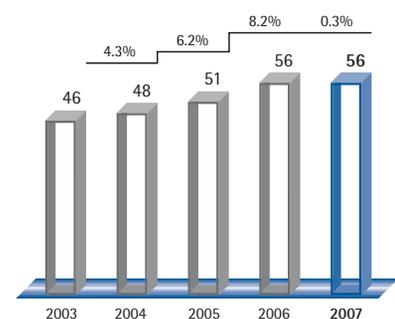
Cement production in Spain

Millions of tons



Cement consumption in Spain

Millions of tons



Cementos Portland Valderrivas, S.A.

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

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

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

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

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

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

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

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

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

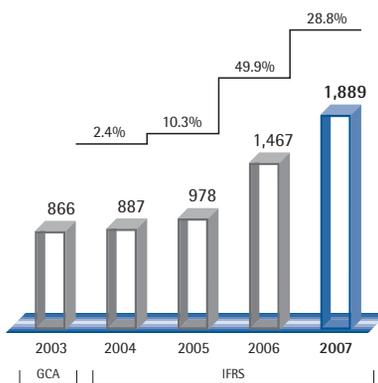
In Argentina and Uruguay it controls three cement factories, ten concrete plants and three aggregate quarries.

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



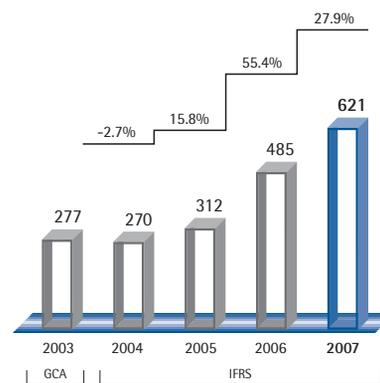
Turnover

Millions of euros

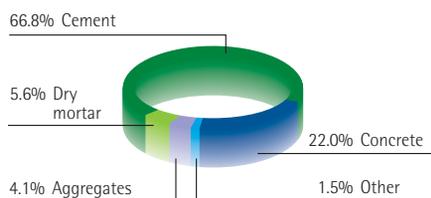


Gross operating profit (Ebitda)

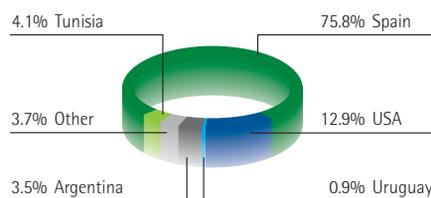
Millions of euros



Breakdown of turnover by business areas



Breakdown of turnover by countries





Dragon Cement factory in Thomaston, Maine, USA

Cement

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

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

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

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

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

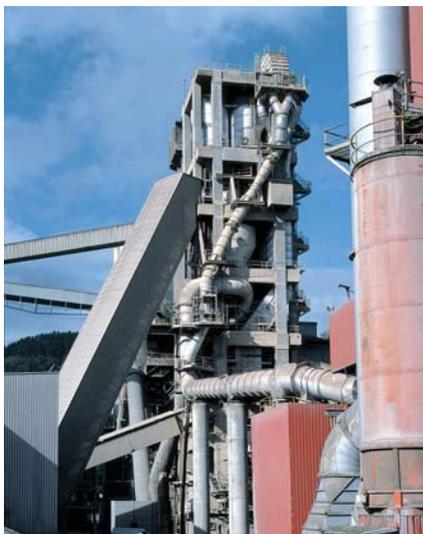
Dragon Alfa sold 223,730 Tm and 140,271 Tm refer to other companies, with year-on-year growth of 11.8% and 5.7%, contributing 2% of the total volume sold.

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

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



Giant Cement factory, USA



Cementos Lemona factory, Vizcaya

Concrete

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

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

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

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

- The justice building campus in Madrid.

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

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

Aggregates

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

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

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

Dry mortar

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

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

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

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

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

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

- The walls of the Ciudadela in Pamplona.

- The Isozaki Atea towers in Bilbao.

- The new bullring in Vitoria.

- The Protos winery in Valladolid.

- In Aragón, the conference building, the bridge pavilion, the fluvial aquarium and the white-water canal, all for the Zaragoza Expo; the conference building in Huesca and the ice palace in Jaca.

Transport

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

Results

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

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

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

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



Factory at Sayago, Montevideo. Uruguay



Ship carrying raw materials and cement

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

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

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

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



Factory at Alcalá de Guadaíra. Sevilla

Investments

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

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

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

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

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

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

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

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

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

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

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

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

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



Factory at Enfidha. Tunisia

Industrial development

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

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

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

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

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

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

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

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

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

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

Corporate Information System

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

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

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

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



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

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

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

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

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



Factory at Olavarría, Argentina

Stock market analysis

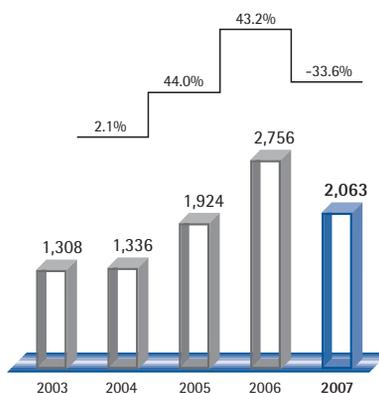
The Index of Commodities, Industry and Construction, which is the index where the stocks of Cementos Portland Valderrivas, S.A. are traded, closed on 28 December 2007 at 2,246.78, after hitting a high of 2,712.29 on 1 June, a trend that was similar to that of the General Index of the Madrid Stock Market,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

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

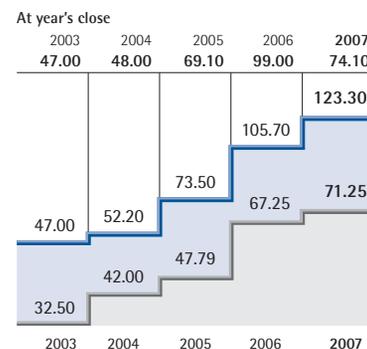
The trading price, which closed on 29 December 2006 at 99 euro, reached a record high of 124.85 euros on 27 February 2007, after which it declined steadily in keeping with the general trend of the stock market. 28 December marked a record low of 64.70 euros per share and then ended the day at 74.10 euros.

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

Stock market capitalisation at 31 December
Millions of euros



High and low closing prices
Euros



real estate

Housing in Almeria



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In 2007 Realia invested 210 million euro in property



Ferial Plaza Shopping Centre. Guadalajara

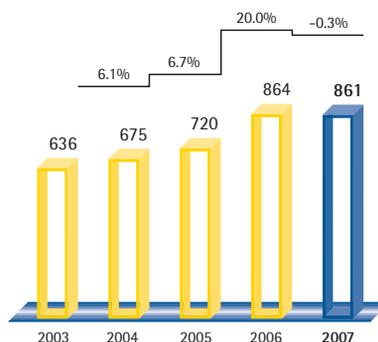
Analysis of the sector

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

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

New housing started

Thousands of units



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

FCC's activity

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

Realia

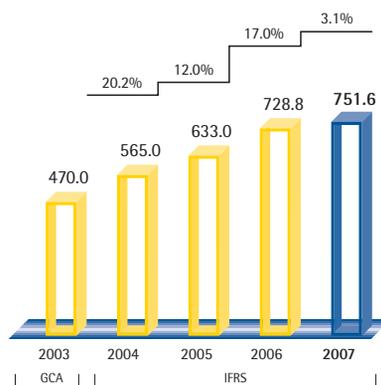
Realia ended fiscal year 2007 with consolidated turnover of 813 million euro. Of this amount, 154.8 million euro came from rentals, which represents a 34.8% increase over the year before. The company's gross margin was 49.8% of total revenues with a 24% increase in Ebitda to 366.2 million euro and net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

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



Turnover

Millions of euros



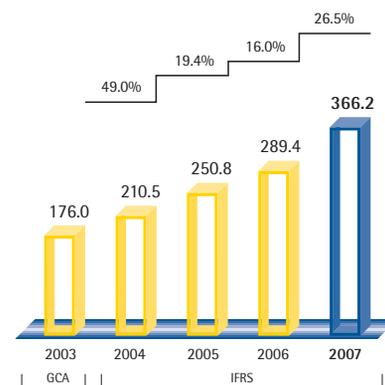
Throughout 2007, Realia focused on strengthening its position as an asset-based real estate company, with assets valued at 6,342 million euro in terms of Gross Asset Value (GAV) according to the appraisal done by the consulting firm CB Richard Ellis. 53% of these assets pertain to real property and 47%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

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

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

Gross operating profit (Ebitda)

Millions of euros



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

Asset management business

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

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

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

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

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

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

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

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

SIIC de Paris

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

Le Guynemer building, Paris





Housing at Cruz de Celas, Coimbra. Portugal

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

Real estate development

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

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

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

Stock market

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

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

Torre Picasso



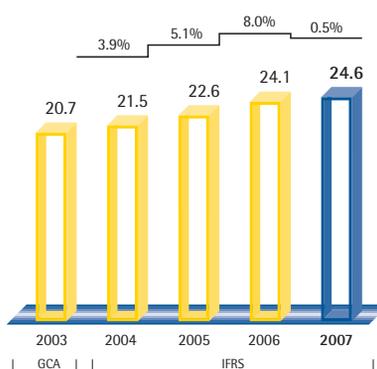
FCC began consolidating Torre Picasso by the global integration method on 25 July after acquiring the remaining 20% not previously controlled by the company.

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

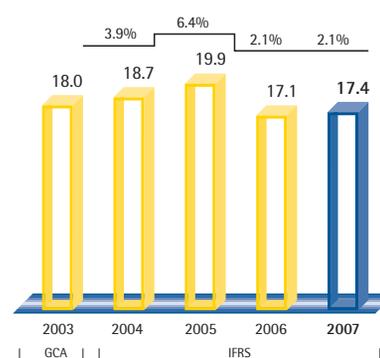
In 2007 the building was fully occupied with an average rental price of 27 euros per square meter/month.

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

Turnover
Millions of euros

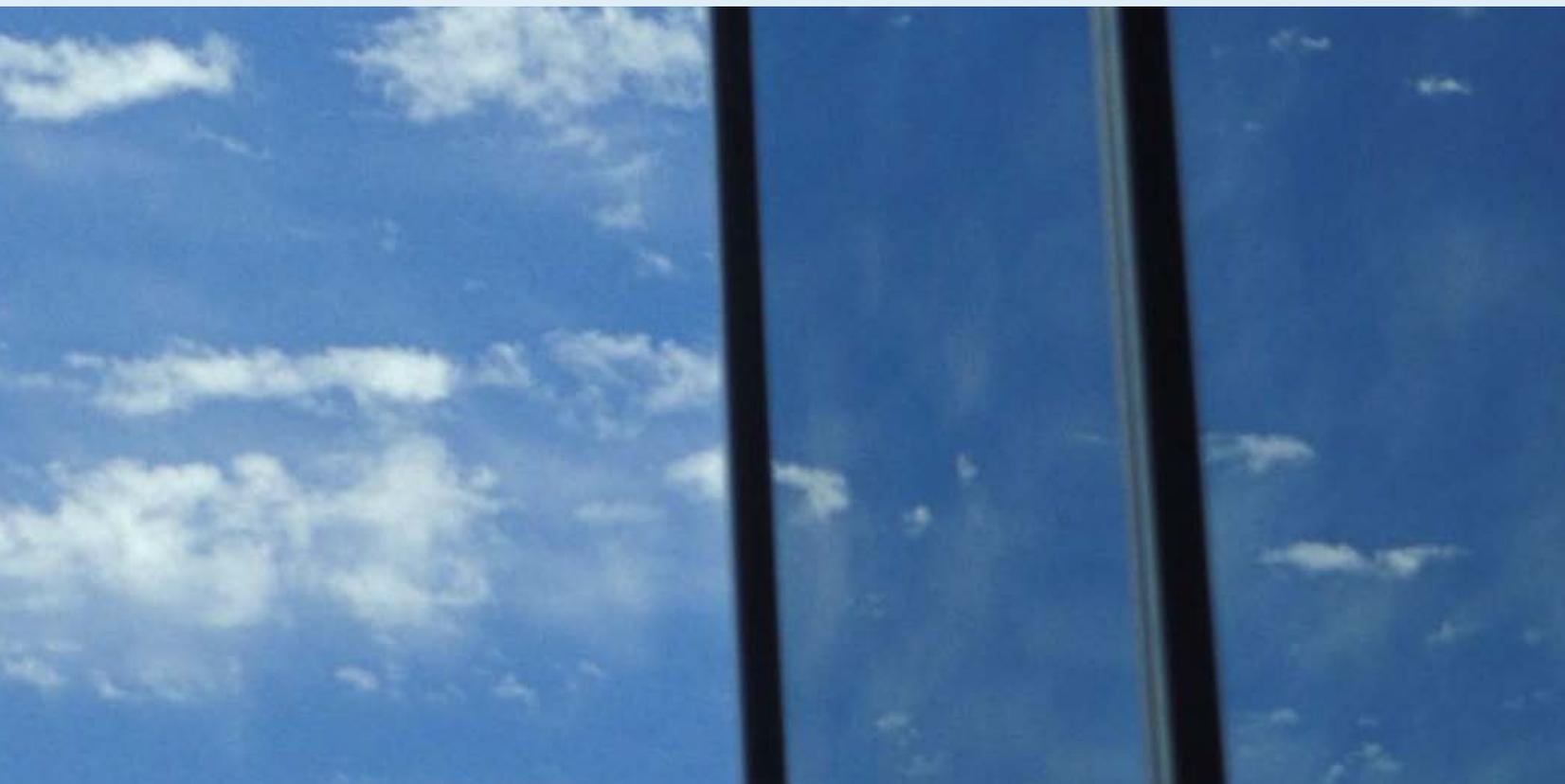


Gross operating profit (Ebitda)
Millions of euros





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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
Non-current assets	13,823,772	11,580,539
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
Current assets	9,858,876	7,441,535
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
Non-current assets held for sale and discontinued operations (note 14)	30,539	
Total assets	23,713,187	19,022,074

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
Equity (note 15)	4,290,848	3,417,518
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
Non-current liabilities	9,744,869	6,857,976
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
Current liabilities	9,677,470	8,746,580
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
Total equity and liabilities	23,713,187	19,022,074

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
Operating income	14,076,311	9,534,444
Revenue (notes 21 and 22)	13,880,633	9,480,928
Other income	195,678	53,516
Operating expenses	(12,776,933)	(8,653,170)
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)
Profit from operations	1,299,378	881,274
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 (note 15-a)	Reserves of the parent (note 15-b.1)	Reserves for transactions with treasury shares (note 15-b.2)	Consolidation reserves (note 15-b.3)
Equity at 31 December 2005	130,567	701,956	(26,874)	1,121,733
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				
Total income and expenses for the year				
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)		
Equity at 31 December 2006	130,567	729,476	944	1,300,621
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				
Total income and expenses for the year				
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
Equity at 31 December 2007	130,567	757,818	(315,125)	1,560,803

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
Financial loss	(407,347)	(85,708)
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
Profit before tax from continuing operations	1,269,617	886,630
Income tax (note 18)	(349,216)	(278,022)
Minority interests (note 15)	(182,550)	(73,097)
Profit attributable to the parent	737,851	535,511
	31-12-2007	31-12-2006
Earnings per share (note 15)		
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 (note 15-b.4 and 5)	Exchange differences (note 15-b.6)	Profit for the year	Interim dividend (note 15-d)	Equity attributable to shareholders of the parent	Minority interests (note 15)	Equity
(30,607)	13,626	421,398		2,232,117	376,237	2,608,354
		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)
84,136	(22,528)	535,511		597,119	80,656	677,775
		(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
55,062	(8,902)	535,511	(130,191)	2,613,088	804,430	3,417,518
		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)
(7,707)	(71,889)	737,851		658,255	163,373	821,628
		(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
33,693	(80,791)	737,851	(138,654)	2,686,162	1,604,686	4,290,848

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)	
Total net cash flows from operating activities	1,261,348		1,159,024	
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)	
Total net cash flows from investing activities	(929,977)		(4,502,527)	
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	
Total net cash flows from financing activities	(144,507)		3,738,369	
Total net cash flows for the year	186,864		394,866	
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)	
Cash and cash equivalents at end of year	1,614,299		1,430,154	

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:

Assets	
Non-current assets	2,115,620
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
Current assets	1,546,861
Inventories	1,361,561
Trade and other receivables	78,286
Other current financial assets	15,576
Cash and cash equivalents	91,438
Non-current assets classified as available for sale	15,734
Total assets	3,678,215
Equity and liabilities	
Equity	705,607
Minority interests	705,607
Non-current liabilities	728,615
Bank borrowings and other non-current financial liabilities	655,397
Non-current provisions	26,124
Other non-current liabilities	47,094
Current liabilities	2,042,552
Bank borrowings and other current financial liabilities	1,359,894
Trade payables and other current liabilities	677,054
Current provisions	5,604
Total equity and liabilities	3,476,774
Assets - liabilities	201,441
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").

Assets	
Non-current assets	(188,240)
Property, plant and equipment	(214,931)
Other financial assets	34,074
Other non-current assets	(7,383)
Current assets	66,601
Trade and other receivables	(2,446)
Other current assets	69,047
Total assets	(121,639)
Liabilities	
Non-current liabilities	(146,073)
Bank borrowings and other non-current financial liabilities	(122,923)
Other non-current liabilities	(23,150)
Current liabilities	(4,861)
Bank borrowings and other current financial liabilities	(6,050)
Trade payables and other current liabilities	1,189
Total liabilities	(150,934)
Assets - liabilities	29,295
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 business combinations	Gonzalo Mateo Group	Gen Air Handling, SLU ^(*)	Nasozena, S.L.
Date of acquisition	August	April	July
% of ownership (nominal)	100%	100%	75%
ASSETS			
Non-current assets	25,542	6,649	55,215
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	
Current assets	7,606	1,979	6,998
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
Total assets	33,148	8,628	62,213
EQUITY AND LIABILITIES			
Equity	24,954	7,050	42,139
Non-current liabilities	4,774	47	5,546
Bank borrowings and other non-current financial liabilities	295	46	
Other non-current liabilities	4,479	1	5,546
Current liabilities	3,420	1,531	14,528
Bank borrowings and other current financial liabilities	154		13,367
Trade payables and other current liabilities	3,266	1,531	1,161
Total equity and liabilities	33,148	8,628	62,213

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

^(*)Absorbed by Flightcare, S.L. on 1 October 2007

Goodwill	Gonzalo Mateo Group	Gen Air Handling, SLU ^(*)	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)
Difference on acquisition	19,193	6,414	13,833	71,822
Total net allocations	(10,300)	(3,298)	(18,486)	
Allocation attributable to minority interests	–	–	4,653	–
Allocation to goodwill on consolidation	8,893	3,116	–	71,822

^(*)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 ^(*)	Alpine Bau Group	Tacel Group	Corporación Uniland Group	Cementos Lemona Group
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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

Non-current assets	338,538	2,929,779	261,354	92,397	717,836	375,362	1,682,327	481,740
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
Current assets	61,376	211,867	25,483	33,626	957,970	3,649	364,048	47,457
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
Total assets	399,914	3,141,646	286,837	126,023	1,675,806	379,011	2,046,375	529,197

EQUITY AND LIABILITIES

Equity	228,703	1,698,452	174,679	75,300	549,118	117,097	1,581,807	333,078
Non-current liabilities	114,695	889,913	100,955	32,063	280,444	243,513	316,723	143,640
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
Current liabilities	56,516	553,281	11,203	18,660	846,244	18,401	147,845	52,479
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	–	–	–
Total equity and liabilities	399,914	3,141,646	286,837	126,023	1,675,806	379,011	2,046,375	529,197

^(*)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 ⁽¹⁾	Alpine Bau Group	Tacel Group	Corporación Uniland Group	Cementos Lemona Group
ASSETS								
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
Total allocations to assets	86,660	1,363,086	42,609	34,106	76,042	94,169	752,043	180,831
EQUITY AND LIABILITIES								
Other non-current liabilities (deferred taxes)	21,665	408,925	10,226	10,370	19,010	26,630	227,113	54,515
Total allocations to liabilities	21,665	408,925	10,226	10,370	19,010	26,630	227,113	54,515
Total net allocations	64,995	954,161	32,383	23,736	57,032	67,539	524,930	126,316

⁽¹⁾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 ⁽¹⁾	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 ⁽¹⁾	13,636	520,426	–	9,754	–	–	8,884	17,815
Difference on acquisition	194,246	1,829,334	31,952	67,815	278,817	9,801	959,075	159,893
Total net allocations	(64,995)	(954,161)	(32,383)	(23,736)	(57,032)	(67,539)	(524,930)	(126,316)
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

⁽¹⁾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
	384,454	250,065

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
2007					
Investment property	2,624,399	(282,524)	–	(6,373)	2,335,502
Buildings, plant and equipment	9,877,730	(3,923,236)	(113,641)	(63,860)	5,776,993
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
Other items of property, plant and equipment	1,454,283	(583,493)	(3,289)	(646)	866,855
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
	13,956,412	(4,789,253)	(116,930)	(70,879)	8,979,350
2006					
Investment property	113,361	(45,634)	–	–	67,727
Buildings, plant and equipment	9,576,655	(3,598,709)	(107,817)	(72,934)	5,797,195
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
Other items of property, plant and equipment	1,385,353	(530,791)	(1,328)	–	853,234
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
	11,075,369	(4,175,134)	(109,145)	(72,934)	6,718,156

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
Balance at 31-12-05	112,584	300,382	460,956	1,569,475	1,269,211	3,600,024	98,142	602,411	700,553	(2,114,394)	(50,865)	(66,267)
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	–	–
Balance at 31-12-06	113,361	918,026	1,791,413	4,543,228	2,323,988	9,576,655	490,783	894,570	1,385,353	(4,175,134)	(109,145)	(72,934)
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
Balance at 31-12-07	2,624,399	921,633	1,641,136	4,802,256	2,512,705	9,877,730	470,395	983,888	1,454,283	(4,789,253)	(116,930)	(70,879)

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)
Balance at 31-12-07	2,070,544	242,275	22,683	2,335,502

“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
	605,342	400,062

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
	118,217	80,549

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
2007			
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
	3,752,625	(1,648,925)	2,103,700
2006			
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
	2,882,477	(1,459,173)	1,423,304

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
	274,593	522,081

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
2007			
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
Contract term (years)	2 to 5	10	–
Value of purchase options	4,505	4,215	8,720

	Movable property	Real estate	Total
2006			
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
Contract term (years)	2 to 5	10	–
Value of purchase options	6,494	3,895	10,389

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
2007				
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
2006				
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
2007					
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
	3,648,345	(308,412)	(1,464)	(25,243)	3,313,226
2006					
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
	3,524,666	(242,071)	(1,405)	(23,318)	3,257,872

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
Balance at 31-12-05	465,723	197,559	(167,719)	(1,207)
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	–
Balance at 31-12-06	511,756	519,547	(242,071)	(1,405)
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
Balance at 31-12-07	519,697	549,879	(308,412)	(1,464)

“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:

Balance at 31-12-05			461,449
Additions			
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
Allocation to assets			
FCC Logística Group			(35,774)
Translation differences			
			(2,712)
Impairment losses			
			(2,125)
Balance at 31-12-06			2,470,045
Additions			
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
Allocation to assets			
Waste Recycling Group	35,924		
Alpine Bau Group	28,582		
Flightcare Italia, SpA	(7,896)		56,610
Translation differences			
Waste Recycling Group	(76,544)		
Other	(3,168)		(79,712)
Impairment losses			
			(2,649)
Balance at 31-12-07			2,553,526

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 ^(*)
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
	2,553,526	2,470,045

(*) 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, plant and equipment	Concession operator associates	Total investment
2007				
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)
	376,980	635,245	193,161	1,205,386
2006				
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)
	387,202	714,537	173,922	1,275,661

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
Balance at 31-12-05	–	–	–	–
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
Total 2006	72,408	89,078	(45,026)	14,213
	–	–	–	–
Balance at 31-12-06	–	(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
Total 2007				
Balance at 31.12.07	–	–	–	–

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	
ASSETS				
Non-current assets	–	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	–
Current assets	–	404,247	–	982,266
Inventories	131,347	–	679,984	–
Trade and other receivables	147,194	–	180,068	–
Other current assets	125,706	–	122,214	–
Non-current assets held for sale and discontinued operations	–	–	–	23,615
Total assets	–	1,391,320	–	2,900,875
EQUITY AND LIABILITIES				
Equity	–	270,402	–	660,485
Non-current liabilities	–	825,517	–	936,125
Non-current bank borrowings	729,856	–	653,653	–
Other non-current liabilities	95,661	–	282,472	–
Current liabilities	–	295,401	–	1,290,367
Current bank borrowings	81,327	–	493,829	–
Other current liabilities	214,074	–	796,538	–
Non-current assets held for sale and discontinued operations	–	–	–	13,898
Total equity and liabilities	–	1,391,320	–	2,900,875
INCOME STATEMENT				
Revenue	–	161,660	–	496,267
Profit from operations	–	24,067	–	163,243
Profit before tax	–	928	–	141,572
Profit attributable to the Parent	–	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
2007			
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
2006			
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
	543,726	605,190

a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2007 and 2006:

	Effective percentage of ownership	Fair value
2007		
Ownership interests of 5% or more:		
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
Ownership interests of less than 5%		
Xfera Móviles, S.A.	3.44	8,638
Holdings of the Alpine Bau Group	–	15,644
Other	–	5,607
	–	98,845
2006		
Ownership interests of 5% or more:		
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
Ownership interests of less than 5%		
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
	–	105,848

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	–
Total 2006	14,149	(5,849)	(16)	21,176	29,460	8,978	–
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	–
Total 2007	27,222	194	(1,019)	(9,010)	17,387	(24,390)	–
Balance at 31-12-07	–	–	–	–	107,707	(8,862)	98,845

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)
	55,890	14,746	18,123	17,426	114,675	218,285

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

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	
Property assets	–	2,046,468	–	526,871
Realia Business	1,322,089	–	–	–
Construction	717,894	–	520,111	–
Other activities	6,485	–	6,760	–
Raw materials and other procurements		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	–
Finished goods	–	55,076	–	44,422
Advances	–	39,819	–	23,451
Allowances	–	(22,864)	–	(12,061)
	–	2,708,796	–	1,079,834

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
	1,322,089

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
Balance at 6 June 2007	756,013	453,527	100,880	51,141	1,361,561
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	–	–
Balance at 31 December 2007	734,205	413,970	126,083	47,831	1,322,089

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)
Total net accounts receivable	3,533,364	3,457,583

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
Total	1,614,299	1,430,154

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
Total	1,776,749	1,585,429

	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
Total	1,776,749	1,585,429

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)
	1,956,398	2,077,201

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
	757,818	729,476

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:

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

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)	–	–
Carrying amount of treasury shares	–	(325,332)	–	(9,263)
Gains on treasury share transactions	–	10,207	–	10,207
Total	5,738,955	(315,125)	692,084	944

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
	1,560,803	1,300,621

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
	40,040	53,702

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	
Available-for-sale financial assets	–	(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	–
Financial derivatives	–	(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	–
	–	(6,347)	–	1,360

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

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
	1,257,754	1,535,189

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
Earnings per share		
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	
2007				
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
	209,406	1,212,730	182,550	1,604,686
2006				
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
	58,636	672,697	73,097	804,430

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
2007			
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
	7,017,883	2,408,109	9,425,992
2006			
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
	3,997,855	2,496,191	6,494,046

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
	3,441,514	1,908,041

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
2007							
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
Total	7,578,093	136,023	1,291,749	193,484	32,694	193,949	9,425,992
2006							
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
Total	4,906,190	162,146	1,139,087	174,641	27,796	84,186	6,494,046

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
	1,208,361	682,624	829,057	1,113,513	3,829,250	7,662,805

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

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	
Non-current				
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
Current				
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
Balance at 31-12-2005	414,805	30,688
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
Balance at 31-12-2006	964,541	49,478
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
Balance at 31-12-2007	910,070	82,622

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
	507,482	45,649	290,406	122,670	48,757

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
	372,017	538,053	910,070

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
	244,194	167,789

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
	663,242	687,790

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		
Consolidated accounting profit for the year before tax	–	–	1,269,617	–	–	886,630
	Increase	Decrease		Increase	Decrease	
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)
Adjusted consolidated accounting profit	–	–	1,229,075	–	–	828,329
Temporary differences						
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
Consolidated taxable profit	–	–	1,186,273	–	–	842,329

	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
Income tax expense	349,216	278,022

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 Realía 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)	–
	195,678	53,516

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
	8,940,856	6,025,458

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
	3,093,509	2,180,050

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
	96,178	76,056

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
	107,788	71,535

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
	515.254	209.139

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
Changes in value		
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
Impairment		
Held-for-trading financial assets	204	159
Available-for-sale financial assets	(151)	(5,789)
Held-to-maturity investments	(26)	–
Receivables	647	1,203
	15,617	56,303

"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
2007	
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
	348,250
2006	
Sales of property, plant and equipment	4,732
Sales of investments in Group companies of the services business	2,654
Other	(634)
	6,752

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			
2007							
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
Net profit from operations	1,299,378	377,063	39,797	257,500	423,884	184,068	17,066
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
Profit before tax from continuing operations	1,269,617	158,133	36,550	262,711	347,028	129,561	335,634
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)
Profit attributable to the Parent	737,851	111,006	23,332	173,540	201,806	39,475	188,692
Contribution to FCC Group profit	737,851	111,006	23,332	173,540	136,763	21,405	271,805

	Total Group	Services			Cement	Real Estate	Other Businesses
		Environment	Versia	Construction			
2006							
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
	(151,049)	(83,595)

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)
	271,805	127,711

Balance sheet by segment

	Total Group	Services			Cement	Real Estate	Other Businesses
		Environment	Versia	Construction			
2007							
Assets							
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	–
Total assets	23,713,187	7,050,215	1,137,774	7,019,690	4,276,231	3,912,107	317,170
Equity and liabilities							
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)
Total equity and liabilities	23,713,187	7,050,215	1,137,774	7,019,690	4,276,231	3,912,107	317,170

	Services						
	Total Group	Environment	Versia	Construction	Cement	Real Estate	Other Businesses
2006							
Assets							
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
Total assets	19,022,074	6,771,879	1,067,849	6,171,628	4,233,131	–	777,587
Equity and liabilities							
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
Total equity and liabilities	19,022,074	6,771,879	1,067,849	6,171,628	4,233,131	–	777,587

Cash flows by segment

	Services						
	Total Group	Environment	Versia	Construction	Cement	Real Estate	Other Businesses
2007							
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)
Total net cash flows for the year	186,864	99,921	38,731	171,940	13,419	166,735	(303,882)
2006							
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
Total net cash flows for the year	394,866	99,159	9,133	(300,506)	142,580	–	444,500

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		
2007						
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	–
	4,995,648	1,365,981	278,343	2,860,069	458,144	33,111
2006						
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	–
	1,718,040	672,698	202,274	490,053	353,015	–

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
2007							
Assets							
Non-current assets	13,823,772	7,305,827	2,774,008	3,007,675	553,496	152,836	29,930
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
Current assets	9,858,876	7,485,169	202,129	1,840,621	97,332	229,496	4,129
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
Non-current assets held for sale and discontinued operations	30,539	–	–	30,539	–	–	–
Total assets	23,713,187	14,790,996	2,976,137	4,878,835	650,828	382,332	34,059

	Total Group	Spain	United Kingdom	Other European Union Countries	U.S.A.	Latin America	Other
Equity and liabilities							
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
Total equity and liabilities	23,713,187	14,790,996	2,976,137	4,878,835	650,828	382,332	34,059
Investments in property, plant and equipment and intangible assets	1,362,384	802,694	98,142	332,874	92,292	35,812	570
2006							
Assets							
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
Total assets	19,022,074	12,019,212	3,233,778	2,796,818	624,211	317,774	30,281

	Total Group	Spain	United Kingdom	Other European Union Countries	U.S.A.	Latin America	Other
Equity and liabilities							
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
Total equity and liabilities	19,022,074	12,019,212	3,233,778	2,796,818	624,211	317,774	30,281
Investments in property, plant and equipment and intangible assets	687,773	526,880	42,265	56,974	33,070	28,444	140

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
	96,178	76,056

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 CO₂ 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, 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)
Net financial debt	7,967,339	5,203,694
Net limited recourse debt	3,120,314	1,867,141
Net recourse debt	4,847,025	3,336,553

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

	Consolidated
Net debt/ Ebitda ratios	
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
Fully consolidated companies								
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
Total fully consolidated companies				2,000,330	3,968,893	(1,593)	(14,649)	
Joint ventures (proportionately consolidated)								
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
Total proportionately consolidated entities				10,418	75,762	220	687	
Associates								
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 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
Total associates				441,082	463,660	(27,370)	(12,136)	

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
Fully consolidated companies						
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
Total fully consolidated companies		62,488	35,835	(149)	(2,651)	

	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
Joint ventures (proportionately consolidated)						
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
Total proportionately consolidated entities		29,900	20,800	(464)	(207)	
Associates						
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
Total associates		52,997	41,721	(1,066)	(232)	

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
	6,604	5,644

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

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
Environmental services			
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 Ecologia 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 Industriales, 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 (Northern) 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	Pinzel, 25 - Sevilla	100.00	Audinfo, 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 Lp.
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 Lp.
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 - Madrid	100.00	Audinfo, 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	Audinfo, S.L.
VERZIA			
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
Construction			
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	
Cement			
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	
Real estate			
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
Other activities			
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
Environmental services			
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
VERSIA			
Convery Service, S.A.	Camino de los Aflijidos P.I. La Esgaravita, 1 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.
Construction			
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
Cement			
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	
Real estate			
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		
Environmental services					
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 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	
VERSIA					
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	
Construction					
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
Promvías 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	
Cement					
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	
Prebesc 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		
Real estate					
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	
Total value of companies accounted for using the equity method		426,461	555,878		

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

Additions	Registered office	Additions	Registered office
Fully consolidated companies			
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	Proportionately consolidated companies	
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
INVERSIONES INMOBILIARIAS RÚSTICAS Y URBANAS 2000, S.L.			
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
Companies accounted for using the equity method			
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.	
Removals			
Fully consolidated companies			
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	Proportionately consolidated companies	
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 at 31 December 2007		Percentage of Ownership at 31 December 2007
Environmental services		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 at 31 December 2007		Percentage of Ownership 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	VERSIA	
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	Construction	
UTE RBU 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 VINAROS	50.00	ARGE PORTALKRAN	34.00
UTE VIVIENDAS MARGEN DERECHA	60.00	ARGE SLB FÜRWAG	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 at 31 December 2007		Percentage of Ownership 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 CIRCUVALACIÓN 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 at 31 December 2007		Percentage of Ownership 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 ERRENTERIA	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 at 31 December 2007		Percentage of Ownership 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

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

The detail by business area is as follows:

	2007	2006	% Change	% of total 2007	% of total 2006
Revenue					
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)
Total Group FCC	13,880.6	9,480.9	46.4	100.0	100.0
Revenue Spain					
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)
Total Group FCC	8,885.0	7,762.9	14.5	100.0	100.0
International revenue					
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)	–
Total Group FCC	4,995.6	1,718.0	190.8	100.0	100.0

	2007	2006	% Change	% of total 2007	% of total 2006
Ebitda					
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
Total Group FCC	2,042.1	1,387.3	47.2	100.0	100.0
Ebit					
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)
Total Group FCC	1,299.4	881.3	47.4	100.0	100.0
Backlog					
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	–
Total Group FCC	33,148.9	30,510.2	8.6	100.0	100.0
Investments					
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
Total Group FCC	1,732.3	4,854.5	(64.3)	100.0	100.0
Cash flows from operating activities					
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
Total Group FCC	1,261.4	1,159.0	8.8	100.0	100.0
Net financial debt					
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)
Total Group FCC	7,967.3	5,203.7	53.1	100.0	100.0

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%
Total Group FCC	36.0%	18.1%

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%	–
Total Group FCC	14.7%	14.6%

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%	–
Total Group FCC	9.4%	9.3%

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	% Change
+ Cash flows from operating activities	1,261.4	1,159.0	8.8
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)
– Cash flows from net investing activities	1,087.1	4,810.6	(77.4)
Investments	1,732.3	4,854.5	(64.3)
Disposals and other	(645.2)	(43.8)	(1,373.0)
= Cash flows from operating and investing activities	174.3	(3,651.6)	N/A
– Cash flows from financing activities	1,261.7	125.1	908.6
– Cash flows due to changes in the scope of consolidation and other	1,676.2	1,023.9	63.7
= Increase in net debt	2,763.6	4,800.6	(42.4)

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	% Change
Increase in inventories and receivables	(793.1)	(862.1)	8.0
Increase in payables	396.4	876.5	(54.8)
Change in operating working capital	(396.7)	14.4	N/A

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	% 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)
Total investments	1,732.3	4,854.5	(64.3)

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)
Total net debt	7,967.3	5,203.7	2,763.5
Net debt with recourse	4,847.0	3,337.0	1,510.0

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.

Equity at 31 December 2006	3,417.5
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
Equity at 31 December 2007	4,290.8

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	% 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	% 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	% 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	% 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)
= Increase in net debt	164.9	938.7	(82.4)

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

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	% 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	% 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	% 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	% Change	% of total 2007	% of total 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
Total	3,752.7	2,835.6	32.3	100.0	100.0

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	% 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	% 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
= Increase in net debt	255.0	2,744.3	(90.7)

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)
Total	3,910.7	3,655.7	255.0

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 (*)	% 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	% 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	% 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	% Change	% of total 2007	% of total 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
Total	960.8	866.8	10.8	100.00	100.0

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	% 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	% Change
+ Cash flows from operating activities	158.5	41.6	281.0
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
– Cash flows from net investing activities	140.3	175.0	(19.8)
= Cash flows from operating and investing activities	18.2	(133.4)	N/A
– Cash flows from financing activities	29.8	28.5	4.6
– Cash flows due to changes in the scope of consolidation and other	(10.5)	(9.6)	(9.4)
= Increase in net debt	1.1	152.3	(99.3)

Net debt at year-end	2007	2006	Difference
With recourse	517.9	516.8	1.1
Without recourse	–	–	–
Total	517.9	516.8	1.1

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	% 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	% 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
	100

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	% Change
+ Cash flows from operating activities	449.4	322.0	39.6
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
– Cash flows from net investing activities	297.4	1,504.6	(80.2)
= Cash flows from operating and investing activities	152.0	(1,182.6)	N/A
– Cash flows from financing activities	217.8	144.3	50.9
– Cash flows due to changes in the scope of consolidation and other	(9.9)	14.6	N/A
= Increase in net debt	55.9	1,341.5	(95.8)

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

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	% 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	% 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	% Change	% of total 2007	% of total 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
Total	751.6	742.1	1.3	100.0	100.0

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%
Profit before tax	129.7
Profit attributable to the Parent	21.4

	2007
Profit attributable to the Parent for June-December 2007	21.4
Profit accounted for using the equity method for January-May 2007	31.4
Total profit attributable to the Parent	52.8

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
= Increase in net debt	1,930.4

Net debt at year-end	2007
With recourse	686.5
Without recourse	1,243.9
Total	1,930.4

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	% 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/m²/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 Agencia y Mediación	FCC Group
At 31 December 2006	375,986	–	316,098	692,084
Acquisitions or additions	–	5,046,871	–	5,046,871
At 31 December 2007	375,986	5,046,871	316,098	5,738,955

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 CO₂ 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 m² 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 m². 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 m². 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 m². 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
Non-current assets	3,518,644	2,015,136
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)
Property, plant and equipment	530,772	326,728
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)
Long-term investments	2,834,851	1,580,660
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
Deferred charges	9,447	5,158
Current assets	1,172,070	1,908,631
Inventories	6,088	6,536
Raw materials and other supplies	6,013	6,281
Advances	75	255
Accounts receivable	627,028	527,637
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)
Short-term investments	472,257	1,313,199
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
Total assets	4,700,161	3,928,925

At 31 december 2007

In thousands of euros

SHAREHOLDERS' EQUITY AND LIABILITIES	31-12-2007	31-12-2006
Shareholders' equity	1,254,613	1,025,087
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)
Deferred income	29,705	4,322
Grants related to assets	3,899	4,302
Exchange gains	25,806	20
Other deferred income	–	–
Provisions for contingencies and charges	194,989	186,578
Provisions	184,322	175,173
Reversion reserve	10,667	11,405
Non-current liabilities	1,511,618	272,830
Bank borrowings	1,492,442	252,180
Loans and other payables	1,491,295	250,372
Long-term finance lease payments payable	1,147	1,808
Other payables	19,176	20,650
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
Current liabilities	1,709,236	2,440,108
Bank borrowings	582,170	1,370,345
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
Payable to Group companies and associates	530,844	442,466
Payable to Group companies	526,210	438,886
Payable to associates	4,634	3,580
Trade payables	204,603	191,765
Advances received on orders	28,971	20,909
Accounts payable for purchases and services	107,594	108,256
Notes payable	68,038	62,600
Other non-trade payables	347,560	378,495
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
Total shareholders' equity and liabilities	4,700,161	3,928,925

Income statement

Fomento de Construcciones y Contratas, S.A.

Debit	31-12-2007	31-12-2006
Total operating expenses	1,135,483	1,023,465
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
Profit from operations	137,059	104,016
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
Financial profit	161,882	206,789
Profit from ordinary activities	298,941	310,805
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
Extraordinary profit	267,843	26,187
Profit before tax	566,784	336,992
Income tax	61,902	41,757
Profit for the year	504,882	295,235

At 31 december 2007

In thousands of euros

Credit	31-12-2007	31-12-2006
Total operating income	1,272,542	1,127,481
Revenue	1,152,338	1,034,525
Work on non-current assets	2,035	1,227
Other operating income	118,169	91,729
Income from equity investments	214,757	227,153
Group companies	212,648	189,241
Associates	2,109	36,893
Non-Group companies	–	1,019
Income from other marketable securities and non-current loans	748	302
Associates	94	107
Non-Group companies	654	195
Other finance income	97,118	27,159
Group companies and associates	93,292	19,760
Other interest	3,788	1,672
Gains on investments	38	5,727
Exchange gains	1,322	63
Gains on non-current assets and control portfolio	258,556	617
Gains on treasury share transactions	–	3,238
Asset-related grants transferred to profit or loss	521	422
Extraordinary income	13,780	60,343

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
Distribution:	
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
	189,283	(44,418)	144,865

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)
	99,592	75,876	(231)	(30,372)	144,865

"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
	150,384

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
	955,732	(424,960)	530,772

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)
	326,728	176,885	(3,213)	30,372	530,772

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
	2,962,534	(127,683)	2,834,851

The detail of the changes in this heading is as follows:

	Balance at 31-12-06	Additions or charge for the year	Disposals or Reductions	Transfers	Balance at 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)
	1,580,660	1,286,166	(31,132)	(843)	2,834,851

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
	1,325,733

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. (10.83% shareholding)	4,171	(4,171)
Shopnet Brokers, S.A. (15.54% shareholding)	2,796	(2,796)
Xfera Móviles, S.A. (3.44% shareholding)	20,373	(20,373)
Other	1,408	(73)
	28,748	(27,413)

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
	454,637

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 31/12/06	Additions	Amounts taken to income or transfers	Balance at 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
	5,158	5,578	(1,289)	9,447

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)
Total trade receivables, net	464,878

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 31/12/06	2005 Retained Earnings	Dividends Distributed	Profit for the Year	Balance at 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)
Shareholders' equity	1,025,087	–	(136,702)	366,228	1,254,613

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 31/12/06	Period Provisions	Amounts Used	Reversals	Transfers and Other	Balance at 31/12/07
Provisions						
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
	186,578	12,218	(338)	(3,469)	–	194,989

Operating provisions

	Balance at 31/12/06	Period Provisions	Amounts Used	Reversals	Transfers	Balance at 31/12/07
Provisions						
Legal and contractual guarantees and obligations	42,986	320	–	(11,674)	250	31,882
Other contingencies	14,004	141	–	(1,871)	(250)	12,024
	56,990	461	–	(13,545)	–	43,906

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 subsequent years	Total
Bank borrowings	100,830	100,830	240,830	560,830	489,122	1,492,442
Limited recourse project 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
	104,668	102,450	241,865	561,120	501,515	1,511,618

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
	530,844

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
Tax receivables:		
Deferred income tax asset		67,729
VAT refundable		4,595
Other items		1,657
		73,981
Tax payables:		
Personal and income tax withholdings (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
		122,181

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
Adjusted accounting profit	–	–	567,503
Temporary differences:	–	–	–
– Arising in the year	30,296	–	(4,727)
– Arising in prior years	18,519	35,023	(9,919)
Taxable profit		28,438	552,857

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
Income tax expense	61,902

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 Tax Asset		Deferred Tax Liability
Balance at 31/12/06	–	70,056	–	47,613
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)
Balance at 31-12-07	–	67,729	–	49,715

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
	24,942

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
	18,550	6,381	24,931

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; 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
	5,236

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 Sociedad 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. Cementos Portland Valderrivas, S.A. Realia Business, S.A.	Director Director 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. Alpine Holding GmbH Waste Recycling Group Limited	Director Director of security 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
	2,343,244	634,741

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	
	2,343,244		634,741	

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	–
	840,729	846,418	1,271,815	1,277,437
Change in working capital	5,689	–	5,622	–
	846,418	846,418	1,277,437	1,277,437

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	344,198	320,037

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
Production value	1,272,542	110.43	1,127,481	108.99
– 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
Gross profit from operations	180,213	15.64	174,130	16.83
– 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
Net profit from operations	137,059	11.89	104,016	10.05
+ 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)
Financial profit	161,882	14.05	206,789	19.99
Profit from ordinary activities	298,941	25.94	310,805	30.04
+ 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)
Profit before tax	566,784	49.19	336,992	32.57
– Income tax	61,902	5.38	41,757	4.03
Profit after tax	504,882	43.81	295,235	28.54

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. Tucumán, 1321. 3ª Buenos Aires. Argentina -Urban cleaning-	834	632	Direct Indirect	50.00 2.50	310	1,000 (Pa)	1,634 (Pa)	(750) (Pa)	(22) (Pa)
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid -Water management-	254,768	–	Direct Indirect	99.99 0.01	12,180	145,000	69,949	51,205	2,118
A.S.A. Abfall Service AG Hans-Hruschka-Gasse, 9 Himberg (Austria) -Urban cleaning-	226,785	–	Direct Indirect	99.98 0.02	–	5,000	35,500	2,822	–
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13. Madrid -Financial services-	3,008	–	Direct Indirect	43.84 56.16	–	6,843	491,959	26,878	(56,638)
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111. Madrid	30	–	Direct Indirect	25 75	–	120	1,085	2,484	(1)
Azincourt Investment, S.L. Unipersonal Federico Salmón, 13. Madrid -Portfolio company-	3	3		100.00	–	3	(11,656)	(64,180)	–
Cementos Portland Valdeirivas, S.A. Estella, 6. Pamplona -Cement-	175,953	–	Direct Indirect	58.76 9.53	52,182	41,757	802,031	200,634	6,318
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Portfolio company-	1,657	–		100.00	781	61	2,319	790	–
Compañía General de Servicios Empresariales, S.A. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	60	–		100.00	–	60	17	5	–
Corporación Española de Servicios, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	44	–	Direct Indirect	99.99 0.01	1	60	16	3	–
Corporación Financiera Hispánica, S.A. Federico Salmón, 13 – Madrid -Portfolio company-	69,818	–	Direct Indirect	99.99 0.01	6,245	58,393	283,470	8,228	61,965
Egypt Environmental Services SAE Cairo-Egypt -Urban cleaning-	7,760	4,236	Direct Indirect	97 3	–	36,400 (Leg)	(36,070) (Leg)	15,894 (Leg)	12,363 (Leg)
Empresa Comarcal de Serveis Mediambientals del Baix Penedès, ECOBP, S.L. Plaça del Centre, 3. El Vendrell (Tarragona) -Urban cleaning-	240	–		80.00	41	301	258	135	–
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pza. Vázquez Molina, s/n. Úbeda (Jaén) -Urban cleaning-	720	–		90.00	87	800	204	(3)	–
Europea de Gestión, S.A. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	63	–		100.00	7	60	22	5	–
FCC Construcción, S.A. Balmes, 36. Barcelona -Construction-	275,551	–	Direct Indirect	99.99 0.01	104,000	130,000	135,680	183,715	31,635
FCC Construcciones y Contratas Internacional, S.L. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	3	–		100.00	–	3	–	–	–
FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	3	–		100.00	–	3	–	–	–
FCC Property development Conycon, S.L. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	3	–		100.00	–	3	–	–	–

Company	Carrying Amount		% of Ownership	Dividends Received	Capital	Reserves	2007 Profit/Loss before Tax	
	Cost	Allowance					Ordinary	Extraordinary
FCC International B.V. Amstedijk 166 Amsterdam (The Netherlands) -Portfolio company-	49,910	1,399	100.00	2,990	40,840	(2,990)	3,023	7,632
FCC Medio Ambiente, S.A. Federico Salmón, 13 – Madrid -Urban cleaning -	35,102	–	Direct 98.98 Indirect 1.02	–	43,272	62,158	17,283	(680)
FCC Versia, S.A. Federico Salmón, 13 – Madrid -Management company-	62,625	–	Direct 99.99 Indirect 0.01	7,900	40,337	62,495	37,804	(25,063)
FCC 1, S.L. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	3	–	100.00	–	3	–	–	–
F-C y C, S.L. Sole-Shareholder Company Federico Salmón, 13 – Madrid -Instrumentality company-	3	–	100.00	–	3	–	–	–
Fedemés, S.L. Federico Salmón, 13 – Madrid -Property development-	10,764	–	Direct 92.67 Indirect 7.33	578	10,301	14,626	948	–
Fomento Internacional Focsa, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	69	–	Direct 99.93 Indirect 0.07	2	90	23	5	–
Giza Environmental Services S.A.E. Cairo – Egypt -Urban cleaning-	7,566	7,566	Direct 97.00 Indirect 3.00	–	35,500 (Leg)	(132,515) (Leg)	(21,181) (Leg)	289 (Leg)
Grucycsa, S.A. Pza. Pablo Ruiz Picasso, s/n – Madrid -Portfolio company-	156,786	–	100.00	–	135,600	44,748	7,979	7,960
Limpietas Urbanas de Mallorca, S.A. Fusters, 18 – Manacor (Balearic Islands) -Urban cleaning-	5,097	–	Direct 99.92 Indirect 0.08	–	308	1,519	281	–
Per Gestora Property development, S.L. Pza. Pablo Ruiz Picasso, s/n – Madrid -Property management and administration-	69	–	99.00	–	60	40	29	(1)
RB Business Holding, S.L. Paseo de la Castellana, 216 – Madrid -Property development-	63,400	–	50.00	16,924	300,000	26,329	33,911	–
Realia Business, S.A. Paseo de la Castellana, 216 – Madrid -Property development-	4,237	–	Direct 1.70 Indirect 25.96	6,008	66,570	491,961	128,400	528
Tratamientos y Recuperaciones Industriales, S.A. Anglí, 31 – Barcelona -Waste treatment-	21,455	–	Direct 74.92 Indirect 10.08	2,412	72	6,861	2,570	4
Total	1.434.389	13,836		212.648				

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	% of Ownership	Company	% of Ownership	Company	% 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. Acer, 16. Barcelona -Saneamiento urbano-	733	-	20.33	202	3,606	3,582	1,167	175
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93. Barcelona -Saneamiento urbano-	2,621	601	Direct 31.00 Indirect 18.00	-	7,710	(860)	(2,750)	1,673
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50. Vilamalla (Girona) -Saneamiento urbano-	301	-	50.00	63	601	43	243	-
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1. Torrox. (Málaga) -Saneamiento urbano-	300	-	50.00	100	600	250	348	-
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1. Rincón de la Victoria (Málaga) -Saneamiento urbano-	301	-	50.00	105	601	296	477	-
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia -Saneamiento urbano-	4,732	-	49.00	603	781	1,639	2,766	(213)
Ingeniería Urbana, S.A. Saturno, 6. Alicante -Saneamiento urbano-	3,786	-	35.00	928	6,010	5,589	4,693	(67)
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14. Tremp (Lleida) -Saneamiento urbano-	25	-	40.80	-	60	(21)	(5)	-
Proactiva Doña Juana E.S.P.S.A Calle 98 nº 9-03 of. 804, Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Saneamiento urbano-	284	-	Direct 23.75 Indirect 27.05	-	2,250,000 (Pc)	1,376,822 (Pc)	2,316,746 (Pc)	107,301 (Pc)
Proactiva Medio Ambiente, S.A. Cardenal Marcelo Espinola, 8. Madrid -Saneamiento urbano-	119,542	80,292	50.00	-	56,520	11,607	6,602	(85)
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid -Saneamiento urbano-	1,610	-	51.00	108	3,156	297	495	-
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (México) -Gestión de aguas-	2	-	Direct 24.00 Indirect 0.03	-	100 (Pm)	162,541 (Pm)	2,290 (Pm)	-
	134,237	80,893		2,109				

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
At 31 December 2006	375,986	–	316,098	692,084
Acquisitions or additions	–	5,046,871	–	5,046,871
At 31 December 2007	375,986	5,046,871	316,098	5,738,955

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 CO₂ 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 m² 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 m²) 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 m². 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 m². 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 m². 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

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.

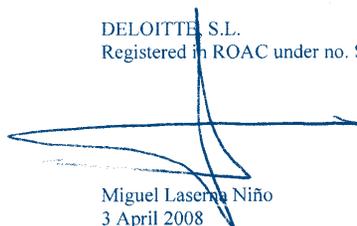
Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22). 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



Corporate Governance



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Fomento de Construcciones y Contratas, S.A.

Issuer identification

Fiscal year: 2007

Company Name

Fomento de Construcciones y Contratas, S.A.

Registered offices

Balmes, 36
08007 Barcelona
Spain

Note

This document is a replication of the information contained in the Annual Corporate Governance Report model (Circular 1/2007 of 17 March of the National Securities Market Commission) of Fomento de Construcciones y Contratas, S.A. approved at the Board of Directors meeting held on 24 March 2008. The information contained herein is exactly the same as that included in the approved report. Only the format has been changed in order to make it easier to read. In addition, the clarifications contained in the explanatory Annex in part G (Other information of interest) on the official form are included here under the section titles to which they refer.

A. Ownership structure

A.1. Complete the following table on the company's share capital:

Last modified	Share Capital (€)	Number of Shares	Number of Shares
28-06-2002	130,567,483.00	130,567,483	130,567,483

State whether there are different classes of shares with different rights:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Class	Number of Shares	Par value	Par value of voting rights	Different rights
-	-	-	-	-

A.2. Details of direct and indirect significant shareholders and the number of shares held at the end of the fiscal year, excluding directors:

Name or company name of Shareholder	Number of direct voting rights	Number of indirect voting rights ^(*)	% of total voting rights
Inmobiliaria Colonial, S.A.	19,671,780	-	15.066

(*) Through:

Name or company name of the direct owner of the shares	Number of voting rights	% of total voting rights
-	-	-

Indicate the most significant changes in the shareholder structure during the fiscal year:

Name or company name of Shareholder	Date of transaction	Description of transaction
-	-	-

A.3. Complete the following tables on the members of the Board of Directors who own shares in the Company with voting rights:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights ^(*)	% of total voting rights
Gonzalo Anes y Álvarez de Castrillón	11,350	0	0.009
B 1998, S.L.	59,871,785	8,653,815	52.480
Miguel Blesa de la Parra	2,900	0	0.002
Cartera Deva, S.A.	100	0	0.000
Juan Castells Masana	9,409	0	0.007
Dominum Desga, S.A.	4,132	0	0.003
Dominum Dirección y Gestión, S.A.	10	0	0.000
EAC Inversiones Corporativas, S.L.	32	0	0.000
Fernando Falcó Fernández de Córdova	8,390	0	0.006
Felipe Bernabé García Pérez	7,098	0	0.005
Ibersuizas Alfa, S.L.	1	0	0.000
Larranza XXI, S.L.	10	0	0.000
Rafael Montes Sánchez	45,926	22,142	0.052
Marcelino Oreja Aguirre	10,162	0	0.008
Antonio Pérez Colmenero	11,087	0	0.008
Mariano Miguel Velasco	3,000	0	0.002
Baldomero Falcones Jaquotot	1,000	0	0.000
Robert Peugeot	10	0	0.000

(*) Through:

Name or company name of the direct owner of the shares	Number of direct voting rights	% of total voting rights
Azate, S.A.	8,653,815	6.628
Josefa Fernández Mayo (Spouse of Rafael Montes)	22,142	0.017
% Total voting rights controlled by the Board of Directors		52.59

Complete the following table on the members of the Board of Directors who own direct shares in the Company:

Name or company name of Director	Number of direct option rights	Number of indirect option rights	Equivalent number of shares	% of total share capital
-	-	-	-	-

Note

Fomento de Construcciones y Contratas, S.A. hereinafter FCC) is controlled by B 1998, S.L., which owns 52.483% of FCC's share capital:

- Of that amount, 59,871,785 are direct shares son and 8,653,815 are indirect shares through its subsidiary Azate, S.A.

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B1998, S.L. which is in turn controlled by Esther Koplowitz Romero de Juseu (EK), who holds 73.37% of its share capital:

- Directly with 54.6107% and
- indirectly with 18.7601%, through Dominum Desga, S.A. (0.0001%), and Dominum Dirección y Gestión, S.A. (18.76%), both wholly-owned by EK.

Furthermore, EK owns 123,313 direct shares in FCC and 39,172 indirect shares in FCC through the companies Dominum Desga, S.A. (4,132) and Ejecución y Organización de Recursos, S.L. (35,040), wholly-owned by EK.

The company B 1998, S.L. is partially owned by different investors (hereinafter the investors) in the amount of 26.63%:

- Cartera Deva, S.A. (5.01%).
- Ibersuizas Holdings, S.L. (10.55%).
- Simante, S.L. (5.73%).
- Larranza XXI, S.L. (5.34%).

Note

On 1 February 2008, Esther Koplowitz purchased the interest held by Ibersuizas Holdings, S.L. in B 1998, S.L.

- A.4. Indicate, where applicable, the relationships of a family, commercial, contractual or corporate nature that exist between significant shareholders to the extent that they are known by the Company, except those which are irrelevant or the result of the Company's ordinary business activities:**

Name of Shareholder	Type of relationship	Brief Description
-	-	-

- A.5. Indicate, where applicable, the relationships of a commercial, contractual or corporate nature that exist between significant shareholders and the company and/or its group, except those which are irrelevant or the result of the Company's ordinary business activities:**

Name of Shareholder	Type of relationship	Brief Description
-	-	-

- A.6. Indicate shareholders' agreements that have been notified to the company pursuant to article 112 of the Stock Market Act. Indicate them briefly and list the shareholders bound by the agreements:**

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Participants in the shareholders' agreement	% of capital stock affected	Brief description of the agreement
Esther Koplowitz Romero de Juseu	52.483	Relevant event of 30/07/2004 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Relevant event of 13/01/2005 www.cnmv.es (see note).
Esther Koplowitz Romero de Juseu	52.483	Relevant event of 19/07/2007 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Relevant event of 26/12/2007 www.cnmv.es (see note).

Note

On 30 July 2004, a Relevant Event was published on the website of the CNMV which referred to the acquisition of a part of the interest held by EK in the company B 1998, S.L. by the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A, and the French Peugeot family through the company Simante, S.L.

On 13 January 2005, the Group published as a relevant event the fact that the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (wholly-owned by Esther Koplowitz Romero de Juseu) reached an agreement with the company Larranza XXI, S.L. (a company of the Bodegas Faustino) on the transfer to the latter of a minority shareholding held by the former in the company B 1998, S.L., a company which in turn possesses, directly or indirectly, 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

Also on 13 January 2005, the Group published as a relevant event the fact that the company *Dominum Dirección y Gestión, S.A. Sociedad Unipersonal* (wholly-owned by Esther Koplowitz Romero de Juseu) reached an agreement with the investment companies company *Inversiones Ibersuizas, S.A.*, *Inversiones San Felipe, S.L.*, *Ibersuizas Holdings, S.L.*, *Cartera Deva, S.A.*, *Arzubi Inversiones, S.A.* and *EBN Banco de Negocios, S.A.* on the transfer to the latter of a minority shareholding held by the former in the company *B 1998, S.L.*, a company which in turn possesses, directly or indirectly, 52.483% of the share capital of *Fomento de Construcciones y Contratas, S.A.*

On 19 July 2007, the Group published as a relevant event the novation of the agreements of the shareholders of *B 1998, S.L.*, which did not alter the total direct and indirect interest of Esther Koplowitz Romero de Juseu in *B 1998, S.L.*, or the agreements between the parties relative to the governance of *B 1998, S.L.* directly or of *Fomento de Construcciones y Contratas, S.A.* indirectly or any provision relative to the control of either company.

On 26 December 2007, the Group published as a relevant event the reorganisation of the ownership of the company *B 1998, S.L.* Esther Koplowitz Romero de Juseu, through the company *Dominum Dirección y Gestión, S.A.*, 100% of whose capital she owns, signed a purchase-sale agreement with *Ibersuizas Holdings, S.L.*, effective on 20 January 2008, for 10.55% of the shares of *B 1998, S.L.*, which owns 52.483% of the share capital of *Fomento de Construcciones y Contratas, S.A.*

The price of the transaction was a 381.5 million euros which means that the underlying FCC shares were valued at 55.94 euros per share.

This transaction carried out at the request of Esther Koplowitz, which increases her ownership in FCC, resulted in the disinvestment of the *Ibersuizas Group* in the share capital of *B 1998, S.L.* and consequently of the FCC Group. *Ibersuizas Holdings, S.L.* will cease to be part of the shareholders' agreement that regulates the relations between the shareholders of *B 1998, S.L.* At the same time, on the effective date of the agreement indicated above, *Ibersuizas Holdings, S.A.* will step down as a member of the Board of Directors of *B 1998, S.L.* and *Ibersuizas Alfa, S.L.* will step down as a member of the Board of Directors of *Fomento De Construcciones Y Contratas, S.A.*

Following this reorganisation, the shareholdings in *B 1998, S.L.* are as follows:

- Esther Koplowitz (directly or indirectly): 83.92%.
- Eurocis, S.A. 5.01%.
- Simante, S.L. 5.73%.
- Larranza XXI, S.L. 5.34%.
- Total 100.00%

The Relevant Events highlight the principal agreements relative to the control of the companies (FCC and *B 1998, S.L.*) reached by EK and the investors since the respective acquisitions:

- EK will continue to control *B 1998, S.L.*, and therefore *Azate, S.A.* and FCC.
- The Board of Directors of *B 1998, S.L.* will be composed of twelve directors. The Investors will be entitled to appoint 4 directors but may never appoint more than one-third of the members of the Board of Directors of *B 1998, S.L.*
- EK will be entitled to appoint the majority of members of the Board of Directors of FCC and its subsidiaries. The investors as a whole may appoint up to 3 directors but never more than one-third of the members of the Board of Directors of FCC.
- EK will be entitled to designate the Chairman of the Board of Directors of FCC and the Managing Directors of FCC and at least two-thirds of the members of its Executive Committee.
- The Pay-Out of FCC will be at least 50%.

There are also numerous agreements between EK and the Investors designed to protect the latter's investment in *B 1998, S.L.* as minority shareholders. They are described below:

With regard to B 1998, S.L.:

With regard to *B 1998, S.L.* and notwithstanding the fact that as a general rule the resolutions (of the General Meeting and the Board of Directors) are governed by the principle of a simple majority of the share capital, provisions are made for a number of special circumstances where the approval of the minority shareholders will be required:

- Amendments of the Articles of Association which involve moving the registered offices abroad, changing the business objective or increasing or reducing share capital, except when such transactions are imposed by legal imperative or when capital reductions are carried out through the acquisition of shares in *B 1998, S.L.*, owned directly or indirectly by EK or *Dominum Dirección y Gestión, S.A.*, by *B 1998, S.L.* for subsequent amortisation or when they are carried out by means of the amortization of the shares in *B 1998, S.L.* owned directly or indirectly by EK or *Dominum Dirección y Gestión, S.A.*, and charged to the reserves which are only accessible to EK;
- transformations, mergers and spin-offs in any of their forms or the overall assignment of assets and liabilities;
- the dissolution or winding up of *B 1998, S.L.*;
- the suppression of preferential rights in capital increases and the exclusion of shareholders;
- any change to the administration system of *B 1998, S.L.*;
- the establishment or modification of the dividend policy agreed by the Investors in respect of the statutory or extrastatutory rights attached to the shares owned by the Investors;

- any encumbrance of any relevant assets of B 1998, S.L. and specifically of FCC shares or shares in any other company in which B 1998, S.L. may hold an interest now or in the future;
- any increase in the annual overhead costs which exceeds those shown on the Company's balance sheet ending 31 December 2003, plus the annual increase in the Consumer Price Index, plus two percentage points. For calculation purposes, the remuneration received by B 1998, S.L., as a consequence of being part of the Board of Directors of FCC (hereinafter, "FCC Board Remuneration") will be excluded as will the remuneration received by members of the Board of Directors of B 1998, S.L. to the extent that it does not exceed the remuneration of the Board of Directors of FCC;
- the granting or maintenance of powers which could entail the use of FCC stocks;
- the indebtedness of B 1998, S.L. and the giving or receiving of guarantees totalling more than 500,000;
- the creation or acquisition of direct subsidiaries (excluding FCC subsidiaries) or the taking of interests in companies other than those in which B 1998, S.L. currently holds an interest.

With regard to FCC:

With regard to FCC and notwithstanding the fact that as a general rule the resolutions (of the General Meeting and the Board of Directors) are governed by the principle of a simple majority of the share capital, provisions are made for a number of special circumstances where the approval of the minority shareholders will be required:

- Amendments of the Articles of Association which involve moving the registered offices abroad or increasing or reducing share capital, except when such transactions are imposed by legal imperative.
- Changes to the business objective inasmuch as they involve the incorporation of activities unrelated to the construction, services, cement and real estate sectors.
- Transformations, mergers and spin-offs in any of their forms.
- The merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. as a consequence of which B 1998, S.L. no longer holds an indirect share of more than 50% of the voting rights in the company formed by the merger.
- The suppression of preferential subscription rights in capital increases.
- The modification of the administration system.
- The disposal, encumbrance or acquisition of FCC assets unrelated to the Company's business objective, provided that they are relevant, and any such actions included within the business objective of FCC when the value of the individual operation or a group of operations is equal to or greater than 700,000,000 euros (plus the annual increase in the Consumer Price Index) or any significant change to the current structure of the FCC Group or which represents more than 10% of the consolidated assets of the FCC Group.
- Any other transactions involving a variation of more than 20% of the capital and reserves of FCC or 10% of the consolidated assets of the FCC Group.
- The granting of powers which permit the disposals, encumbrances or acquisitions referred to above; the foregoing in no way limits the right of EK to appoint and remove the Managing Director of FCC.
- The indebtedness of FCC and the giving or receiving of guarantees by FCC (excluding the guarantees required as part of the normal business operations and project financing) which exceed 2.5 times the amount of the gross operating results shown on the last consolidated balance sheet of FCC.

If it is not possible to reach a consensus between EK and the Investors needed to pass the resolutions under the special circumstances referred to above, they will take the necessary actions required to maintain the pre-existing situation.

For further information, please see the full contents of the shareholders' agreements which are available on the website of the National Securities Market Commission under the heading of Relevant Events reported by the Company on 30 July 2004, 13 January 2005, 19 July 2007 and 26 December 2007.

Indicate any concerted actions among the company's shareholders of which the company is aware. If so, indicate them briefly:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

Participants in the concerted action	% of capital stock affected	Brief description of the agreement
–	–	–

- The Company has no knowledge of the existence of concerted actions.

Please provide the details of any modification or termination of such shareholders agreements or concerted actions during the fiscal year.

On 1 February 2008, Esther Koplowitz purchased the interest held by Ibersuizas Holdings in B 1998, S.L., the majority shareholder of Fomento de Construcciones y Contratas, S.A. (FCC) with 52.483%. The agreement was reached on 24 December 2007.

The share capital of B 1998, S.L. is currently distributed as follows: Esther Koplowitz (83.92%), Simante, represented by Robert Peugeot (5.73%), Larranza XXI, S.L. (Bodegas Faustino), represented by Lourdes Martínez (5.34%) and Eurocis, represented by José Aguinaga (5.01%).

A.7. Indicate any individual or legal entity that controls or has the ability to control the Company pursuant to article 4 of the Stock Market Act: If so, identify them:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

Name

Esther Koplowitz Romero de Juseu

Comments

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L. by 52.483%, which is in turn controlled by Esther Koplowitz Romero de Juseu (EK), who holds 83.92% of its share capital:

- Directly with 54.6107% and
- indirectly with 29.32%, through Dominum Desga, S.A. (0.0001%), and Dominum Dirección y Gestión, S.A. (29.32%), both wholly-owned by EK.

Furthermore, EK owns 123,313 direct shares in FCC and 39,172 indirect shares in FCC through the companies Dominum Desga, S.A. (4,132) and Ejecución y Organización de Recursos, S.L. (35,040), wholly-owned by EK.

A.8. Complete the following table on the Company's treasury stock:

As of the end of the fiscal year:

Number of direct shares	Number of indirect shares ^(*)	% of total capital stock
375,986	5,362,969	4.395

(*) Through:

Name or company name of the direct owner of the shares	Number of direct shares
Compañía Auxiliar de Agencia y Mediación, S.A.	316,098
Asesoría Financiera y de Gestión, S.A.	5,046,871
Total	5,362,969

Please provide the details of any significant variations during the fiscal year according to the provisions of Royal Decree 1362/2007:

Date of notice	Total direct shares acquired	Total indirect shares acquired	% of total capital stock
29-06-2007	0	617,466	0.473
23-07-2007	0	1,394,034	1.068
21-09-2007	0	1,225,363	0.938
29-11-2007	0	1,332,660	1.021

Gains / (losses) of treasury stock disposed of during the period	0
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A.9. Detail the conditions and terms of the mandate that the general meeting has given to the board of directors to buy or sell treasury stock

Resolution of the General Meeting of Shareholders of 28-06-07

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42, parts 1 and 2, of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

- Maximum value: the highest quoted price in the three months immediately prior to the acquisition date, plus ten percent.
- Minimum value: the lowest quoted price in the last three months immediately prior to the acquisition date, less ten percent.

By virtue of this authorisation, the Board, the Executive Committee or the Managing Director may acquire the treasury stock provided that at the time of purchase the total treasury stock, including that purchased, does not exceed 5% of the capital stock pursuant to the terms of article 75.2 of the Revised Text of the Public Corporations Act.

The term of the authorisation shall be 18 months from today's date.

The acquisition of treasury stock, which must be fully paid up, must allow the Company to record the provision stipulated in part 3 of article 79 of the Public Corporations Act, without decreasing the capital or the legal or unavailable reserves.

The authorisation to buy treasury stock granted to the Board by resolution of the General Meeting of Shareholders held on 29-06-06 is hereby null and void.

A.10. Indicate any legal or statutory restriction on voting rights and the legal restrictions on the acquisition or transmission of share capital

Indicate any legal restrictions on exercising voting rights:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Maximum percentage of voting rights that may legally be exercised by a shareholder	–
--	---

Indicate any statutory restrictions on exercising voting rights:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Maximum percentage of voting rights that may be exercised by a shareholder pursuant to the articles of association	–
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Description of the legal and statutory restrictions on exercising voting rights	–
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A.11. State whether the General Meeting has agreed to adopt neutralisation measures in response to a public takeover bid pursuant to the terms of Law 6/2007

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Where applicable, explain the measures approved and the terms under which the terms will be ineffective.

B. Administrative structure of the Company

B.1. Board of Directors

B.1.1. State the maximum and minimum number of directors according to the Articles of Association:

Maximum number of directors	Minimum number of directors
22	5

B.1.2. Complete the following table on the members of the Board:

Name or company name of Director	Representative	Position on the Board	Date of first appointment	Date of latest appointment	Election procedure
Gonzalo Anes y Álvarez de Castrillón		Director	30-06-1991	21-06-2005	General Meeting
B 1998, S.L.	Esther Koplowitz Romero de Juseu	Director	17-12-1996	28-06-2007	General Meeting
Miguel Blesa de la Parra		Director	29-06-2006	29-06-2006	General Meeting
Cartera Deva, S.A.	José Aguinaga Cárdenas	Director	15-09-2004	21-06-2005	General Meeting
Juan Castells Masana		Director	21-06-2000	21-06-2005	General Meeting
Dominum Desga, S.A.	Esther Alcocer Koplowitz	Director	27-09-2000	29-06-2006	General Meeting
Dominum Dirección y Gestión, S.A.	Alicia Alcocer Koplowitz	Director	26-10-2004	21-06-2005	General Meeting
Eac Inversiones Corporativas, S.L.	Carmen Alcocer Koplowitz	Director	30-03-1999	23-06-2004	General Meeting
Fernando Falcó Fernández de Córdova		Director	18-12-2003	21-06-2005	General Meeting
Felipe Bernabé García Pérez		Director	30-03-1999	21-06-2005	General Meeting
Ibersuizas Alfa, S.L.	Luis Chicharro Ortega	Director	15-09-2004	21-06-2005	General Meeting
Larranza XXI, S.L.	Lourdes Martínez Zabala	Director	13-01-2005	21-06-2005	General Meeting
Rafael Montes Sánchez		Chairman	06-03-1992	23-06-2004	General Meeting
Marcelino Oreja Aguirre		Director	21-12-1999	21-06-2005	General Meeting
Max Mazin Brodovka		Director	29-06-2006	29-06-2006	General Meeting
Antonio Pérez Colmenero		Director	30-03-2005	21-06-2005	General Meeting
Robert Peugeot		Director	15-09-2004	21-06-2005	General Meeting
Baldomero Falcones Jaquotot		Director	18-12-2007	18-12-2007	Co-optation
Mariano Miguel Velasco		Director	28-06-2007	28-06-2007	General Meeting
Luis Manuel Portillo Muñoz		Director	28-06-2007	28-06-2007	General Meeting
Cesar Ortega Gómez		Director	28-06-2007	28-06-2007	General Meeting

Total number of directors

21

Note

Francisco Vicent Chuliá was appointed Secretary of the Board of Directors at the Board meeting held on 26 October 2004.

Note

On 6 February 2008, the CNMV was notified that the Director, Dominum Dirección y Gestión, S.A., formerly represented by Alicia Alcocer Koplowitz, is now represented by Carmen Alcocer Koplowitz, and the Director, EAC Inversiones Corporativas, S.L., formerly represented by Carmen Alcocer Koplowitz, is now represented by Alicia Alcocer Koplowitz.

List any directors removed from the Board of Directors during the fiscal year:

Name or company name of Director	Date of resignation
Ibersuizas Holdings, S.L.	17-05-2007
Francisco Mas Sardá Casanelles	18-12-2007

Note

On 31 January 2008, Ibersuizas Alfa, S.L. voluntarily stepped down from the Board of Directors of FCC, S.A.

B.1.3. Complete the following tables on the directors:

Executive directors

Name or company name of Director	Committee that proposed appointment	Position in the Company's organization
Baldomero Falcones Jaquotot	Appointments and Remunerations	Vice President and CEO
Felipe Bernabé García Pérez	Appointments and Remunerations	General Secretary
Antonio Pérez Colmenero	Appointments and Remunerations	Corporate Human Resources and Media Manager

Total number of executive directors	3
% of Board members	14.28

Note

Baldomero Falcones was appointed to the Board of Directors of FCC, S.A. at the session held on 18 December 2007, although he did not begin to perform his executive functions until 1 January 2008.

External nominee directors

Name or company name of Director	Committee that proposed appointment	Name of the significant shareholder represented or which proposed the appointment
B 1998, S.L.	Appointments and Remunerations	B 1998, S.L.
Dominum Desga, S.A.	Appointments and Remunerations	B 1998, S.L.
Dominum Dirección y Gestión, S.A.	Appointments and Remunerations	B 1998, S.L.
EAC Inversiones Corporativas, S.L.	–	B 1998, S.L.
Fernando Falcó Fernández de Córdova	Appointments and Remunerations	B 1998, S.L.
Marcelino Oreja Aguirre	Appointments and Remunerations	B 1998, S.L.
Ibersuizas Alfa, S.L.	Appointments and Remunerations	B 1998, S.L.
Mariano Miguel Velasco	Appointments and Remunerations	B 1998, S.L.
Cartera Deva, S.A.	Appointments and Remunerations	B 1998, S.L.
Robert Peugeot	Appointments and Remunerations	B 1998, S.L.
Larranza XXI, S.L.	Appointments and Remunerations	B 1998, S.L.
Juan Castells Masana	Appointments and Remunerations	B 1998, S.L.
Miguel Blesa de la Parra	Appointments and Remunerations	B 1998, S.L.
Luis Manuel Portillo Muñoz	Appointments and Remunerations	B 1998, S.L.
Rafael Montes Sánchez	–	B 1998, S.L.

Total number of nominee directors	15
% of Board members	71.43

External independent directors

Name or company name of Director	Profile
César Ortega Gómez	Managing Director of Banco Santander, He Holds a Degree in Business and Economics and a Master's Degree in Tax Consulting from ICADE. Has completed courses of study in Law and Philosophy. Was a partner in Arthur Andersen Asesores Legales y Tributarios and Garrigues Abogados for 12 years. Sits on The Boards of Directors of The Grupo Empresarial Santander, S.L., Bancos Latinoamericanos Santander, S.L., Santusa Holding, S.L., Santander Holding Gestión, S.L. and Santander Investment, S.A.
Gonzalo Anes y Álvarez de Castrillón	Ph.d. in Economics, Professor of History and Economic Institutions at the School of Economic Science at the University Complutense de Madrid; Director of the Royal Academy of History; Director of Repsol YPF, S.A. Director of the Bank of Spain from 1980-1988; former Director of the Magazine "Moneda y Crédito".
Max Mazin Brodovka	Studied planning and statistics (Economics branch). Has been: Chairman of the International Relations Committee of CEOE, Founder and President of the Independent Business Association, Co-founder and Vice-president of CEOE, Honorary President of CEIM, President of the CEIM Foundation, member of the Board of the Universidad Complutense de Madrid, Founder of Hoteles Tryp, S.A., Founder of the World Trade Centre of Spain and President for seven years.

Total number of independent directors	3
% of Board members	14.28

Other external directors

Name or company name of Director	Committee that proposed appointment
–	–

Total number of external directors	–
% of Board members	–

Details of why they cannot be considered nominee or independent directors and their links to the company or its directors or to the company's shareholders.

Name or company name of Director	Reasons	Company, director or shareholder with whom there is a relationship
–	–	–

Indicate any changes to the types of directors during the fiscal year.

Name or company name of Director	Date of change	Previous Type	Current Type
Rafael Montes Sánchez	18-12-2007	Executive	Nominee

- B.1.4. Explain the reasons why nominee directors have been appointed at the behest of shareholders who possess less than 5% of the share capital, where applicable:

Name or company name of Shareholder	Justification
-	-

State whether formal requests for the appointment of board members have been responded to affirmatively from shareholders whose ownership percentage is equal to or greater than that of others at whose behest nominee directors would have been appointed. If so, explain why such requests have been responded to affirmatively.

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

Name or company name of Shareholder	Explanation
-	-

- B.1.5. State whether any director has stepped down before the end of his mandate, whether the director has explained his reasons for doing so to the Board and by what means. If the reasons were given in writing to the entire Board, explain below the reasons given:

Name of Director	Reason
Francisco Más Sarda Casanelles	Voluntary resignation
Ibersuizas Holdings, S.L.	Voluntary resignation

Note

On 31 January 2008, Ibersuizas Alfa, S.L. voluntarily stepped down from the Board of Directors of FCC, S.A.

- B.1.6. Indicate the powers vested in the Managing Directors(s), if any:

Name or company name of Director	Brief Description
Balduino Falcones Jaquotot	See note

Note

Article 35.2 of the Regulations of the Board establishes that *"the Board of Directors may permanent delegate the powers of the Board in one or more of its members, with the exception of those which are indelegable under the law, the Articles of Association or the Regulations.*

In order to be valid, the permanent delegation of the powers of the Board of Directors and the appointment of the Director or Directors to whom such powers are delegated, regardless of the office they hold, shall require the favourable vote of at least two-thirds of the components of the Board of Directors.

The Managing Director is responsible for representing and directing the Company's business, always in keeping with the decisions and criteria established by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective authorities.

The effective representation and direction of the Company's business includes but is not limited to:

- Supporting the Board of Directors in the definition of the Group's strategy.
- Preparing the Business Plan and Annual Budgets to be submitted to the Board of Directors for its approval.

- *Preparing and submitting to the Board of Directors or to the Executive Committee for approval, depending on whether the individual amount is higher or lower than eighteen million euros, respectively, proposals for investments, disinvestments, credits, loans, guarantees, bonds and other types of financial facilities.*
- *Hiring and firing of company personnel with the exception of the appointments to be made by the Board of Directors pursuant to the terms of these Regulations.*

Once a year, at the first Board meeting of the year, the Managing Director will report to the Executive Committee on the actual level of compliance with the forecasts in terms of the proposed investments submitted to the Committee and to the Board of Directors."

Article 7.2 of the Regulations of the Board establishes that:

"In any event, the Board of Directors, through the adoption of resolutions which must be approved in each case as stipulated by law and the Articles of Association, shall be obliged to address the following issues constitute the formal list of issues that may only be addressed by the Board and may be delegated:

- a. Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing to the respective Boards of Directors through the company's representatives on those Boards the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realía Business, S.A. and FCC Versia, S.A.) and appointing and removing members of the Steering Committee.*
- b. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association and revoking such powers.*
- c. Appointing and removing Board members to sit on the different Committees discussed in these Rules.*
- d. Supervising the Delegated Committees of the Board.*
- e. Appointing Board members by co-optation when vacancies arise, until the next General Meeting is held.*
- f. Accepting the resignation of board members.*
- g. Formulating the annual accounts and the dividend payment policy for presentation to and approval by the General Meeting and agreeing on the payment of interim dividends.*
- h. Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the Managing Director, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise.*
- i. Approving investments and financing policy, particularly the approval of investments, disinvestments, credit lines, loans, surety or guarantee lines, and other financial facilities within the limits that the Board of Directors itself establishes as well as investments and any other type of transactions whose specific circumstances make them strategic.*
- j. Organising the Board of Directors in general and modifying these Regulations in particular.*
- k. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting."*

Furthermore, part 1 of article 8 (General Functions – Equilibrium in the Performance of Functions) establishes that *"the Board of Directors is responsible for performing all acts as may be necessary to attain the business objectives set forth in the Articles of Association, in accordance with the applicable laws"*. Part 2 states that *"The fact that the Board may empower certain members of the Board within the limits allowed by the law does not deprive the Board of those powers"*.

At its meeting held on 18 December 2007, the Board of Directors delegated Baldomero Falcones Jaquotot with numerous powers, effective 1 January 2008, which included the following: Financial powers, relations with customers and suppliers, labour relations, powers of administration and disposition in relation to companies and association of a legal nature and internal order. This delegation of powers facilitates Group management and expedites the external manifestation of the company's will.

- B.1.7. Identify the board members who hold administrative posts or sit on the boards of other companies that are part of the publicly-traded group of companies:

Name or company name of Director	Name of Company or Group	Title
Cartera Deva, S.A.	Cementos Pórtland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Realia Business, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Pórtland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Alfa, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Lelona, S.A.	Director
EAC Inversiones Corporativas, S.L.	Lelona Industrial, S.A. Unipersonal	Director
Fernando Falcó Fernández de Córdova	Realia Business, S.A.	Director
Fernando Falcó Fernández de Córdova	FCC Construcción, S.A.	Director
Fernando Falcó Fernández de Córdova	Cementos Pórtland Valderrivas, S.A.	Director
Fernando Falcó Fernández de Córdova	Cementos Lelona, S.A.	Vice president
Fernando Falcó Fernández de Córdova	Corporación Uniland, S.A.	Director
Fernando Falcó Fernández de Córdova	Lelona Industrial, S.A. Unipersonal	Vice president
Fernando Falcó Fernández de Córdova	RB Business Holding S.L.	Director
Fernando Falcó Fernández de Córdova	Giant Cement Holding Inc.	Director
Fernando Falcó Fernández de Córdova	Waste Recycling Group Limited	Director
Ibersuizas Alfa, S.L.	Cementos Pórtland Valderrivas, S.A.	Director
Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Rafael Montes Sánchez	Cementos Pórtland Valderrivas, S.A.	Director
Rafael Montes Sánchez	Realia Business, S.A.	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.	Director
Robert Peugeot	Alpine Holding GmbH	Oversight committee
Robert Peugeot	Waste Recycling Group Limited	Director
Antonio Pérez Colmenero	Per Gestora Inmobiliaria, S.L.	Director

- B.1.8. Please provide the details of any board members who sit on the boards of directors of other companies quoted on the Spanish stock exchange, other than companies of your group, of which the company has been notified:

Name or company name of Director	Name of the publicly listed company	Title
Marcelino Oreja Aguirre	Acerinox, S.A.	Director
Miguel Blesa de la Parra	Iberia L.A.E., S.A.	Vice president
Mariano Miguel Velasco	Inmobiliaria Colonial, S.A.	Managing director
Luis Portillo Muñoz	Riofisa, S.A.	President

- B.1.9. State and, where necessary, explain whether the company has established rules on the number of board members on its board of directors:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Note

Article 24.3 of the Rules of the Board of Directors establishes that "before accepting any management position or a position on the governing body of another company or entity, the Director shall inform the Appointments and Remunerations Committee".

Article 22.3 establishes that "Directors must inform the Appointments and Remunerations Committee of their other professional obligations in case they interfere with the dedication required of a director, and the Board of Directors must establish, based on a proposal by the Appointments and Remunerations Committee, the number of boards to which directors may belong".

B.1.10. With regard to recommendation number 8 of the Unified Code, indicate which of the company's general policies and strategies the plenary Board has reserved for its own approval:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the group of companies	X	
Corporate governance policy		
Corporate responsibility policy		
The strategic or business plan and the management objectives and annual budgets	X	
The remuneration policies and performance evaluations of executives	X	
The risk management and control policy and periodic tracking of internal information and control systems	X	
The dividend policy and the policy on treasury stock, especially limits	X	

B.1.11. Complete the following tables regarding the aggregate remuneration paid to board members during the fiscal year:

a) In the company to which this report refers:

Breakdown of Remuneration	Data in thousands of euros
Fixed	2,645
Variable	565
Allowances	6
Allowances for meeting attendance	2,020
Stock options and/or other financial instruments	0
Other	0
Total	5,236

Other Benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company to directors	0

b) For sitting on the boards of other boards of directors and/or occupying executive positions in Group companies:

Breakdown of Remuneration	Data in thousands of euros
Fixed	0
Variable	0
Allowances	0
Allowances for meeting attendance	1,368
Stock options and/or other financial instruments	0
Other	0
Total	1,368

Other Benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company to directors	0

c) Total remuneration by director type:

Type of Director	By Company	By Group
Executive	3,700	630
External nominee	1,199	684
External independent	337	54
Other external	0	0
Total	5,236	1,368

d) Profits earned by the parent company:

Total remuneration paid to directors (thousands of euros)	6,604
Total remuneration paid to directors/profits earned by the parent company (expressed in %)	0.895

B.1.12. List the executive staff members who are not executive directors and indicate the total remuneration paid to them during the fiscal year:

Name	Title
Ignacio Bayón Maríné	Chairman, Realia Business, S.A.
José Luis de la Torre Sánchez	Chairman, FCC Servicios
Antonio Gómez Ciria	Corporate Internal Audits Manager
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Chairman, Cementos Portland Valderrivas
José Mayor Oreja	Chairman, FCC Construcción, S.A.
Victor Pastor Fernández	Corporate Finance Manager
José Luis Vasco Hernando	Corporate Administration Manager
Gérard Ries	Deputy Director General of International Corporate Development and Strategy
José Eugenio Trueba	Corporate Administration and Finance Manager

Note

In the month of June 2007, José Eugenio Trueba stepped down from his post as the Corporate Administration and Finance Manager and was replaced that some month by Víctor Pastor Fernández.

Total remuneration paid to executive staff (thousands of euros)	5,663
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Note

Pursuant to the criterion of uniformity, the indemnity discussed in part B.1.13. is not included.

B.1.13. Please indicate whether there are guarantee clauses for cases of dismissal or control changes in favour of executive staff members, including executive directors of the company or the group. Indicate whether these contracts must be submitted to and/or approved by the governing bodies of the company or group:

Number of beneficiaries	9	
	Board of Directors	General Meeting
Body that authorises the clauses	X	
	Yes	No
Is the General Meeting informed of the clauses?	X	

Note

The body which authorises the guaranteeing or reinforcing clauses in the Executive Committee.

As indicated in the notes to the income statements for each fiscal year that are prepared by the Board of Directors and submitted to the General Meeting for approval, an insurance policy was taken out to cover the payment of contingencies relative to death, permanent disability, retirement and other items payable to the executive directors and executive staff members listed in parts B. 1. 3 and B0.10.12, respectively.

In particular, the contingencies eligible for indemnification are those which result in the extinction of the labour relationship for any of the following reasons:

- a) Unilateral decision of the company
- b) Dissolution or disappearance of the parent company for any reasons, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal disability.
- e) A substantial change in professional conditions.
- f) Resignation at the age of 60 at the director's request and with the company's approval.
- g) Resignation at the age of 65 years by unilateral decision of the director.

The consolidated income statement of the FCC Group includes a premium payment in the amount of 970,000 euros, and income in the amount of 4,108,000 euros from refunds on insurance premiums paid. It also shows an indemnity payment in the amount of 4,000,000 euros.

In addition, and in order to satisfy the contingencies covered by the policy, in fiscal year 2007 the insurance company paid the sum of 7,341,000 euros.

B.1.14. Indicate the process for setting the remuneration of the members of the Board of Directors and the relevant clauses of the Articles of Association in this regard:

Process for setting the remuneration of the members of the Board of Directors and the relevant clauses of the articles of association

Article 37 of the Articles of Association states that:

"The post of board member is remunerated. The remuneration shall consist of a share of the liquid profits which shall not be less than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. on the Group's consolidated annual accounts. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The Board will distribute among its members the remuneration resolved at the General Meeting of Shareholders, taking into account the functions and responsibilities of each one in the Board or its Delegate Committees and other criteria envisaged in the Rules of the Board of Directors, including, within the amount referred to in the previous paragraph of this article, fixed remuneration as well as attendance fees, variable remuneration and benefit schemes".

Article 42.3, letter e) of the Regulations of the Board establishes that one of the responsibilities of the Appointments and Remunerations Committee is that of "overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the individual remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares".

Indicate whether the plenary Board has reserved the approval of the following decisions for the Board:

	Yes	No
The appointment and removal of executive staff members and their indemnity clauses, at the propose of the CEO.	X	
The remuneration to be paid to directors and the additional remuneration to be paid to executive directors and other contractual conditions.	X	

B.1.15. State whether the Board of Directors approves a detailed remuneration policy and specify the questions it decides on:

	Yes	No
The amount of the fixed components, with an itemised breakdowns, of the allowances paid to directors and their commissions and an estimate of the fixed annual remuneration resulting therefrom.	X	
Variable remuneration or bonuses	X	
Main characteristics of surety systems with an estimate of their equivalent annual cost.	X	
The contractual conditions of executive directors who perform executive functions, including	X	

B.1.16. State whether the Board submits a policy on the remuneration of board members to the General Meeting for a vote, as a separate item on the meeting agenda on a consultative basis. Explain the aspects of the report with regard to the remuneration policy approved by the Board for future years, the most significant changes in those policies compared to those of previous fiscal years and an overall summary of how the remuneration policy was applied during the fiscal year. Provide details of the role played by the Remuneration Committee and if any external consultants were used and, if so, the identity of the external consultants:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Questions regarding remuneration policy addressed in the report
–

Role played by the Remuneration Committee
–

Role played by the Remuneration Committee	Yes	No
Were external consultants used?		
Identity of the external consultants		

B.1.17. Please identify the members of the Board of Directors who are at once board members, directors or employees of companies which are significant shareholders in the publicly-traded company and/or its group companies:

Name or company name of Director	Name of the significant shareholder	Title
Cartera Deva, S.A.	B 1998, S.L.	Director
Juan Castells Masana	B 1998, S.L.	Director
Dominum Desga, S.A.	B 1998, S.L.	Director
Dominum Dirección y Gestión, S.A.	B 1998, S.L.	Director
EAC Inversiones Corporativas, S.L.	B 1998, S.L.	Director
Fernando Falcó Fernández de Córdova	B 1998, S.L.	Director
Ibersuizas Holdings, S.L.	B 1998, S.L.	Director
Larranza XXI, S.L.	B 1998, S.L.	Director
Rafael Montes Sánchez	B 1998, S.L.	Director
Robert Peugeot	B 1998, S.L.	Director
Felipe Bernabé García Pérez	B 1998, S.L.	Non-member Secretary
Mariano Miguel Velasco	Inmobiliaria colonial	Chairman

Indicate any relevant relationships other than those mentioned above between the members of the Board of Directors and significant shareholders and/or companies of the group:

Name of the related director	Name of related significant shareholder	Description of relationship
Cartera Deva, S.A.	B 1998, S.L.	B 1998, S.L. Shareholders' agreement
Larranza XXI, S.L.	B 1998, S.L.	B 1998, S.L. Shareholders' agreement
Robert Peugeot	B 1998, S.L.	Shareholders' agreement with B 1998, S.L. Indirectly through Simante, S.L.
Ibersuizas Holdings, S.L.	B 1998, S.L.	Shareholders' agreement with B 1998, S.L.

B.1.18. State whether there were any changes during the year to the Rules of the Board of Directors:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Description of changes

At its meetings held on 31 January 2007 and 17 May 2007, the Board of Directors amended certain articles of the Rules of the Board of Directors.

I. Changes made at the meeting held on 31 January 2007

The Board of Directors agreed to amend article 42 part 3 b) of the Rules of the Board to include in the functions of the Appointments and Remunerations Committee the obligation to report in advance all appointments to positions or offices within FCC with annual gross salaries of 120,000 euros and authorised the Committee to update this figure periodically.

II. Changes made at the meeting held on 17-05-07

Justification of the reform and effective date

The reform of the Rules of the Board of Directors was structured around two fundamental themes.

On the one hand, to adapt the Rules to the Unified Code of Good Governance (Unified Code) published by the Comisión Nacional del Mercado de Valores (CNMV), while bearing in mind the singularities and specific needs of the Company when carrying out such adaptation.

On the other hand, to clarify and supplement the technical aspects of certain provisions of the Rules in order to make them easier to interpret and apply.

1. *Adaptation of some provisions of the Rules of the Board of Directors to the recommendations and definitions of the Unified Code of Good Governance*

The changes introduced into the Rules of the Board are based on the following principles:

- Adaptation, to the extent possible, to the recommendations of the Unified Code, while at the same time
- preserving the necessary unity and cohesion of the Board and its Committees in the best interest of the Company, as the Unified Code itself recognises and requires,
- and bearing in mind the capital structure of FCC and its circumstances and specific singularities.

This means that in certain cases there are sound reasons for not incorporating all of the recommendations in some cases or for incorporating them only partially.

In particular, and based on the aforementioned principles, the Board fully incorporated 49 of the recommendations of the Code and partially incorporate 3, on the understanding that there are six recommendations which should not be incorporated at this time, although the Board of Directors may continue pondering to what extent the singularities and special needs of the Company make it advisable to review the criteria used when assuming the recommendations of the Unified Code.

More specifically, recommendations 9 (maximum size of the Board), 12 and 13 (proportion of nominee to independent directors and the representation of the latter), 29 (incorporation of the principle of rotation of independent directors) 41 (directors' individual remuneration) and 54 (composition and chairmanship of the supervisory and Control Committees) have not been incorporated.

At the same time, the Board has partially complied with recommendations 2 (with the agreement regulating the relations between FCC and Cementos Portland Valderrivas still pending), 3 (does not include "subsidiarisation" operations) and 44 (composition and chairmanship of supervisory and Control Committees).

- Concentration of proposed modifications to the texts of the Rules of the Board of Administration, thereby trying to avoid, to the extent possible, having to carry the recommendations of the Unified Code to FCC's Articles of Association. Since the Regulations of the Board of Directors can be amended at any time by agreement of the board members, it is easier and faster to adapt them to the Company's changing circumstances, reporting all changes immediately to the General Meeting.

According to these principles and in order to assume the recommendations and definitions of the Unified Code, certain provisions of the Rules of the Board of Directors, specifically those indicated below, have been revised:

- Article 2 relative to the scope of application and distribution of the Rules.
- Article 6 relative to the qualitative composition of the Board.
- Article 7 relative to the powers of the Board.
- Article 8 relative to the powers of the Board that may not be delegated.
- Article 15 relative to the relations with auditors.
- Article 16 relative to the appointment, ratification and re-election of Directors.
- Article 17 relative to the designation of independent Directors.
- Article 20 relative to the removal of Directors.
- Article 22 relative to the general obligations of the Board.
- Article 24 relative to the non-competition obligations of the Board.
- Article 25 relative to conflicts of interest of Directors.
- Article 31 relative to the assistance of experts.
- Article 32 relative to the remuneration of Directors.
- Article 34 relative to the Chairman of the Board.
- Article 36 in relation to the Secretary of the Board.
- Article 38 relative to Board meetings.
- Article 39 relative to Board committees.
- Article 40 relative to the Executive Committee.
- Article 41 relative to the Audit and Control Committee.
- Article 42 relative to the Appointments and Remunerations Committee.

2. *Technical improvements to certain provisions of the Rules of the Board of Directors*

Some technical improvements have also been introduced into certain provisions of the Regulations in order to clarify and supplement some aspects of the provisions to make them easier to interpret and apply. In some cases, the introduction of improvements to certain articles has coincided with the assumption of certain recommendations of the Unified Code.

In this regard, the following articles in particular have been revised for technical reasons:

- Article 2 relative to the scope of application and distribution of the Rules.
- Article 7 relative to certain aspects of the Board's powers.
- Article 8 relative to the powers of the Board that may not be delegated.
- Article 13 in relation to the Secretary of the Board.
- Article 14 relative to Board meetings.
- Article 18 relative to Board committees.
- Article 28 relative to the Executive Committee.
- Article 38 relative to the Audit and Control Committee.
- Article 44 relative to the corporate website.
- Article 45 relative to the contents of the corporate website.

Finally, certain minor adaptations of style or wording have been incorporated into both the technical changes and those relative to the recommendations of the Unified Code for a better understanding of the provisions of the Rules in question.

Effective date of the reform

The changes made to the Regulations of the Board of Directors approved by the Board at its meeting held on 17 May 2007, which were reported to the General Meeting, took effect pursuant to the resolution passed by the Board at the meeting, on 1 December 2007 in order to allow the different changes to be implemented progressively.

1. Modification of article 2 of the Rules of the Board of Directors

The changes refer essentially to the binding definition of "executive" contained in the Unified Code definitions and also include some technical improvements which on the one hand are intended to clarify that the Rules apply directly to the Board, its Committees, its members and FCC executives and only to extent specifically foreseen to the executive staffs of the member companies of the FCC Group and on the other hand to establish a definition of the FCC Group for the purposes of the Rules of the Board of Directors.

2. Modification of article 6 of the Rules of the Board of Directors

With this modification, the Board has incorporated the Binding Definitions contained in the Unified Code relative to the different classes of directors and the full contents of recommendations 10 ("Functional Structure"), 11 ("Other Directors") and 14 (Explanation of the types of Directors") establishing, respectively, that there is a broad majority of external directors on the Board and that the number of executive directors is the required minimum; that the Company explains the reasons why there are external Directors who cannot be classified as nominee or independent directors; and that the Board explains each Director's classification to the General meeting, which must then approve or ratify the appointment, reviewing the classifications each year in the Annual Corporate Governance Report. This report also includes information the reasons why nominee directors may have been appointed at the request of a shareholder who possesses less than 5% of the share capital or why the Board has not acquiesced to formal requests for representation on the Board by shareholders with percentages equal to or greater than those of other shareholders whose requests have been granted.

3. Modification of article 7 of the Rules of the Board of Directors

Part 1 and 2 of article 7 have been modified to comply with certain aspects of Recommendation 8 relative to the Board's powers, having also introduced certain improvements to the wording in order to facilitate the interpretation and application of these sections.

With the changes made to article 7.2.h, we have complied fully with Recommendation 2 relative to the listing of different member companies of the same group and have also made a technical improvement by clarifying the scope of the group's relations.

Finally, in terms of the technical improvements made, in part 2.g relative to the Board's powers, we have included the Board's ability to agree on interim dividend payments and have removed from the rubric of article 7 the expression "catalogues of undelegable powers" since this matter is addressed in both articles 7 and 8.

4. Modification of article 8 of the Rules of the Board of Directors

The changes introduced into article 8 are intended to incorporate certain aspects of Recommendation 8 relative to the powers of the Board of Directors (part 3) and to partially comply with Recommendation 3 relative to the powers of the General Meeting (part 6).

A technical improvement was introduced into part 3.a with regard to the reference to the FCC Group.

5. Technical improvement to article 13 of the Rules of the Board of Directors

As a technical improvement, we have modified the second paragraph of article 13.1 to accommodate information requests starting seven calendar days before the General Meeting.

Also as a technical improvement, we have eliminated parts 2 and 3 which are incorporated into the Rules of the General Meeting.

6. Technical improvement to article 14 of the Rules of the Board of Directors

Part 1.d of article 14 has been modified, incorporating a reference to the laws in force, although operations with treasury stock must necessarily be reported by legal imperative when they involve 1% or more of the share capital.

7. Modification of article 15 of the Rules of the Board of Directors

The provisions of Recommendation 53 (relative to the Audit Committee) are fully complied with by adding to part 3 of article 15 that the Board of Directors will try to present the accounts with no provisos or reservations and that where such provisos or reservations do exist, the Chairman of the Audit and Control Committee and the auditors must explain them.

8. Modification of article 16 of the Rules of the Board of Directors

Article 16 has been modified to comply fully with Recommendation 25 relative to the orientation and refresher programmes for Directors and Recommendation 27 relative to the selection, appointment and re-election of Directors. Furthermore, the contents of Recommendations 4 and 28 have been incorporated in relation to the information on Directors which the companies must make public when announcing the General Meeting and which must be kept up to date on the website.

9. Modification of article 17 of the Rules of the Board of Directors

With the inclusion of a new second paragraph in article 17, we have partially complied with Recommendation 29, which notes that while independent Directors may not hold office for a consecutive period of more than 12 years, the possibility exists of making an exception to this rule when there is justification to do so based on the favourable report of the Appointments and Remunerations Committee.

10. Technical improvement to article 18 of the Rules of the Board of Directors

The changes made to article 18 are technical improvements intended, on the one hand, to adapt the maximum term of an administrator's office to the legal reform of Law 19/2005 of 14 November on European public limited companies domiciled in Spain and, on the other hand, to specifically provide for the possibility of re-elections. Part 4 has been incorporated into part 3 to preclude any doubts regarding its interpretation.

11. Modification of article 20 of the Rules of the Board of Directors

With the changes made to article 20 we are in full compliance with Recommendations 31, 32 and 34, and the second paragraph of Recommendation 33 relative to the removal and resignation of Directors.

12. Modification of article 22 of the Rules of the Board of Directors

Recommendation 7 has been fully integrated into article 22 relative to protecting the company's best interest as a common purpose of all Directors; Recommendation 26 which refers to Directors' dedication to the performance of their functions; and the first paragraph of Recommendation 33 on the obligation of Directors to oppose proposed resolutions of the Board which they deem to be contrary to the Company's interests.

Recommendation 20 relative to the sessions of the Board of Directors has been partially complied with by providing that absenteeism by Directors at Board meetings be reduced to what is absolutely necessary and that if their presence is required they should appoint a proxy with the pertinent instructions.

13. Technical improvement to article 24 of the Rules of the Board of Directors

A technical improvement has been added to part 1 of article 24 to clarify that the Director's competence refers not to the Group but rather to the member companies of the Group.

14. Modification of article 25 of the Rules of the Board of Directors

With the modifications introduced into article 25 we have fully complied with part c of Recommendation 8 ("Powers of the Board") in relation to the so-called "related operations", i.e., the operations carried out by the Company with Directors, significant shareholders or representatives on the Board or with persons related to them.

The binding definition Significant Shareholder found in the Unified Code has been incorporated into part 2.b.

15. Technical improvement to article 28 of the Rules of the Board of Directors

The modification introduced into article 28 is a technical improvement in the sense that the Directors' have the obligation to be loyal to the Company, which implicitly encompasses all member companies of the FCC Group.

16. Modification of article 31 of the Rules of the Board of Directors

Article 31 has been modified to adapt the wording of the provision to the text of recommendation 24 relative to the rights of Directors to receive the assistance of experts at the Company's expense if necessary.

17. Modification of article 32 of the Rules of the Board of Directors

Article 32 has been modified extensively to incorporate the contents of Recommendations 35 to 40 in relation to the approval of the Directors' remuneration, the criteria used to do so and provisions for a consultative vote of the General Meeting on the subject.

The changes made to part 3 refer to an adaptation to the terms of the current Annual Corporate Governance Report.

18. Modification of article 34 of the Rules of the Board of Directors

With the changes made to article 34, we have complied fully with Recommendations 16 and 17, relative, respectively, to the functions of the Chairman of the Board and the delegation of an independent Director with certain powers when the Chairman of the Board is also the Managing Director or Chief Executive Officer.

19. Modification of article 36 of the Rules of the Board of Directors

We have fully integrated the contents of Recommendation relative to the functions of the Secretary of the Board and the terms of the last paragraph of Recommendation 33 relative to the Secretary's opposition to proposed resolutions that run contrary to the company's interest.

20. Modification of article 38 of the Rules of the Board of Directors

With the changes made to article 38, we are in full compliance with the provisions of Recommendations 19 and 21 relative to the meetings of the Board of Directors and Recommendation 22 relative to the periodic evaluation by the Board of its own operations and that of its Committees and the performance by the Chairman of his functions.

Some changes have also been made which introduce technical changes in relation to different aspects such as meeting announcements, the possibility of holding immediate Board meetings in emergency situations and meeting minutes.

21. Modification of article 39 of the Rules of the Board of Directors

With the changes introduced into article 39, we have incorporated the contents of parts a), d) and e) of Recommendation 44 ("Supervisory and Control Committee") in relation to the designation of members, the possibility of obtaining external advice and the drafting of minutes on the one hand and Recommendation 51 by providing for the Committees' ability to call any employee or director of the Company to appear before them.

22. Modification of article 40 of the Rules of the Board of Directors

The contents of Recommendations 42 and 43 relative to the structure of the participation of the different Directors on the Executive Committee and the Committee's obligation to inform the Board of Administration, respectively, have been incorporated into article 40.

23. Modification of article 41 of the Rules of the Board of Directors

Article 41 has been extensively revised to accommodate Recommendations 46, 47, 48, 49, 50 and 52, all relative to the Audit Committee. Recommendation 45 was also incorporated into this article, assigning to the Audit and Control Committee the function of overseeing compliance with the internal codes of conduct and the rules of good corporate governance.

In addition, the subject matter addressed in article 41 has been reorganised.

24. Modification of article 42 of the Rules of the Board of Directors

Article 42 has also been extensively revised to fully incorporate Recommendations 55, 56, 57 and 58 relative to the Appointments and Remunerations Committee.

As in case of article 41, the subject matter addressed in this article has been reorganised.

25. Inclusion of a new Chapter IX in the Rules of the Board of Directors

A new Chapter, IX, has been introduced entitled "Corporate Website information Policy" in compliance with the provisions of article 117.2 of the Stock Market Act and Order ECO/3722/2003, of 26 December, on the annual corporate governance report and other instruments of information of public listed companies and other entities.

26. Inclusion of a Final Provision in the Rules of the Board of Directors

Final Provision: Effective date of the reform

The changes made to the Regulations of the Board of Directors approved by the Board at its meeting held on 17 May 2007, which were reported to the General Meeting, will take effect pursuant to the resolution passed by the Board at the meeting, on 1 December 2007 in order to allow the different changes to be implemented progressively.

B.1.19. State the procedures for appointing, re-electing, evaluating and removing directors. Indicate the competent bodies, the procedures to be followed and the standards applied in each one of these procedures.

The General Meeting is responsible for appointing and removing directors. Directors may be re-elected one or more times for five-year terms.

Under the shareholders' agreements referred to in part A.6. of this report, with regard to the FCC Directors corresponding to B 1998, S.L., the investors may appoint four (4) directors to the Board of Directors of FCC.

EK or EK's chosen representative will be entitled to appoint all of the members of the Board of Directors of FCC which B 1998, S.L. is entitled to appoint, other than those whom the investors are entitled to appoint.

Chapter IV of the Regulations of the Board entitled "Appointment and Removal of Directors" regulates the following:

Article 16. "Appointment, Ratification or Re-election of Directors"

"Proposals for the appointment or re-election of directors submitted by the Board of Directors to the General Meeting of Shareholders for its consideration, and the appointments made by the Board using the powers of co-optation attributed to it by law must fall upon people of recognised integrity, fitness, technical competence and experience, and must be approved by the Board based on a proposal from the Appointments and Remunerations Committee, in the case of independent directors, and based on a prior report of the Appointments and Remunerations Committee, in the case of other directors".

Article 18. "Term of Office"

"1. The term of office of directors will be that established in the Articles of Incorporation, which may not be more than six years, although directors may be re-appointed.

2. The Directors appointed by co-optation will occupy their posts until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.

3. Directors whose mandates expire or who cease to sit on the Board for any reason may not render services to FCC competitors for two years.

4. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors."

Article 19. "Re-election of Directors"

"Prior to the submitting any Director to the General Meeting of Shareholders for re-election, the Appointments and Remunerations Committee must issue a report evaluating the quality of work and devotion to the post of the proposed Directors during their previous mandate."

Article 20. "Removal of Directors"

"1. The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it."

Article 21. "Nature of the Resolutions of the Board on this Subject"

"Pursuant to the provisions of Article 25 of these Rules, the Directors being proposed for appointment, re-election or dismissal will abstain from participating in the deliberations referring to them and from voting."

B.1.20. Indicate under what circumstances directors are obliged to resign.

Article 20 of the Regulations of the Board establishes that:

"1. The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it.

2. The Directors shall make their positions available to the Board of Directors and officially resign at the Board's request in the following cases:

- a. When they no longer occupy the positions or perform the functions associated with their appointment as executive directors.*
- b. In the case of nominee directors, when the shareholder whose interests they represent disposes of its entire holding in FCC or reduces it to such a level that its number of nominee directors must be reduced.*
- c. When they are affected by circumstances of incompatibility or legal prohibition.*
- d. When at least two thirds of the Board members are in favour of the Director's resignation:

 - when the Director is admonished by the Board for having infringed his obligations as a Director, following the proposal or report of the Appointments and Remunerations Committee or*
 - when his or her permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in article 124 of the Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.**

B.1.21. Explain whether the Chairman of the Board is also the Chief Operating Officer of the Company. If so, state the measures that have been taken to limit the risk of power accumulating in one person.

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

State and explain whether rules have been established empowering one of the independent directors to request a meeting or the inclusion of new items on the meeting agenda to coordinate and express the concerns of the external directors and the direct the evaluation by the Board of Directors:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Explanation of the rules

–

B.1.22. Are special quorums required to take any type of decision, other than the legally-mandated quorums?

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate how resolutions are passed by the Board of Directors, indicating the attendance quorum required and the type of majority needed to pass resolutions:

Adoption of Resolutions

Description of Resolution	Quorum	Type of Majority
Permanent delegation of powers to the Executive Committee, the Chairman or the Managing Directors, and the appointment of the directors who will hold such posts. Other agreements (see note)	Two-thirds of the board members must be present or represented at the meeting	Two-thirds of the board members

Note

All other resolutions of the Board of Directors shall require the favourable vote of an absolute majority of the members.

B.1.23. Explain whether there are any special requirements, other than those relative to directors, for being appointed Chairman.

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Description of requirements
–

B.1.24. Indicate whether the Chairman casts the deciding vote:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Matters in which there is a deciding vote
–

B.1.25. State whether the Regulations of the Board set an age limit for Directors:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

B.1.26. Indicate whether the Articles of Association or the Regulations of the Board establish a limited term of office for independent directors:

Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Maximum number of years of mandate	12
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Note

See point F.29.

B.1.27. If there are very few or no female directors, explain the reasons for this and the initiative adopted to correct the situation:

Explanation of the reasons and the initiatives

–

In particular, state whether the Appointments and Remunerations Committee has established procedures to ensure that the selection process is not implicitly flawed in such a way as to impede the selection of female directors and to deliberately search for female candidates who meet the requirements:

Yes

No

Indicate the principal procedures

Article 42.3.g of the Rules of the Board of Directors establishes that one of the functions of the Appointments and Remunerations Committee is to “ensure that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation”.

B.1.28. State whether there are formal procedures for delegating votes in the Board of Directors. If so, indicate them briefly.

There are no formal procedures for delegating votes in the Board of Directors.

B.1.29. State the number of Board of Directors meeting held during the fiscal year. Also state how many times the Board of Directors met without the Chairman in attendance:

Number of Board meetings	9
Number of meeting without the Chairman in attendance	0

State the number of meetings held by the different Board committees during the fiscal year:

Number of meetings of the Executive or Delegated Committee	7
Number of meetings of the Audit and Control Committee	10
Number of meeting of the Appointment and Remunerations Committee	6
Number of meetings of the Strategy and Investment Committee	0

B.1.30. State the number of Board of Directors meeting held during the fiscal year without all members in attendance. In your calculation, remember proxies who did not have specific instructions will be considered absences:

Number of absences by directors during the fiscal year.	27
% of absences compared total votes during the fiscal year.	15

- B.1.31. Indicate whether the individual and consolidated annual income statements presented to the Board for its approval are previously certified:

Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Identify the person or people who has or have certified the individual and consolidated income statements of the Company to be formulated by the Board:

Name	Title
Baldomero Falcones Jaquotot	Managing Director
José Luis Vasco Hernando	Corporate Administration Manager
Víctor Pastor Fernández	Corporate Finance Manager

- B.1.32. Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated annual income statements being submitted to the General Meeting of Shareholders with provisos in the Auditor's Report.

Among other things, the Audit Committee is responsible for reviewing the procedures used to prepare the financial and economic information Publisher by the FCC Group periodically. Since this function is particularly crucial inasmuch as the annual information is concerned, prior to the annual income statements being drafted by the Board of Directors, the Audit and Control Committee requests the participation of the external auditors to explain to the committee the conclusions of their work so that once formulated by the Board the external auditor's report contains no provisos.

- B.1.33. Is the Secretary of the Board also a Director?

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

- B.1.34. Explain the procedure for appointing and removing the Secretary of the Board, indicating whether the appointment and the removal of the Secretary have been reported by the Appointments Committee and approved by the plenary Board:

Appointment and removal procedure
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Art. 36 of the Rules of the Board: "His or her appointment and removal should be approved by a plenary board meeting based on a proposal by the Appointments and Remunerations Committee".

Note

The current Secretary was named before the Appointments and Remunerations Committee was created.

	Yes	No
Does the Appointments Committee report the appointment?	X	
Does the Appointments Committee report the removal?	X	
Does the plenary Board approve the appointment?	X	
Does the plenary Board approve the removal?	X	

Is the Secretary of the Board especially entrusted with overseeing compliance with good governance recommendations?

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Comments

–

B.1.35. Indicate the mechanisms implemented by the Company to preserve the independence of auditors, financial analysts, investment banks and rating agencies, if any.

These mechanisms are regulated under article 41 of the Regulations of the Board entitled "Audit and Control Committee":

...

2. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.
3. In particular, the Audit and Control Committee's powers include but are not limited to:
 - Making proposals to the Board of Directors, for submission to the General Meeting of Shareholders, on the appointment of external auditors referred to in Article 204 of the revised text of the Limited Liability Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December.
 - Supervising the company's internal audit services.
 - Overseeing the company's financial information process and internal control systems.
 - Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.
 - Guaranteeing the independence of its own members in relation to the Company's external auditors.
 - Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.
 - Supervising the preparation of the individual and consolidated Income Statements and the Directors' Report for their formulation by the Board of Directors in accordance with the law.
 - Informing the Board on the accuracy and reliability of the individual and consolidated Income Statements and Directors' Report and of the financial information periodically disseminated to the markets.
 - Evaluating the reports on proposed amendments of these Rules, in accordance with the provisions of part 3, Article 4.
 - Deciding on how to proceed in relation to the information rights of the Directors who come to the Committee for assistance, in accordance with the provisions of Article 30 of these Rules. Requesting, as necessary, the inclusion of agenda items at Board meetings, under the conditions and by the deadlines established in article 38.4 of these Rules.
 - Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.
4. To perform its functions to the best of its ability, the Audit and Control Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.
5. The Audit and Control Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.
- ...
9. Members of the administrative staff and other employees of the FCC Group will be required to attend the Committee meetings and to collaborate and provide access to information at the request of the Committee. The Committee may also request the attendance of FCC's auditors at its sessions.
10. The Audit and Control Committee shall have access to all of the documentation and information needed to perform its functions.
11. For all other matters not specifically regulated hereunder, the provisions of Articles 38 and 39 of the Articles of Association and on a supplementary basis the provisions of the Articles of Association relative to the Board of Directors shall apply.
12. The members of the Audit and Control Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote."

B.1.36. State whether the Company changed external auditors during the fiscal year. If so, identify the incoming and outgoing auditors:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Outgoing auditors	Income auditors
-	-

If there were disagreements with the outgoing auditors, explain them:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
------------------------------	--

Explanation of disagreements
-

B.1.37. Indicate whether the auditor do work for the Company and/or the Group other than auditing work and, if so, whether they declare the amount of the fees received for such work and the percentage which such work represents out of the total fees billed to the Company or the Group:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
---	-----------------------------

	Company	Group	Total
Fees paid for work other than auditing work performed (thousands of euros)	150	146	296
Fees paid for work other than auditing work performed as a percent of the total fees invoiced by the auditing firm (en %)	49.3	4.0	7.5

B.1.38. State whether the auditors' report on last year's annual accounts contained provisos. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of such provisos.

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Explanation of the reasons
-

B.1.39. State how many years in a row the current auditors have been auditing the Company's annual income statements and/or those of the Group. Also state the percentage which the number of years audited by the current firm represents compared to the total number of years for which the income statements have been audited:

	Company	Group
Number of years in a row	18	18
	Company	Group
No. of years audited by the current auditors / no. of years the company's / group's accounts have been audited (%)	100%	100%

B.1.40. Indicate the interests held by the members of the Board of Directors of the Company in the capital of companies with identical, analogous, or complementary types of activities as those making up the business objective of the Company or the Group which have been notified to the Company. Also indicate their titles or the functions they perform in these companies:

Name or company name of Director	Name of company	% ownership	Title or functions
Luis Portillo Muñoz	Inversiones Pormu, S.A.	98.361	-
Luis Portillo Muñoz	DTH Sancti Petri,S.L.	0.08	Director
Luis Portillo Muñoz	Landship Investment, S.L.	1.67	Director
Luis Portillo Muñoz	Development Resource, S.L.	0.34	Director
Luis Portillo Muñoz	Paiz y Díaz, S.L.	0.01	Co-director
Luis Portillo Muñoz	Recreo Las Lomas, S.L.	12.90	Director
Luis Portillo Muñoz	Esterquiz, S.L.	0.003	-
Luis Portillo Muñoz	Inmobiliaria Colonial, S.A.	0.0001	-
Luis Portillo Muñoz	Riofisa, S.A.	-	Chairman
Luis Portillo Muñoz	SFL	0.0002	Chairman

B.1.41. Indicate the procedures, if any, that exist for directors to receive the advice of external advisers:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Details of Procedures

Article 31 of the Rules of the Board on "Expert Assistance" establishes that:

- "1. In order to assist them in discharging their duties, external directors are entitled to obtain the necessary assistance from the Company to discharge their duties and, where necessary, to obtain advice, at FCC's expense, from legal, accounting and financial consultants and other experts.
2. Requests for external advisers or experts shall be submitted to the Chairman of FCC and will be authorised by the Board of Directors if, in the Board's opinion:
 - a. It is necessary for the proper performance by independent Directors of their assigned duties,
 - b. the cost is reasonable, in view of the importance of the problem and the assets and income of FCC and
 - c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel.
3. Requests for expert assistance by any of the Board Committees may not be denied, except when a majority of the Board members considers that the conditions foreseen in part 2 of this Article are not met."

B.1.42. Indicate the procedures, if any, that exist for directors to receive the information they need to prepare for Board meetings well enough in advance:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Details of Procedures

Article 38 of the Rules of the Board on "Board of Directors Meetings" develops this procedure by establishing that:

"1. The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC require, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged in the agenda, which proposal must be made not less than thirteen days prior to the date scheduled for the meeting. The calendar of the ordinary meetings will be set by the Board at the beginning of each year. The calendar may be modified by decision of the Board itself or of the Chairman, who will notify the directors of the change at least ten days in advance of the original meeting date, or of the modified meeting date if it is earlier.

2. The announcement of the ordinary sessions will be sent by post, fax, e-mail or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman.

Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration.

In emergency situations, at the Chairman's discretion, an immediate meeting of the Board of Directors may be called, in which case the meeting agenda will be limited to the urgent matters.

3. The Chairman will decide the meeting agenda. The directors and the Board Committees may ask the Chairman to include items on the agenda in the terms envisaged in section 1 of this article, and the Chairman will be obliged to include them.

When a specific item is included on the meeting agenda at the request of the Directors, then the Directors who requested the inclusion of that item shall forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

Given the confidentiality obligations of the Board members, every effort will be made to ensure that the importance and reserved nature of the information is not used as a pretext - except under certain exceptional circumstances as determined by the Chairman - not to abide by this rule.

4. Board meetings may be held via telephone multiconference, videoconference or any other analogous system so that one or more directors can attend the meeting via that system. For that purpose, in addition to stating the location where the meeting is physically held, which is where the Board Secretary must be located, the announcement must state that directors can attend via telephone multiconference, videoconference or an equivalent system, indicating and making available the technical means for this purpose, which in all cases must enable direct, simultaneous communication among attendees. The Secretary of the Board of Directors must enter, in the minutes of meetings held in this way, in addition to the names of the directors physically in attendance or represented by another director, those who attended via telephone multiconference, videoconference or an equivalent system."

B.1.43. State whether the Company has establishes rules that oblige directors to report and, if necessary, step down in situations which could damage the Company's reputation and, if so, give details:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Explain the rule:

Article 29 of the Rules of the Board of Director son Directors' Duty of Disclosure establishes that Directors must disclose the following to FCC's Appointments and Remunerations Committee through the Corporate Responsibility Department or any unit that takes its place: d. Legal, governmental, or any other type of claim which, due to its significance, could have a serious negative effect on the reputation of FCC."

Moreover, article 20.2.d. on the Removal of Directors establishes that “*The Directors shall make their positions available to the Board of Directors and officially resign at the Board's request in the following cases: when his or her permanence on the Board may jeopardise the Company's credibility and reputation, and directors must inform the Board of any criminal charges against them and any subsequent events during trials. In any event, if any director is tried for any of the corporate crimes described in article 124 of the Limited Companies Act, the Board will examine the case as soon as possible and, based on the specific circumstances, will decide whether or not the director must resign, and it must give a justification in the Annual Corporate Governance Report.*”

B.1.44. State whether any member of the Board of Directors has report to the Company any criminal charges filed against him for any of the crimes listed in article 124 of the Public Limited Companies Act:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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B.2 Committees of the Board of Directors

B.2.1. List all Committees of the Board of Directors and their members:

Executive or delegated committee

Name	Title	Type
Rafael Montes Sánchez	Chairman	Executive
Fernando Falcó y Fernández de Córdova	Member	Nominee
Dominum Desga, S.A. Represented by Esther Alcocer Koplowitz	Member	Nominee
Juan Castells Masana	Member	Nominee
Cartera Deva, S.A. Represented by José Aguinaga Cárdenas	Member	Nominee
Francisco Vicent Chuliá	Non-member secretary	Non-member

Note

On 31 January 2008, Rafael Montes Sánchez stepped down as Chairman of the Executive Committee and was replaced by Baldomero Falcones Jaquotot.

Audit and Control Committee

Name	Title	Type
Fernando Falcó y Fernández de Córdova	Chairman	Nominee
Carmen Alcocer Koplowitz on behalf of EAC Inversiones Corporativas, S.L.	Member	Nominee
Rafael Montes Sánchez	Member	Independent
Juan Castells Masana	Member	Nominee
José María Verdú Ramos	Non-member secretary	–

Note

On 6 February 2008, the CNMV was notified that the Director, Dominum Dirección y Gestión, S.A., formerly represented by Alicia Alcocer Koplowitz, is now represented by Carmen Alcocer Koplowitz, and the Director, EAC Inversiones Corporativas, SL, formerly represented by Carmen Alcocer Koplowitz, is now represented by Alicia Alcocer Koplowitz.

Appointments and remunerations committee

Name	Title	Type
Esther Alcocer Koplowitz on behalf of Dominum Desga, S.A.	Chairman	Nominee
Fernando Falcó y Fernández de Córdoba	Member	Nominee
Rafael Montes Sánchez	Member	Nominee
Antonio Pérez Colmenero	Member	Executive
José Aguinaga Cárdenas on behalf of Cartera Deva, S.A.	Member	Nominee
Robert Peugeot	Member	Nominee
Gonzalo Anes y Alvarez de Castrillón	Member	Independent
Max Mazin Brodovka	Member	Independent
José María Verdú Ramos	Non-member secretary	–

Strategy committee

Name	Title	Type
Esther Alcocer Koplowitz on behalf of B 1998, S.L.	Chairman	Nominee
Esther Alcocer Koplowitz on behalf of Dominum Desga, S.A.	Member	Nominee
Fernando Falcó y Fernández de Córdoba	Member	Nominee
Lourdes Martínez Zabala on behalf of Larranza XXI, S.L.	Member	Nominee
Robert Peugeot	Member	Nominee
José Aguinaga Cárdenas on behalf of Cartera Deva, S.A.	Member	Nominee

B.2.2. State whether the following are functions of the Audit and Control Committee:

	Yes	No
Supervising the preparation process and the integrity of the Company's and Group's financial information, ensuring compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting principles.	X	
Periodically reviewing the internal control and risk management systems so that the principal risks are adequately identified, managed and made known.	X	
Ensuring the independence and effectiveness of the internal audit function; proposing the selection, appointment and re-election of the person responsible for internal auditing services; receiving information periodically on internal audit activities and verifying that executive management are taking the conclusions and recommendations in the reports into account.	X	
Establishing and supervising a mechanisms that enables employees to confidentially and, where deemed appropriate anonymously, report potentially important irregularities, particularly of a financial or accounting nature, which they witness taking place in the Company.	X	
Submitting to the Board proposals for the selection, appointment, re-election and replacement of the external orders and the contracting conditions.	X	
Receiving from the external auditors on a regular basis information on the audit plan and results of its executions and verifying that executive management are taking the recommendations into account.	X	
Ensuring the Independence of the external auditors.	X	
For groups, encouraging the external auditors to assume the responsibility for auditing the accounts of the member companies of the Group.	X	

B.2.3. Indicate the organisation and operation of each one of the Board committees and their responsibilities:

Executive Committee

The regulations are set out in 36 of the Articles of Association of FCC, part of which is transcribed below:

"...The Executive Committee will be convened by the Chairman himself or upon the request of two Committee members. The notice will be sent by letter, telegram, e-mail or fax to each of the Committee members at least 48 hours in advance of the meeting date. The Executive Committee may be convened immediately for reasons of urgency, in which case the meeting agenda will be limited to the issues which caused the urgency..."

The meetings shall be held at the Company's registered offices or other located designated by the Chairman and indicated in the announcement.

In order for the Executive Committee to be validly convened, there must be a majority of members present or represented.

Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.

The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a committee member chosen by majority vote of those in attendance.

The Chairman will give the floor to those attendees who wish to speak.

Resolutions will be passed by absolute majority of the Committee members.

In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in article 30 herein..."

Furthermore, article 40 of the Regulations of the Board establishes that:

2. *"...The Board of Directors will appoint the members of the Executive Committee, ensuring that the participative structure of the different categories of directors is similar to that of the Board itself. The Secretary of the Board of Directors will also be the Secretary of the Executive Committee.*
3. *The Executive Committee will be composed of a minimum of five and a maximum of ten members.*
4. *The members of the Executive Committee will step down from the Committee when they are no longer Directors or when decided by the Board.*
5. *Any vacancies arising will be filled as quickly as possible by the Board of Directors.*
6. *In the absence of the Chairman of the Executive Committee, his functions will be performed by the Committee member chosen to replace him.*
7. *The Executive Committee will hold ordinary session every month in which no meeting of the Board of Directors is scheduled, except in the month of August, and may meet on an extraordinary basis as required. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to cast their votes.*
8. *The Executive Committee will be convened as established in Article 35 of the Articles of Association, although every effort will be made, except in the event of a justified emergency, to ensure at least ten days' of advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to cast their votes.*
9. *The Executive Committee will be validly constituted when at least one-half plus one of its members are present or represented at the meeting.*
10. *For all other matters, the Executive Committee shall be governed by the pertinent provisions of the Articles of Association and on a supplementary basis by the provisions of the Articles of Association and these Regulations relative to the Board of Directors."*

Audit and Control Committee

Its rules of operation are established in article 41 of the Regulations of the Board. It will be composed of at least three members appointed by the Board of Directors taking into account their knowledge and experience in the fields of accounting, auditing or risk management. All of its members will be external directors and a Chairman will be chosen from among the members for a term of office not to exceed four years. There may also be a Vice President. The term of office of Committee members may not exceed their terms of office as Directors, although they may be re-elected indefinitely as long as they continue to be Directors.

The Secretary and Assistant Secretary, if any, shall be chosen by the Committee and need not be board members.

The Committee members may seek the advice of external professionals. These advisers will attend the meetings with voice but without vote.

The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.

Its principal responsibilities include:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.
- Supervising the Company's internal audit services.
- Analysing the risk management and control policy.
- Supervising the preparation of the individual and consolidated Income Statements, Directors' Report and the financial information distributed to the markets periodically.

Appointments and Remunerations Committee

The organisation and operation of this committee is regulated in article 42 of the Rules of the Board:

1. *FCC's Board of Directors will establish, on a permanent basis, an Appointments and Remunerations Committee comprising at least three (3) directors, the majority of its members being external directors. The term of office of the Appointments and Remunerations Committee members may not exceed their terms of office as Directors, although they may be re-elected indefinitely as long as they continue to be Directors.*
2. *The Committee will also designate a Secretary, who need not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting, in the meeting minutes, the business transacted, the deliberations and the resolutions adopted; the minutes must be signed by the members of the Committee who attended the meeting in question. The members of the Appointments and Remunerations Committee will step down from the Committee when they step down as Directors or when decided by the Board of Directors."*
5. *"The Appointments and Remunerations Committee will have access to all of the documentation and information needed to perform its functions. The members of the Appointments and Remunerations Committee may be assisted during their meetings by up to two advisers per Committee member, as required. Such advisers may attend meetings but not vote, and the provisions of article 31 of these Rules will apply to them.*
4. *The Appointments and Remunerations Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association or in these Rules. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.*
6. *The Committee will meet periodically and when convened by the Chairman or requested by two committee members and at least quarterly. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.*
3. *The Appointments and Remunerations Committee will have the powers to inform, advise and propose within its areas of competence, and it will have the following functions in particular, in addition to those already indicated in these Rules:*
 - a) *Evaluating the balance of skills, knowledge and experience on the board, defining the roles and capabilities required of the candidates to fill each vacancy, and deciding the time and dedication necessary for them to properly perform their duties. Any director may suggest directorship candidates to the Appointments and Remunerations Committee for its consideration to fill vacancies on the Board.*
 - b) *Examining or organising appropriately the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.*
 - c) *Advising on proposals for appointment or re-appointment of directors.*
 - d) *Advising on the appointment and removal of senior executives proposed to the Board by the chief executive, and proposing the candidates for senior executive positions in the Company, in addition to those envisaged in article 2.2. of these rules, and making the proposals for reprimands envisaged in article 20.2.d of these Rules. The Committee will also issue a report before any appointment to a position or office whose annual remuneration is 120,000 euro or greater; the Appointments and Remunerations Committee is authorised to review that figure periodically, and must report its decision to the Board of Directors.*
 - e) *Overseeing compliance with the Company's remuneration policy and, in particular, proposing to the Board of Directors the remuneration policy for directors and senior executives, the individual remuneration of the executive directors and the other conditions of their contracts, and the basic conditions for the contracts for senior executives, advising and proposing on multi-year incentive plans for the Company's senior management, particularly those related to the value of the shares.*

- f) *Preparing and maintaining a record of the situation of Directors and Executives of FCC.*
- g) *Ensuring that the procedures for filling vacancies on the Board are not subject to implicit bias against the selection of female directors, so as to ensure that the Company deliberately seeks and short-lists women with the necessary professional profile, and the Annual Corporate Governance Report must disclose the reason why there are few or no female directors and the initiatives adopted to correct this situation.*
- h) *Informing on the proposed appointment of members of the Board of Directors committees.*
- i) *Receiving the information provided by Directors under Article 24.2 of these Rules.*
- j) *Informing on the professional or commercial transaction referred to in Article 25.4 of these Rules, if any.*
- k) *Informing on the business opportunities previously studied and ruled out by the FCC Group but taken advantage of by Directors for their own benefit or of the use of assets belonging to the FCC Group referred to in parts 1 and 3 of Article 27 of these Regulations.*

Strategy Committee

It is regulated in article 43 of the Regulations of the Board. This Committee:

- "1. *...Is composed of the members appointed by the Board of Directors for a term of office no longer than that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members. The majority of the members of the Strategy Committee will be external Directors.*
- 2. *The Strategy Committee will choose a Chairman from among its non-executive members. It will also designate a Secretary, who may or may not be a member of the Committee, to aid the Chairman and provide for the smooth transaction of the Committee, duly reflecting the contents of the sessions and the deliberations in the meeting minutes and the resolutions passed.*
- 3. *The members of the Strategy Committee will step down from the Committee when they step down as Directors or when decided by the Board of Directors."*
- 4. *The Strategy Committee is responsible for supporting the Board of Directors in determining the Group's strategy following the guidelines set out by the Board and for preparing the pertinent reports and proposals.*
- "6. *To perform its functions to the best of its ability, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.*
- 7. *The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote.*
- 8. *The Strategy Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.*
- 9. *The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.*
- 10. *It shall attend the Committee meetings and to collaborate and provide access to information to any member of the executive staff of FCC at their request.*
- 11. *The Strategy Committee shall have access to all of the documentation and information needed to perform its functions.*
- 12. *The Strategy Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee."*

B.2.4. Indicate the advisory and consultative powers and any powers delegated to each one of the Committees:

The delegation powers of the Board Committees are regulated in article 40 of the Rules of the Board and in article 35 of the Articles of Association.

Article 40 of the Regulations of the Board states that all of the functions and powers necessary to conduct the company's business are permanently delegated in the Executive Committee, with the sole exception of those which are indelegable pursuant to the provisions of article 141, part 1 of the Public Corporations Act.

In the exercise of the functions and faculties referred to above, the Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent, and may revoke all such powers granted.

According to articles 35 and 36 of the Articles of Association, the Executive Committee may not grant general powers concerning the following questions:

- Convening the General Meeting and setting the meeting agenda.
- Approval of interim dividends.
- Supervision of delegated committees.

Article 40, part 1 of the Regulations of the Board establishes that *“The Board may permanently delegate all of the powers of the Board in the Executive Committee with the exception of those which are undelegable under the law, the Articles of Association or these Regulations”. Unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than eighteen million euros.”*

With regard to the advisory and consulting powers of the committees, see point B.2.3.

B.2.5. Indicate whether there are regulations governing the Board committees, where they are available for consultation and any changes made to them in the fiscal year. Also indicate whether reports on the activities of each committee have been prepared voluntarily.

The Rules of the Board approved on 17 May 2007 regulate the functions of the different Board committees: Executive Committee (article 40), Audit and Control Committee (article 41), Appointment and Remuneration Committee (article 42) and Strategy Committee (article 43).

As established in article 38.6 of the Rules of the Board (*“The plenary Board will devote the first meeting each year to an assessment of its own operations during the preceding year, evaluating the quality of its work, the efficacy of its rules and correcting those aspects which have been shown to be dysfunctional, if any. Also, based on a report drawn up by the Appointments and Remunerations Committee, that meeting will assess the performance of the Chairman of the Board and the Company’s chief executive, and the performance of the Committees on the basis of the reports issued by them”*), the Board of Directors, at its meeting held on 31 January 2008, proceeded to evaluate its operations and that of its Committees during the 2007 fiscal year.

The purpose of the evaluation was to analysed not only the actions of the Board itself and that of each and every one of its committees (Executive Committee, Audit and Control Committee, Appointments and Remunerations Committee and Strategy Committee), but also the performance of the Chairman of the Board and Chief Executive Officer.

The conclusion reached was that all had been highly satisfactory. Not only the Board but its Committees along with the Chairman of the Board and the CEO performed their duties in a most satisfactory way, organising the work in compliance with the procedures and making a commitment to continuously improving management. The evaluation also noted that the different Committees have supported the launch of numerous projects aligned with the Group’s strategy, making the Board more effective and transparent in its management in order to fulfil its principal purpose: to protect the Company’s interests.

B.2.6. Indicate whether the Executive Committee reflects the percentage of participation on the Board of the different board members by type:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

If not, explain the composition of the Executive Committee

The composition of the Executive Committee is 80% external directors and 20% executive directors, while the composition of the Board of Directors is 85.72% external directors and 14.28 % executive directors.

C. Linked transactions

- C.1. State whether the plenary Board has the power to approve, with a favourable report from the Audit Committee or any other entrusted with this function, transactions carried out by the Company with directors, significant shareholders or those represented on the Board or with people related to them:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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- C.2. Provide the details of any relevant transactions involving a transfer of resources or obligations between the company or members of the group and the company's significant shareholders:

Name of significant shareholder	Name of the Group company	Nature of relationship	Type of transaction	Amount (thousands of euros)
B 1998, S.L.	Servicios Especiales de Limpieza, S.A.	Contractual	Service provision	10.80
B 1998, S.L.	FCC Construcción, S.A.	Contractual	Service provision	260.70
B 1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Service provision	6.92
B 1998, S.L.	Eurman, S.A.	Contractual	Service provision	4.55

- C.3. Provide the details of any relevant transactions involving a transfer of resources or obligations between the company or members of the group and the company's director's or administrators:

Name or company name of the director or administrator	Name of the Group company	Type of transaction	Type of transaction	Amount (thousands of euros)
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Service provision	9
Larranza XXI, S.L.	FCC Construcción, S.A.	Contractual	Service provision	8,600
Larranza XXI, S.L.	FCC Construcción, S.A.	Contractual	Service provision	185

- C.4. Indicate the relevant transactions between the Company and members of the same Group of companies, provided that they are not eliminated in the process of preparing the financial statements and are not part of the Company's normal business transactions in terms of its object and conditions:

Name of Company or Group	Brief description of the transaction	Amount (thousands of euros)
-	-	-

Note

There are multiple transactions between companies of the group that are part of the Group's normal business operations, all of which are eliminated in the process of preparing the consolidated financial statements.

C.5. Indicate any conflicts of interest according to the terms of article 127 (3) of the LSA involving members of the Board of Directors during the fiscal year

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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The Director Miguel Blesa de la Parra declared that he was involved, either on his own behalf or that of third parties, in the following activities which are analogous or complementary to those constituting the business objective of FCC:

- Chairman of the Board of Directors of "Caja Madrid" and "Corporación Financiera Caja de Madrid, S.A." which has a direct or indirect interest in the share capital of Realia Business S.A., a company in which FCC, S.A. holds a direct or indirect interest.

Caja Madrid owns 20% of RB Business Holdings; Corporación Financiera Caja de Madrid, S.A. owns 30% and FCC, S.A. owns 50%. RB Business Holdings holds a direct interest of 51% in Realia Business, S.A.

The Director Luis Portillo Muñoz declared that he was involved, either on his own behalf or that of third parties, in the following activities which are analogous or complementary to those constituting the business objective of FCC:

- Co-director of Alinilam, S.L.
- Director of Expo-An, S.A.U.
- Director of Lamesash, S.L.
- Director of Plaza de Toros de Marbella, S.A.U.
- Director of Nazaria E.C., S.L.
- 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.
- Representatives of the Director of Grupo Portival in Gestiones Empresariales Jarque, S.L.
- Co-Managing Director of Inrama Gestiones, S.L.
- Representative of the Director of Grupo Portival in Inmópolis Calidad Sevilla, S.A.U.
- 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.
- Director of Massilia Inversiones, S.A.
- Director of Inversiones Tres Cantos, S.L.
- Representative of the Chairman of the Grupo Portival in Entrenúcleos Desarrollo Inmobiliario, S.L.
- Representative of the Chairman of the Grupo Portival in Dehesa de Valme, S.L.

The rest of the directors of Fomento de Construcciones y Contratas, S.A. have reported that they do not carry out on their own behalf or that of third parties any activities of an identical, analogous or complementary nature to those making up the Company's business objectives.

The rest of the members of the Board of Directors do not own stockholdings in other companies with business activities that are identical, similar or complementary to those of Fomento de Construcciones y Contratas, S.A.

The rest of the directors of Fomento de Construcciones y Contratas, S.A. or persons acting on their behalf have not participated during the fiscal year in transactions with the Company or with a company belonging to the group outside of the ordinary business of the Company or under other than normal market conditions.

With regard to the members of the Board of Directors of FCC who occupy administrative positions or sit on the boards of other companies of the Group, please see part B.1.7.

These directors occupy positions or perform functions and/or hold interests of less than 0.01% in other companies of the FCC Group, in which Fomento de Construcciones y Contratas, S.A., directly or indirectly, has a majority of votes.

C.6. Indicate the mechanisms in place to detect and resolve possible conflicts of interest between the Company and/or its group and its directors, executives or significant shareholders

Parts 3, 4, 5 and 6 of Article 25 of the Rules of the Board establish that directors must inform the Board, well in advance through the Corporate Responsibility Department or any other which may replace it, of any situation which may give rise to a conflict of interest with the interests of the Company or those of the member companies of the FCC Group or associated enterprises. According to article 25.4, "the express authorisation of the Board of FCC will be required, based on the report of the Appointments and Remunerations Committee, in the following cases:

- a. The provision of professional services by a Director to any company of the FCC Group other than those rendered by executive Directors in the performance of their duties as company employees.

- b. The sale, transmission or any other arrangement involving an economic consideration of any kind by a Director, a significant shareholder or shareholder represented on the Board, or persons related to them, to any company of the FCC Group of supplies, materials, goods or rights in general. For the purposes of this provision, related persons are understood as those included in article 127.5 LSA.
- c. The transfer of suppliers, material, goods or rights outside the normal course of business by companies of the FCC Group to a director, significant shareholder, a shareholder represented on the Board or persons related to them.
- d. Provision of goods or services by companies of the FCC Group to a director, significant shareholder, a shareholder represented on the Board or persons related to them under lower than market conditions, even when they are part of the company's ordinary business.
5. The authorisation referred to in item 4 above will not be necessary for related-party transactions that fulfil all of the following three conditions:
- They are governed by standard form agreements applied on an across-the-board basis to a large number of clients.
 - They are performed at market prices or rates generally set by the person supplying the goods or services.
 - Their amount is no more than 1% of the company's annual revenues.
6. In any event, all transactions of any kind carried out by Directors with FCC, its subsidiaries or associated companies shall be reported in the Annual Corporate Governance Report. This obligation extends to the transactions between the Company and its direct or indirect significant shareholders."

According to article 25.2 "A personal interest on the part of the Director is likewise considered to exist when it affects

- The Director's spouse or a person to whom the Director is related by consanguinity or affinity up to and including the 4th degree or
- a company in which the Director holds a significant interest. An interest is considered to be significant when the director, alone or in union with relatives, as defined in a) above, owns more than 5% of the capital."

C.7. Is more than one Group company listed in Spain?

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Publicly listed subsidiaries

Realia Business, S.A.

Cementos Portland Valderrivas, S.A.

State whether the respective areas of activity and business relations between them as well as those of the publicly listed subsidiary with the rest of the Group companies have been publicly defined with precision:

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Define the business relations between the parent company and the publicly listed subsidiary and between the latter and the rest of the Group companies

See point F.2

Identify the mechanisms in place to resolve possible conflicts of interest between the publicly listed subsidiary and the rest of the Group companies:

Mechanisms to resolve conflicts of interest

See point F.2

D. Risk control systems

D.1. General description of the risk control policy of the Company and/or Group, detailing and evaluating the risks covered by the system and explaining why the systems adequately cover each type of risk

The organisational structure of the FCC Group, the planning systems and the management processes governing its transactions are designed to control the different business risks faced by the Group. In this regard, risk management is part of the Group's management process and, as such, involves all members of the organisation. There are preventive policies, supervision and control policies and corrective action policies in place to meet the organisation's objectives.

The main risks covered by the system are listed below:

- 1 Market risks
- 2 Operating Risks
 - 2.1 Contracting Risks
 - 2.2 Production Process Risks
 - 2.3 Environmental Risks
- 3 Organisational Risks
 - 3.1 Labour Risks
 - 3.2 Information System Risks
- 4 Financial Management Risks
 - 4.1 Interest Rate Risks
 - 4.2 Exchange Rate Risks
 - 4.3 Solvency Risk
 - 4.4 Liquidity Risk
 - 4.5 Concentration Risk
 - 4.6 Financial derivatives of risk coverage
 - 4.7 Industrial and Shareholding Risks

1. Management of Market Risks

The FCC Group faces diverse risks of a regulatory and structural nature inherent to the products and the environment in which it operates.

The Board of Directors, aided by the Strategy Committee, is responsible for defining the strategy of the FCC Group, assigning the available resources and for setting the general policies to be applied and informing the different areas of them.

Strategic planning within the FCC Group is a process in which the objectives to be achieved in each activity are identified based on the improvements to be introduced, market opportunities and the level of risk that is considered acceptable. This process is the basis for the drafting of operating plans that specify the goals to be achieved each year.

The goals established during the planning process are reviewed periodically to analyse the deviations at different levels of responsibility and take the appropriate corrective action.

The General Regulations of organisation and operation provide the framework for all members of the organisation, the authority delegated at different hierarchical levels and the basic principles to be observed in operating processes. These principles are the basis of the specific regulations governing these processes.

To mitigate the market risks faced by each business line, the Group has also adopted a strategy of diversification in complementary business lines such as the provision of diverse services to government agencies, concessions or cement, among others.

2. Management of Operational Risks

2.1 Management of Contracting Risks

For the FCC Group, the risks and opportunities that arise during the contracting process are one of the main challenges faced by the organisation. To deal with these challenges, the organisation has established formal policies and procedures that focus on:

- a) Keeping technological capacity up to date at all times.
The FCC Group is aware that doing business in a highly competitive market such as the one it operates in makes it necessary to offer the client added value through technical and economic capabilities. In this regard, the FCC Group is active in the area of technological research and innovation and places a great deal of emphasis on continuous personnel training.
- b) The technical quality, economic viability and competitiveness of proposals.
The process of preparing, presenting and monitoring proposals is subject to different levels of authorisation within the organisation, assigning the principal tasks in this area to specific departments with highly qualified technical staffs.

2.2 Management of Production Risks

The formal policies and procedures designed by the FCC Group to control the risks associated with its construction and service provision activities focus on:

- a) Quality systems
The different activities of the FCC Group are subject to formal quality control systems that are well-rooted within the organisation which have enabled it to obtain ISO 9000 certification and to pass the periodic evaluations by external professionals.

Based on general principles and basic criteria, the quality control systems are based on the assignment of responsibilities, the definition and documentation of processes and guidelines for detecting and correcting deviations.

The quality committees are the maximum executive bodies in this area and are responsible for establishing guidelines, monitoring compliance and system review. One of the responsibilities of the quality assurance departments is to conduct quality assurance audits of the different operating units.

- b) Ongoing personnel training
The FCC Group has a training program in place based on specific training plans which offer both basic training and recycling, as well as training programs to cover specific needs as they arise. The quality assurance committees are responsible for establishing training plans, approving the implementation of training plans and ensuring that they are properly applied.
- c) Ongoing support of operating units by technical departments with highly qualified staff.
- d) The design and documentation of purchasing and subcontracting processes which guarantee the quality of the supplies and the efficacy and efficiency of the contracting system.
- e) Economic and budget control systems for each operating unit that serve as the basis for economic planning: measuring, recording and evaluating production costs; analysing and monitoring deviations and quantifying and controlling the resources invested.

2.3 Management of Environmental Risks

The FCC Group has a UNE-EN ISO 14001 certified environmental management system based on:

- a) Compliance with the regulations applicable to the environmental aspects of its activities.
- b) Establishment and attainment of the continuous improvement targets that exceed legislative and contractual requirements.
- c) Minimising the environmental impact through proper operational control.
- d) Ongoing analysis of risks and possible improvements.

The basis prevention tool for controlling this risk is the environmental plan prepared by each operating unit which consists of:

- a) Identifying the environmental aspects of the business and applicable laws.
- b) Environmental impact evaluation criteria.
- c) The measures needed to minimise the impact.
- d) A system for tracking measuring the stated objectives.

3. Management of Organisational Risks

3.1 Management of Labour Risks

One of the FCC Group's priorities in the conduct of its business is to guarantee the health and safety of its personnel and to comply with all labour legislation, placing the utmost importance on occupational risk prevention systems. These systems are formalised and organised on the basis of:

- a) The assignment of functions and responsibilities.
- b) Compliance with the procedures integrated in the production process for evaluating risks and implementing prevention plans (safety plans).
- c) Ongoing training supported by specialists in the field.
- d) Regular reviews of the planned measures in the different operating units by prevention specialists.
- e) A safety audit system involving internal and external professionals.

3.2 Management of Information System Risks

In 2007, the Group began the process of adapting and transforming its information systems. This transition process began with a strategic systems plan intended to strengthen the governance of IT systems, renew obsolete systems and implement methodologies and processes designed to minimise technological risks.

Overseen by the Information Safety and Risk Management Department, a set of methods, systems and processes has been designed with the intention of protecting information and of preventing and/or mitigating risks through access control and data recovery policies and systems. In keeping with these initiatives, there are now disaster protection and recovery processes and systems in place in most of the critical business applications (ERP, Cash, Consolidations, etc.).

The FCC Group, aware of the importance of information safety, has decided to develop a body of regulations designed to ensure the confidentiality, integrity and availability of the information processed in its systems.

The FCC Group's Information Safety Policy contains the general principles relative to the safety of the information handled by the member companies of the Group. As a consequence of this policy, safety measures have been implemented to mitigate the inherent data processing risks.

4. Financial Risk Management Policies

The concept of financial risk refers to the fluctuations experienced by the financial instruments contracted by the Group due to political, market and other factors and which have repercussions on the consolidated balance sheet.

The risk management philosophy of the FCC Group is consistent with the business strategy, seeking the maximum solvency and efficiency at all time. To do so, stringent financial risk management and control criteria have been established which consists of: identifying, measuring, analysing and controlling the risks incurred in the course of FCC's operations. The Risk Policy is correctly integrated into the Group's organisation.

The hedging risk policy implemented by the FCC Group is not of a speculative nature but rather intended to cover the risk associated with the transaction.

In view of the FCC Group's business and the operations through which these activities are carried out, it is currently exposed to the following financial risks:

4.1. Interest Rate Risk

The interest rate changes that occur due to market fluctuations cause changes in the financial burden associated with the Group's debt. In order to maintain a position that is more favourable to the Group's interests, FCC has an active interest rate risk management policy.

Given the nature of the FCC Group's business, which is closely linked to inflation, the Group's financial policy consists of ensuring, to the extent possible, that both the current financial assets, which provide a large part of the natural coverage of the financial liabilities, and the Group's debt are partially references to adjustable interest rates.

Even so, by the end of the year the FCC Group had covered 51% of the Group's Total Net Debt, including project financing, through a system of operations with different terms using different instruments.

With regard to the policy that the instrument used at origin be catalogued, FCC has covered the materialised interest rate fluctuations primarily through IRS or Interest Rate Swap agreements, wherein the Group companies pay fixed and receive floating.

Given the volatility of money markets, FCC maintains an active policy of interest rate risk management in order to stay in a position that is most favourable to the Group's interests at any given time.

4.2. Exchange Rate Risks

One of the most serious consequences for the FCC Group of doing business in international markets is the expose of net currency positions against the euro or one foreign currency against another when the investment and financing of an activity cannot be done in the same currency.

he general policy of the FCC Group is to reduce, to the extent possible, the negative effect which the exposure to different currencies has on its financial statements in terms of both transactional changes and changes in net worth. Therefore, the FCC Group manages the way in which interest rate risk can affect the balance sheet and the income statement:

- **Conversion Risk**

This risk has an impact on the FCC Group's income statement due to the possibility of future cash flows being altered by exchange rate fluctuations upon conversion (when the cash flows in foreign currencies are converted into the local currency). In this regard, the cash flows denominated in local currency are not exposed to conversion risks.

The Group actively manages exchange rate risks by contracting financial operations in the same currency in which the asset is denominated, i.e., the financial required for the local business of the company in the country where the investment originates always attempts to arrange the financing in the local currency to ensure the "matching" of the cash flows generated with the financing. However, there are times when this is not possible due to the monetary weakness of the country of origin of the investment and where there is no possibility of long-term financing in that country's currency, in which case it is done in the consolidation currency or in the most closely correlating currency

At this time, 78,8% of the total net debt of the FCC Group is financed in euros, with the exchange rate risk being concentrated primarily in pounds, dollars and Czech crowns. The Group's principal investments in currencies other than the euro are in these currencies.

The percentage of each foreign currency other than euros and the percentage of the Group's total financing which they represent are listed below:

Currency	Percentage
Pound	66.89%
Czech crown	14.64%
US dollar	12.71%
Other non-euro European currency	2.22%
Latin America	1.93%
Other	1.61%

- **Transaction Risk**

This risk has an impact on the FCC Group's balance sheet due to the fluctuation of foreign currency transactions already recognised on the balance sheet. The goal of transaction risk management is to continuously protect the balance sheet against adverse movements of the exchange rate curves.

The net operating assets in each currency are itemised below. Considering that the consolidated net indebtedness is referenced to the same currency as the asset, the different between the two refers to the part of the net operating asset in each currency financed with capital and reserves.

2007	Euros	US dollar	Pound	Czech crown	Other non-euro European currency	Latin America	Other	Total
Net operating assets	9,032,655.0	464,737.0	2,025,070.0	285,782.0	110,088.0	278,464.0	61,391.0	12,258,187.0
Consolidated indebtedness	6,278,499.5	214,681.6	1,129,732.0	247,187.6	37,500.9	32,612.4	27,162.1	7,967,376.1
Net worth – shareholders' equity	2,754,155.5	250,055.4	895,338.0	38,594.4	72,587.1	245,851.6	34,228.9	4,290,810.9
% of total	64.2%	5.8%	20.9%	0.9%	1.7%	5.7%	0.8%	–

This shows the importance of the euro (64.3% of total) and the pound (20.78% of total).

4.3. Solvency Risk

The most representative ratios for the purposes of measuring solvency are those indicated below:

	Consolidated
Ratio of net debt to Normalised Ebitda	
Ratio of net debt with recourse (corporate) to EBITDA with recourse (corporate)	2.71
Ratio of total net debt to total annualised EBITDA	3.63
Leverage ratio	64.9%
Ratio of net financial cost to operating cash flow	32.3%

For the purposes of calculating the (net debt/Ebitda) ratio for companies acquired during the year, the EBITDA has been normalised and annualised for a complete fiscal year.

4.4. Liquidity Risk

In order to mitigate the liquidity risk, the FCC Group operates in different markets at all times to facilitate the arrangement of financing.

Despite the unfavourable changes experienced by financial markets starting in the second half of 2007, the FCC has maintained an excellent position, anticipating possible adversities and paying close attention to the evolution of the different factors which may help to solve the liquidity crisis in the future as well as the different financing sources and their characteristics.

The details of the financing lines granted at the consolidated level are shown below, taking into account only the long and short term debt with credit institutions and excluding the items stated as debt without recourse and financial leases:

	2007 (thousands of euros)		
	Amount	Available balance	Drawdown
Consolidated	8,114,453.1	2,311,860.3	5,802,592.8

Not only is the Group expected to be able to maintain the existing lines but could also extend them in the future if necessary.

4.5. Concentration Risk

This is the risk associated concentrating financing operations with common characteristics such as:

- Financing sources: The FCC Group obtains financing from more than 150 domestic and international financing institutions.
- Markets/Geography (domestic, foreign): The FCC Group operates in many domestic and international markets, with 78.8% of its debt concentrated in euros and 21.2 % in different international markets with different currencies.
- Products: The FCC Group uses a number of different financial products including loans, credit lines, debentures, syndicated operations and discounts, among others.
- Currency: The FCC Group finances its activities in a variety of currencies. While the euro, dollar and pound account for the heaviest concentration, the investments tend to be financed in the local currency whenever this is possible in the country of origin.

4.6. Financial derivatives of risk coverage

A financial derivative is a financial instrument or other contract whose value changes in response to certain variables such as interest rates, the price of a financial instrument, exchange rates, credit rating or other variables which may be non-financial in nature.

Financial derivatives, in addition to generating profits or losses, can under certain conditions offset part or all of the exchange rate risk, interest rate risk or the risk associated with value of balances and transactions.

The classes of accounting coverage are as follows:

- Reasonable value.
- Cash flow.
- Exchange risk of net foreign investments.

According to the recently introduced IAS 39, in order to be considered hedge instrument, the financial derivative must meet the following requirements:

- Identification and formal documentation at origin of the hedging relation as well as the object of it and the strategy assumed by the company with regard to the hedge.
- Documentation identifying the elements being covered, the hedging instrument and the nature of the risk involved.
- Prospective (analytical) demonstration of the effectiveness of the hedge.
- Objective and verifiable ex-post measurement.

At 31 December 2007, the FCC Group had interest rate hedging operations valued at 4,508,315 thousand euro, primarily in the form of Interest Rate Swaps (IRS) wherein the companies of the Group pay fixed and receive floating interest rates.

4.7. Management of patrimonial and industrial risks

As part of the patrimonial and industrial risk management policy of the FCC Group, the Company adheres to an active risk management policy to manage the risks that have a direct effect on the Company's assets, either as a result of their destruction or the generation of obligations to third parties.

The ongoing risk management process consists of:

- a) Identifying and assessing the risks and their economic consequences.
- b) Eliminating risks where possible by adopting the pertinent safety and prevention measures.
- c) Transferring the risks that cannot be eliminated or minimised to the insurance sector by taking out insurance policies.
- d) Financing the risks that have not be eliminated or transferred by means of active self-insurance policies.

It is, in short, a risk analysis process involving the entire Group in which the potential losses are quantified and the measures needed to eliminate and/or minimise them are determined, optimising them in economic terms and choosing the most appropriate coverage mechanisms with the ultimate goal of maintaining or guaranteeing the net worth and economic results of the company as a way of generating value for shareholders.

D.2. State whether any of the different types of risks materialised during the fiscal year (operational, technological, financial, reputational, fiscal, etc.) affecting the Company and/or Group:

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

If so, indicate the circumstances under which this occurred and whether the established control systems were effective.

Risk materialised during the fiscal year	Underlying circumstances	Effectiveness of control systems
-	-	-

D.3. Indicate whether there a committee or other governing body in charge of establishing and supervising these control mechanisms

Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

If so, indicate its functions.

Name of the committee or body	Description of functions
Audit and Control Committee	In charge of establishing and supervising the company's control policies (see B.2.3.). Risk management is part of the Group's overall management framework and involves all members of the organisation, accompanied by preventive, supervisory and control policies. There are different people responsible for designing the processes at different levels of the organisation and committees or bodies in charge of ensuring that the established controls work properly.

D.4. Identification and description of the processes for ensuring compliance with the regulations affecting the Company and/or Group

The FCC Group has procedures in place to guarantee compliance with the regulations governing each one of the Group's economic activities, with different departments specialising in the regulations applicable to each company and the Group (business, labour, tax, environmental laws, etc.) These departments are in charge of:

- a) Staying fully abreast of and up to date on the different regulations.
- b) Overseeing regulatory compliance.
- c) Drafting the standards needed to unify the Group's criteria.
- d) Advising operating units.

The FCC Group's Corporate Responsibility Department is responsible for overseeing compliance with corporate governance standards.

E. General Meeting

- E.1. Indicate and explain any differences between the minimum quorum requirements set out in the Public Limited Companies Act (LSA) and the quorum needed to hold the General Meeting

Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

	Quorum % different than established in article 102 LSA for general matters	Quorum % different than established in article 103 LSA for special matters 103
Quorum required on first meeting date	50	–
Quorum required on second meeting date	45	45

Description of the differences

The Ordinary and Extraordinary General Meeting will be validly convened:

On the first meeting date, when the shareholders present or represented possess at least fifty percent of the paid up share capital with voting rights. On the second meeting date, the General Meeting will be validly convened when the shareholders present or represented possess at least forty-five percent of the paid up share capital with voting rights.

In order for the General Meeting of Shareholders to validly decide on debenture issues, capital increases or decreases, transformations, mergers and spin-offs and in general any amendment to the Articles of Association, shareholders possessing at least fifty percent of the paid up share capital with voting rights must be present or represented at the meeting on the first announced date. On the second announced meeting date, shareholders possessing forty-five percent of the share capital will suffice.

When the shareholders in attendance or represented on second call account for less than fifty percent of the subscribed capital with voting right, resolutions may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

- E.2. Indicate the system for passing resolutions and how it differs from the system set out in the Public Limited Companies Act (LSA):

Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate how it is different from the system contained in the Public Corporations Act.

	Reinforced majority other than that stipulated in article 103.2 LSA for the situations described in 103.1	Others situations of reinforced majority
% established by the company to pass resolutions	–	–
Description of the differences		
–		

E.3. List the shareholders' rights with regard to General Meetings that differ from those established in the Public Corporations Act

There are no differences with respect to the method contained in the Public Corporations Act.

E.4. Indicate the steps taken, if any, to encourage the participation of shareholders in General Meetings

The General Assembly Regulations includes a series of measures intended to foster shareholder participation in the General Meeting. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6. Information available once the meeting is announced

The company will make available to the shareholders, once the General Meeting is announced, at its headquarters, at the office of the CNMV and the stock exchanges where its shares are traded and on its corporate website:

- a) The full text of the meeting announcement.
- b) The text of the resolutions proposed by the Board of Directors in relation to the agenda items. When the proposal refers to the appointment or ratification of Directors, the following information must also be included: (i) the professional and biographical profile; (ii) other Boards of Directors on which the candidate sits, whether or not publicly listed companies; (iii) the director's category indicating, for nominee directors, the shareholder who has proposed the appointment ratification or re-election or to whom the candidate is related; (iv) date of first appointment as a company director and subsequent reappointments; (v) and the shares and options to company shares held by the candidate.
- c) The legally-mandated documentation or information which must be made available to shareholders on the agenda items starting on the date of the meeting announcement.
- d) Information on the channels of communication between the Company and its shareholders for gathering information or making suggestions.

Article 7. The right to information prior to the General Meeting

1. Shareholders may, up to and including the seventh day prior to the first scheduled date of the General Meeting, ask questions or request information or explanations relative to the items contained on the agenda or the information available to the public which has been forwarded by the Company to the National Securities Market Commissions since the last General Meeting of Shareholders.
2. Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.
3. The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting.
4. The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

5. The Board of Directors may authorise any one of its members as well as its Secretary and Assistant Secretary, through the company's "Stock Market and Investor Relations Department", to respond to the information requests submitted by shareholders.

Article 14. Information

1. The Directors must provide the information requested by shareholders, except under the circumstances foreseen in article 7.4 of these regulations or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days of the meeting date, to which end the shareholders will indicate the mailing addresses where the information should be sent.
2. The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject at hand, in accordance with article 9.2 of these Regulations.

Article 15. Voting on Proposals

1. Once the shareholders' questions have been answered as provided for herein, a vote will be held on the proposed resolutions on agenda items and others which need not legally be included on the agenda.
2. The Secretary will ask the shareholders if they wish to hear a reading of the proposed resolutions, the text of which is contained in the documentation provided to shareholders prior to entering the General Meeting and can also be found on the company's website. If any of the shareholders or the Chairman requests a reading, the proposed resolution will be read. The attendees will be told the agenda item to which the proposed resolution being voted on pertains.
3. Notwithstanding alternative systems that may be used at the Chairman's request, the procedure for voting on the proposed resolutions will be as follows:
 - a) The system for voting on the proposed resolutions relative to the agenda items will be by a negative deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered favourable votes, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, in addition to those corresponding to the delegations received by the Board of Directors, recording the votes against and abstentions, for the proposal in questions. Negative votes and abstentions will be computed separately.
 - b) The system for voting on the proposed resolutions relative to items not on the agenda, when such voting is legally possible, will be by a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.
 - c) When technically possible and provided that the compliance with all legal requirements can be guaranteed, the Board of Directors may use electronic vote counting systems.
 - d) Pursuant to the terms of Article 5 of these Rules, if the meeting announcement mentions the possibility of distance voting using one or several distance voting methods, and notwithstanding the specific instructions established therein for each one, in order to be valid and accepted the Company, the ballot must contain the following information, at the very least:
 - (i) Date of the General Meeting and Agenda.
 - (ii) Name of the shareholder.
 - (iii) Number of shares possessed by the shareholder.
 - (iv) The shareholder's vote on each one of the agenda items.
 - e) Separate votes must be held on substantially independent matters so that shareholders may exercise their voting preferences separately. In particular, this rule applies to the adoption of resolutions on: (i) the appointment or ratification of Directors, which must be voted on individually; (ii) and in the case of amendments to the Articles of Association, each article or group of substantially independent articles.
 - f) Where legally permissible and as long as all other requirements are met, financial intermediaries appearing as shareholders but acting for and on behalf of different clients may split their votes following their clients' instructions.
4. The statements containing the votes made to the notary public or the voting committee, as provided for in paragraph three above, may be made individually for each one of the proposals or jointly for several or all of them, indicating to the notary or the committee the shareholder's or proxy's identity, the number of shares controlled and the yea or nea vote or abstention.

E.5. State whether the Chairman of the General Meeting is the same person as the Chairman of the Board of Directors. If so, indicate any measures that have been adopted to guarantee the independence and efficacy of the General Meeting:

Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Details of Measures

According to article 10.2 of the General Meeting Rules, "2. *The General Meeting is chaired by the Chairman or Vice Presidents of the Board. If there is no pre-established order, the order will be determined by the number of years in office.*" In the absence of the Vice Presidents as well, the Meeting will be chaired by the oldest director.

Measures to guarantee the independence and smooth transaction of the General Meeting: The General Meeting Rules contain a detailed set of measures to guarantee the independence and smooth operation of the General Meeting which can be consulted on the Company's website.

Among other measures, article 7 refers to the shareholders' right to information prior to the General Meeting.

1. *Shareholders may, up to and including the seventh day prior to the first scheduled date of the General Meeting, ask questions or request information or explanations relative to the items contained on the agenda or the information available to the public which has been forwarded by the Company to the National Securities Market Commissions since the last General Meeting of Shareholders.*
2. *Information requests may be made by e-mail to the address provided for this purpose on the Company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the Company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.*
3. *The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting.*
4. *The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the Company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.*
5. *The Board of Directors may authorise any one of its members as well as its Secretary and Assistant Secretary, through the company's "Stock Market and Investor Relations Department", to respond to the information requests submitted by shareholders.*

Article 23 of the Articles of Association establishes the shareholder's right to request information:

Shareholders may request, either in writing or using other electronic or distance communication media, up to seven calendar days before the date of the General Meeting on first call, any information or explanations they require or pose any questions they may have on the agenda items or about the information available to the public provided by the Company to the National Securities Market Commission since the last General Meeting was held. The information so requested will be provided by the directors in writing no later than the date of the General Meeting.

Any information or explanations requested verbally from the Chairman by the shareholders in relation to the items on the agenda during the General Meeting itself before the Meeting turns to the items contained in the agenda, or requested in writing up to the seventh day before the scheduled meeting date, will be provided verbally during the General Meeting by any one of the directors in attendance, at the Chairman's request. If the requested information or explanations refer to items falling under the jurisdiction of the Audit Committee, they shall be provided by any one of the members or advisors to the Committee in attendance at the meeting. If in the Chairman's opinion it is not possible to provide the shareholder with the requested information or explanations during the Meeting, they will be provided in writing to the requesting shareholder within seven calendar days of the Meeting date.

The Directors shall be obliged to provide the information referred to in the last two paragraphs, except in those instances where, in the Chairman's opinion, the publication of such information could be harmful to the Company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

The Company has a website which contains the legally-required information and through which the Company can respond to the shareholders' requests for information, according to the legislation in force at any given time.

E.6. Indicate the changes (if any) made to the General Meeting Regulations during the fiscal year

Reform of some clauses of the General meeting Rules to adapt them to the Unified Code of Good Governance.

The following articles of the General Meeting Rules have been amended:

- (i) article 5 of the General Meeting Rules relative to the meeting announcement;
- (ii) article 6 of the General Meeting Rules relative to the information available as from the announcement of the meeting date;
- (iii) and Article 15 of the General Meeting Rules relative to the system for voting on proposals.

Technical improvements to certain provisions of the General Meeting Rules

The changes made in 2007 introduced technical improvements to certain articles of the Rules in order to clarify and supplement the technical aspects of certain provisions of the Rules in order to make them easier to interpret and apply.

The following articles were amended:

- (i) article 8 of the General Meeting Rules relative to the delegation system
- (ii) and Article 9 of the General Meeting Rules relative to the right and obligation to attend the General Meeting.

Finally, some minor style or wording changes were also made to make the articles of the General Meeting Rules in question easier to understand.

Detailed justification of the proposed amendments to the General Meeting Rules

Justification of the amendment of Article 5:

The proposed change incorporates the first paragraph of the 5th recommendation of the Unified Code of Good Governance.

Justification of the amendment of Article 6:

The proposed change incorporates the first 4th recommendation of the Unified Code.

Justification of the amendment of Article 8:

The proposed change incorporates technical improvements.

Justification of the amendment of Article 9:

The proposed change incorporates technical improvements.

Justification of the amendment of Article 15:

The proposed change incorporates the 5th and 6th recommendations of the Unified Code.

E.7. Indicate the attendance rates at General Meetings held during the fiscal year referred to in this report:**Attendance rates**

Meeting date	% physically present	% represented	% distance votes		Total (%)
			Electronic votes	Other	
28-06-2007	68.181	7.114			75.269

E.8. Briefly indicate the resolutions passed at the general meetings held during the fiscal year in question and the percentage by which each was passed

1°. Annual financial statements of the Company and Consolidated Group and Performance of the Board of Directors

Votes against	0
Abstentions	0.23349366
Votes for	99.7665063
Votes cast	100

2°. Allocation of Fiscal Year 2006 profits

Votes against	0
Abstentions	0
Votes for	100
Votes cast	100

3°.A. Amendment of Articles 18 and 23 of the Articles of Association

Votes against	0
Abstentions	0
Votes for	100
Votes cast	100

3°.B. Amendment of Articles 26, 27, 28, 29, 35 and 37 of the Articles of Association

Votes against	0.00458644
Abstentions	0
Votes for	99.9954136
Votes cast	100

3°.C.- Rubric of Section 3 of Titles Three and amendment of Articles 38 and 39 of the Articles of Association

Votes against	0
Abstentions	0
Votes for	100
Votes cast	100

4.A. Amendment of Articles 5, 6 and 8 of the General Meeting Rules

Votes against	0
Abstentions	0
Votes for	100
Votes cast	100

4.B. Amendment of Articles 9 and 15 of the General Meeting Rules

Votes against	0
Abstentions	0
Votes for	100
Votes cast	100

5.A. Setting the number of directors on Board of Directors members at 21

Votes against	0.81408219
Abstentions	0.00120128
Votes for	99.1847165
Votes cast	100

5.B. Re-election of B 1998, S.L. as nominee director.

Votes against	1.90945309
Abstentions	0.00120128
Votes for	98.0893456
Votes cast	100

5.C. Re-election of Francisco Mas-Sardá Casanelles as independent director

Votes against	1.88466757
Abstentions	0.00120128
Votes for	98.1141311
Votes cast	100

5.D. Appointment of César Ortega Gómez as independent director

Votes against	0.8749632
Abstentions	0.00120128
Votes for	99.1238355
Votes cast	100

5.E. Appointment of Luis Manuel Portillo Muñoz as nominee director

Votes against	2.46204997
Abstentions	0.00120128
Votes for	97.5367487
Votes cast	100

5.F. Appointment of Mariano Miguel Velasco as nominee director

Votes against	1.91166036
Abstentions	0.00120128
Votes for	98.0871384
Votes cast	100

7°. Authorisation to acquire treasury stock

Votes against	0
Abstentions	0.00120128
Votes for	99.9987987
Votes cast	100

8°. Re-election of the Auditors of the Company and the Consolidated Group

Votes against	0.15568787
Abstentions	0.00458644
Votes for	99.8397257
Votes cast	100

9°. Authorisation of directors to execute resolutions

Votes against	0
Abstentions	0
Votes for	100
Votes cast	100

10°. Approval of the meeting minutes

This agenda item was not voted on because the minutes of the Meeting were drafted by the Notary Public of Barcelona, José Javier Cuevas Castaño.

E.9. State whether there are any restrictions in the Articles of Incorporation establishing the minimum number of shares needed to attend the General Meeting:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Number of shares needed to attend the General Meeting	1
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E.10. Indicate and give the reasons for the Company's policies relative to voting by proxy at the General Meeting

Notwithstanding the provisions of the Articles of Association where proxies are regulated, it is the policy of the Board of Directors not to demand unnecessary formalities in the proxy voting procedure which might hinder the rights of the shareholders who wish to exercise their right to attend the General Meeting, albeit with no impairment of the minimum guarantees needed to verify the delegation of a proxy by the shareholder.

E.11. Indicate whether the Company is aware of the policy of institutional investor with regard to participating in Company decisions:

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Indicate the policy

-

E.12. Indicate the address of the corporate website and how the corporate governance contents can be accessed on the site

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there are specific sections on the home page entitled "Information for Shareholders and Investors" and "Corporate Responsibility" which include the information required by Law 26/2003 of 18 July, the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the National Securities Market Commission, ORDER EHA/3050/2004 of 15 December and Royal Decree 1333/2005 of 11 November.

This page is just two clicks away from the home pages. The contents are structured and prioritised under rapid access titles. All pages are printable.

The FCC website has been designed and programmed following the guidelines of the WAI initiative (Web Accessibility Initiative), which sets the international standards for the creation of web content world-wide. The Accessibility Consultants at Technosite, following a technical analysis of accessibility, have determined that the FCC Group's website meets all of the verification points of priority 2 and priority 1 established in the W3C's Web Accessibility Guidelines 1.0 (known as WAI Guidelines).

The site includes a link to the data notified by Fomento de Construcciones y Contratas, S.A. to the website of the National Securities Market Committee.

F. Level of compliance with Corporate Governance recommendations

Indicate the company's level of compliance with the recommendations of the Unified Code on Good Corporate Governance.

In those cases where the Company does not comply with the recommendations, explain the recommendations, standards, practices or criteria applied by the Company.

1. The bylaws of listed companies may not limit the number of votes held by a single shareholder, or impose other restrictions on the company's takeover via the market acquisition of its shares.

See sections: A.9, B.1.22, B.1.23 y E.1, E.2.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

2. In the exceptional event that a dominant and subsidiary company are separately listed, they must both sign and publish an agreement specifying exactly:

- a) The type of activity they engage in, and any business dealings between them as well as with other companies in the group;
- b) the mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 y C.7

Compliant <input type="checkbox"/>	Partially compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

Article 7.2 h of the Rules of the Board of Directors establishes that the Board of Directors is responsible for: "Defining the structure of the Group and coordinating, within the legal limits, the Group's general strategy in the interests of the Company and its subsidiaries with the support of the Strategy Committee and the Managing Director, and disclosing in the Annual Corporate Governance Report the respective areas of activity and any business relations between the Company and its listed subsidiaries that are part of the group, and between those companies and the other Group companies, and the mechanisms established to resolve any conflicts of interest that may arise".

On 8 May 2007, a Framework Agreement was signed to regulate the relations between FCC, Caja de Ahorros y Monte de Piedad de Madrid and Realía Business, S.A., the latter of which is a listed company, in order to regulate the relations between them and the mechanisms for resolving conflicts.

In fiscal year 2008 the Company plans to approve a document whose contents will be made public in the next Annual Corporate Governance Report in relation to the publicly listed subsidiary, Cementos Portland Valderrivas S.A., wherein its areas of activity are defined along with its business relations and the mechanisms in place for settling conflicts of interest, should they arise.

3. Even if not expressly required under company law, Boards of Directors should submit the following decisions to the General Shareholders' Meeting for approval or ratification:

- a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating to subsidiaries core activities that were previously carried out by the originating firm, even though the latter retains full control of the former;
- b) any disposal of key operating assets that would effectively alter the company's corporate purpose;
- c) operations that effectively add up to the company's liquidation.

Compliant <input type="checkbox"/>	Partially compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

Article 8.6 of the Rules of the Board of Directors establishes that the Board must seek the Meeting's prior authorisation for the acquisition or disposal of essential operating assets when they entail a change in the company's object, and for transactions whose effect is the equivalent of liquidating the Company.

This does not include subsidiarisation operations so as not to impair the Board of Directors ability to operate, since these are operations that can require quick decisions and fleeting opportunities and are also equipped with ample legal mechanisms to protect the interests of the shareholders and the Company, notwithstanding the fact that the Board must report them to the General Meeting.

4. The proposals set out in the resolutions to be passed by the General Meeting, including the information mentioned in Recommendation 28, are made public when the General Meeting is announced.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

5. Separate votes will be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule will apply particularly to the following items:

- a) Appointment or ratification of directors, with separate voting on each candidate;
- b) changes to the bylaws, with votes taken on all articles or groups of articles that are materially different. In any event, articles must be voted on individually if a shareholder so requests.

See section: E.8

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

6. Companies will allow split votes, so that financial intermediaries who are shareholders of record but acting on behalf of different clients can issue their votes according to instructions.

See section: E.4

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

7. The Board of Directors shall perform its duties with unity of purpose and independence from Management, according all shareholders the same treatment. It shall be guided at all times by the company's best interest, to be understood as maximising the company's value over time.

It will ensure that the company abides by the laws and regulations in its relations with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>
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8. The core components of the Board's mission shall be to approve the company's strategy, authorise the organisational resources to carry it forward, and ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board in full shall approve:

a) The company's general policies and strategies. In particular:

- i) The strategic or business plan, management targets and annual budgets;
- ii) investment and financing policy;
- iii) design of the structure of the corporate group;
- iv) corporate governance policy;
- v) corporate social responsibility policy;
- vi) remuneration and evaluation of senior officers;
- vii) risk control and management, and the periodic monitoring of internal information and control systems.
- viii) policy on treasury shares, and the limits to apply.

See sections: B.1.10, B.1.13, B.1.14 y D.3

b) The following decisions:

- i) The appointment and removal of executive staff members and their indemnity clauses, at the proposal of the CEO.

See section: B.1.14.

- ii) The remuneration to be paid to directors and the additional remuneration to be paid to executive directors and other contractual conditions.

See section: B.1.14.

- iii) The financial information listed companies must periodically disclose.
- iv) investments or operations considered strategic by virtue of their amount or special characteristics; in particular, items requiring ratification by the General Meeting as specified in Recommendation 4;
- v) the incorporation or acquisition of special purpose vehicles or entities resident in countries or territories defined as tax havens, as well as any analogous transactions or operations whose complexity may impair the group's transparency.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").

However, Board authorisation will not be required for related-party transactions that simultaneously meet the following three conditions:

- 1st They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
- 2nd they go through at market rates, set on a general basis by the person supplying the goods or services;
- 3rd their amount is no more than 1% of the company's annual revenues.

Related-party transactions may only be approved on the basis of a favourable report from the Audit Committee. Directors related to the transaction may neither exercise nor delegate their votes, and shall be absent from the meeting room while the Board deliberates and votes.

The above powers may not be delegated -with the exception of those mentioned in b) and c), which can be delegated to the Executive Committee in urgent cases, subject to subsequent ratification by the full Board.

See sections: C.1 y C.6

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>
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9. In the interests of the effectiveness and participatory nature of its functioning, the Board of Directors should comprise between five and fifteen members.

See section: B.1.1

Compliant <input type="checkbox"/>	Explain <input checked="" type="checkbox"/>
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Article 27 of the Articles of Association states that the Board of Directors will be composed of a minimum of 5 and a maximum of 22 members. On 31 December 2007 there were 21 directors.

Given the characteristics of the Company, the size of the Board is considered to be sufficient to enable the board members to perform their functions of managing, directing and administering the Company's business and to make it possible for different types of directors to sit on the Board without jeopardising the Board's operation.

10. The number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group, while external directors (i.e., nominee directors and independents) occupy an ample majority of board places.

See sections: A.2, A.3, B.1.3 y B.1.14.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>
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11. In the exceptional case where an external director cannot be considered either nominee or independent, the company must explain this circumstance and disclose his or her ties with the company or its managers or, alternatively, with its shareholders.

See section: B.1.3

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>
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12. Among external directors, the relation between nominees and independents should reflect the proportion between the capital represented on the Board and the remainder of the company's capital.

This criterion of strict proportionality may be relaxed, so the weight of nominee directors is greater than would strictly correspond to the total percentage of capital they represent, in the following cases:

- 1° In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
- 2° In companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: B.1.3, A.2 y A.3

Compliant <input type="checkbox"/>	Explain <input checked="" type="checkbox"/>
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On 31 December 2007, the ratio of nominee directors to independent directors was somewhat higher than the ratio between the capital represented by nominee directors and the rest of the capital. However, it is believed that the number of independent directors on the Board (three) is sufficient to guarantee that the floating capital's interests will be protected.

When this Annual Corporate Governance Report was approved, however, and following the resignation of Ibersuizas S.L. from the board, the number of nominee directors was reduced to 14 and the ratio between nominee and independent directors reflects the ratio existing between the capital represented by those directors and the rest of the capital.

13. The number of independent directors shall represent at least a third of all board members.

See section: B.1.3

Compliant <input type="checkbox"/>	Explain <input checked="" type="checkbox"/>

Article 6.3 of the Rules of the Board of Directors establishes that there will be a suitable number of independent directors on the Board to strike a reasonable balance between independent and nominee directors and that there must be an ample majority of external directors.

There are three independent directors on the Board. While they do not represent one-third of the total number of directors as suggested in the recommendation, it is believed that in view of the current capital structure of the Company and pursuant to the OECD's Principles of Good Corporate Governance and the Recommendation of the European Commission of 15 January 2006, it is a "sufficient number" of independent directors to guarantee that the floating capital's interests will be adequately protected.

14. The nature of each director must be explained to the General Meeting of Shareholders, which shall make or ratify his or her appointment. Such determination shall subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report after being verified by the Appointments Committee. The Annual Corporate Governance Report must justify any appointment of a nominee director representing a shareholder with an equity stake of less than 5%. Reasons should also be stated for any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others already having nominee directors.

See sections: B.1.3 y B.1.4

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

15. When women directors are few or non-existent, the Board should state the reasons for this situation and the initiatives taken to correct it. In particular, the Appointments Committee should take steps to ensure that:

- a) The process of filling Board vacancies has no hidden bias against women candidates;
- b) the company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: B.1.2, B.1.27 y B.2.3.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

16. The Chairman shall be responsible for the proper operation of the Board of Directors. He or she will ensure that directors are supplied with sufficient information in advance of board meetings, and will work to ensure a good level of debate. He or she will organise and coordinate regular evaluations of the Board and, when different from the chairman of the Board, the company's chief executive, along with the chairmen of the relevant committees.

See section: B.1.42

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

17. When Chairman and chief executive are one and the same, a Deputy Chairman will be appointed from among the company's independent directors. This Deputy Chairman will be empowered to request the calling of Board meetings or the inclusion of new business on the agenda, may organise coordinating meetings among external directors and will take charge of the Chairman's evaluation.

See section: B.1.21

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

18. Without prejudice to the general duties required of all directors, the Secretary shall take steps to ensure that the Board's actions:

- Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;
- are informed by the good governance recommendations of this Unified Code and adhere to the letter and spirit of those accepted by the company.

To safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal must be proposed by the Appointments Committee and approved by a full board meeting. The relevant appointment and removal procedures must be spelled out in the board's regulations.

See section: B.1.34

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

19. The Board of Directors must meet with the necessary frequency to properly perform its functions, and whenever the interests of FCC require, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items not initially envisaged in the agenda.

See section: B.1.29

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

20. Director absences will be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should try to do so to another director in the same category.

See sections: B.1.28 y B.1.30

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the member expressing them will request that they be recorded in the minute book.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

22. The Board will evaluate the following points on a yearly basis:

- The quality and efficiency of the Board's stewardship;
- how well the Chairman and chief executive have carried out their duties on the basis of the reports furnished by the Appointments Committee;
- the Board will also evaluate the performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

23. All directors shall be entitled to receive any additional information they require on matters within the Board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B. 1.42

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

24. All directors shall be entitled to call on the company for the advice and guidance they need to carry out their supervisory duties. The company shall establish suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

25. Companies shall organise induction courses for new directors to supply them rapidly with the information they need on the company and its corporate governance rules. Directors will also be offered refresher courses when circumstances so advise (for instance, in the event of major regulatory changes).

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

26. Directors shall devote sufficient time and effort to perform their duties effectively. As such:

- a) They shall apprise the Appointments Committee of any professional obligations that might detract from the necessary dedication;
- b) companies should limit the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 y B.1.17

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

27. The proposal for the appointment or renewal of directors which the board submits to the General Shareholder's Meeting will be approved by the board:

- a) On the proposal of the Appointments Committee, in the case of independent directors.
- b) Subject to a report from the Appointments Committee in all other cases.

See section: B.1.2

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

28. Companies will post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background;
- b) other directorships held, and any professional activity in other companies, listed or otherwise;
- c) a reasoned explanation of the director's classification as executive, nominee or independent, as the case may be; in the case of nominee directors, stating the shareholder they represent or to whom they are affiliated.
- d) The date of their first and subsequent appointments as a company director and;
- e) shares held in the company and any options on the same.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

29. Independent directors may not remain on the Board for more than 12 years in a row.

See section: B.1.2

Compliant <input type="checkbox"/>	Explain <input checked="" type="checkbox"/>

The independent director Gonzalo Anes was appointed to the Board more than twelve years ago. He was given the status of independent director by the General Meeting of Shareholders at the time of his last re-election (2005). Since the Unified Code of Good Governance containing the recommendation was subsequent to his latest re-elected, the Board of Directors of FCC, at the proposal of the Appointments and Remunerations Committee, has agreed to ask the General Meeting of Shareholders to ratify him as an independent director at the next session.

30. Nominee directors shall resign when the shareholders they represent dispose of the shares owned in their entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, they must reduce their director numbers correspondingly.

See sections: A.2, A.3 y B.1.2

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

31. The Board of Directors may not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board on the proposal of the Appointments Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated section 5 of part III of the definitions of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation causes changes in the capital structure of the company, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 y B.1.26

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

32. Companies shall have rules requiring directors to report and if necessary to resign when the company's good reputation could be tarnished. In particular, they are obliged to report to the Board any criminal cases in which they have been charged and any subsequent legal proceedings.

The moment a director is indicted for any of the crimes stated in article 124 of the Public Limited Companies Law⁴², the Board will examine and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The Board will disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might harm the corporate interest. In particular, independent directors should strenuously challenge any decision that might unjustifiably harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The term of this Recommendation will also apply to the Board Secretary in the discharge of his or her duties.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

34. Directors who give up their place before their tenure expires, through resignation or otherwise, will state their reasons in a letter to be sent to all members of the board. As well as being filed as a significant event, the removal of any director and the motives for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

35. The company's remuneration policy, as approved by its Board of Directors, will specify at least the following points:

- a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;
- b) performance-related components, in particular:
 - i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or stock options or any performance-related remuneration; and;
 - iii) the main parameters and justification for any system of annual bonuses or other, non cash benefits and
 - iv) in the case of performance-related awards, an estimate of the total remuneration resulting as a function of degree of compliance with the applicable benchmarks.
- c) Main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements) including an estimate of the equivalent annual cost.
- d) The contractual conditions of executive directors who perform executive functions, including:
 - i) Term of their contracts;
 - ii) notice periods and
 - iii) any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

36. Remuneration comprising the delivery of shares in the company or other companies in the group, stock options or other share-based incentives, or incentive payments linked to the company's performance or membership of pension schemes shall be confined to executive directors.

The delivery of shares is excluded from this limitation, when such delivery is contingent on directors retaining the shares till the end of their tenure.

See sections: A.3, B.1.3

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

37. Director remuneration shall sufficiently compensate them for the commitment, qualifications and responsibility that the post entails, but should not be so high as to jeopardise their independence.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

39. In the case of performance-related awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

40. The Board will submit a consultative report on the directors' remuneration policy to the vote of the General Shareholders' Meeting, as a separate point on the agenda. The said report shall be provided to shareholders along with the Annual Accounts and Directors' Report.

The report will focus on the remuneration policy the Board has approved for the current year, with reference, as the case may be, to the policy planned for future years. It will address all the questions referred to in Recommendation 35, except points potentially involving the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year. The report stated in the preceding Recommendation shall also provide a general summary of how remuneration policy was implemented in the prior year.

The role of the Remuneration Committee in designing the policy will be reported to the Meeting and, if external advisors have been retained, the identity of the same.

See section: B.1.16

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

41. The report shall also provide a detail of the payments made in the period to individual directors, including:

- a) A breakdown of the remuneration obtained by each company director, to include where appropriate:
- i) Participation and attendance fees and other fixed director payments;
 - ii) additional compensation for acting as chairman or member of a Board committee;
 - iii) any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) any indemnities agreed or paid on the termination of their functions;
 - vi) any compensation they receive as directors of other companies in the group;
 - vii) the remuneration executive directors receive in respect of their senior management posts;
 - viii) any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of deliveries to directors of shares, stock options or other share-based incentives, itemised by:
- i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits or some other measure of enterprise results.

Compliant <input type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input checked="" type="checkbox"/>

In sections B.1.11 and following of this Annual Corporate Governance Report, the company provides the required information on Directors' remuneration (remuneration received by the directors for sitting on the Board of FCC or group companies; remuneration by type of director; guarantee clauses in favour of executive directors) and the process for establishing directors' remuneration (Board approval of a detailed report on the remuneration policies submitted by the Appointments and Remunerations Committee).

Therefore, it is believed that the Company has offered sufficiently detailed information on the different aspects related to the remuneration paid to Directors for the performance of their functions as a group and individually. However, for reasons of security and privacy which must also be taken into account, it is not possible to report the amount of the remuneration received by the Directors individually.

42. When the company has a Delegate or Executive Committee (hereafter, "Executive Committee"), the breakdown of its members by director category should roughly mirror that of the Board itself.

See sections: B.2.1 y B.2.6

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>
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43. The Board shall be kept fully informed of the business transacted and decisions made by the Executive Committee. All Board members will receive a copy of the Committee's minutes.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>
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44. In addition to the Audit Committee, which is mandatory under the Securities Market Law, the Board of Directors will form a Committee, or two separate committees, of Appointments and Remunerations.

The rules governing the make-up and operation of the Audit Committee and the Appointments and Remunerations Committee will be set forth in the board regulations, and will include the following at least:

- a) The Board of Directors will appoint the members of these committees with regard to the knowledge, skills and experience of its directors and the terms of reference of each committee; will discuss their proposals and reports; and will be formally responsible for overseeing and evaluating their work;
- b) these committees will be composed exclusively of external directors and will have a minimum of three members. This is without prejudice to executive directors or senior officers attending meetings, for informational purposes, at the committees' invitation.
- c) All committees should have a majority of independent directors and be chaired by one of their number.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings will be minuted and a copy sent to all Board members.

See sections: B.2.1 y B.2.3

Compliant <input type="checkbox"/>	Partially compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>
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Although not specifically established in the Rules, the Board of Directors has taken into account the knowledge, aptitudes and experience of the directors and the mission of each committee when appointing committee members. Furthermore, the Committees are expressly authorised to seek external advice and the Board has deliberated on the proposals and reports presented by the Committees who have reported on their activities at the first Board meeting subsequent to their meetings.

With regard to the Chairman and the composition of the committees, the Board, when appointing the members and chairmen of the different committees, has placed priority not so much on the class of directors but rather on the aptitudes, experience and qualifications that will enable the different committees to perform their functions.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules will be assigned to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

46. All members of the Audit Committee, particularly its chairman, will be appointed with regard to their knowledge and experience in accounting and auditing matters.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

47. Listed companies will have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal information and control systems.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

48. The head of internal audit shall present an annual work programme to the Audit Committee, report to it directly on any incidents arising during its implementation, and submit an activities report at the end of each year.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

49. Control and risk management policy shall specify at least:

- The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- the probability of risks occurring and the determination of the risk level the company sees as acceptable;
- measures in place to mitigate the impact of risk events should they occur.
- The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

50. The Audit Committee's role will be:

1° With respect to internal control and reporting systems:

- Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions and the correct application of accounting principles.
- Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
- Oversee the independence and effectiveness of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the resources to be assigned to the internal audit function; receive regular report backs on its activities; and verify that senior management are acting on the conclusions and recommendations of its reports.
- Establish and supervise a mechanism whereby staff can report any irregularities they detect in the course of their work anonymously or confidentially.

2° With respect to the external auditor:

- a) Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.
- b) Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.
- c) Oversee the independence of the external auditor, to which end:
 - i) The company will notify any change of auditor to the CNMV as a significant event, stating the reasons for its decision. The company will explain any differences of opinion with the outgoing auditors.
 - ii) The Committee will ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) the Committee will investigate the issues giving rise to the resignation of any external auditor.
- d) For groups, it will encourage the external auditors to assume the responsibility for auditing the accounts of the member companies of the Group.

See sections: B.1.35, B.2.2, B.2.3 y D.3

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

51. The Audit Committee may meet with any company employee or manager, even ordering their appearance without the presence of any senior officer.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>

52. The Audit Committee will report on the following points from Recommendation 8 before Board decision-making:

- a) The financial information listed companies must periodically disclose. The Committee shall ensure that intermediate statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except when a different supervisory and control committee is responsible for informing in advance.

See sections: B.2.2 y B.2.3

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

53. The Board of Directors shall present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Board Chairman and the auditors will give a clear account to shareholders of their scope and content.

See section: B.1.38

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>

54. A majority of the members of the Appointments or Appointments and Remunerations Committee will be independent directors.

See section: B.2.1

Compliant <input type="checkbox"/>	Explain <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>

As indicated in Recommendation 44, the Board, when appointing the members and chairmen of the different committees, has placed priority not so much on the class of directors but rather on the aptitudes, experience and qualifications that will enable the different committees to perform their functions.

The Appointments and Remunerations Committee is composed of mainly external directors, in compliance with the terms of article 42.1 of the Rules of the Board of Directors.

55. The Appointments Committee will have the following functions in addition to those stated in earlier Recommendations:

- a) Evaluate the skills, knowledge and experience of the Board, define the roles and abilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the Chairman and chief executive, making the pertinent recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.
- d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

56. The Appointments Committee will consult with the company's Chairman and chief executive, especially with regard to executive director appointments.

Any director may suggest to the Appointments Committee a selection of candidates for their consideration. Should the said Committee consider the candidates are valid, they will be potential candidates to fill director vacancies.

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

57. The Appointments Committee will have the following functions in addition to those stated in earlier Recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for directors and senior officers;
 - ii) the individual remuneration of directors and the forms of contract the company should conclude with each executive director.
 - iii) Hiring modalities for senior officers.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14, B.2.3

Compliant <input checked="" type="checkbox"/>	Partially compliant <input type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>

58. The Remuneration Committee will consult with the Chairman or chief executive, especially on issues involving executive directors and senior officers.

Compliant <input checked="" type="checkbox"/>	Explain <input type="checkbox"/>	N/A <input type="checkbox"/>



corporate social responsibility

committed to our responsibility



351	Preparation of the Corporate Social Responsibility Report
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Cleaning and gardening service in Valencia





preparation of the corporate social responsibility report

Preparation of the Corporate Social Responsibility Report

This is the third consecutive year that the FCC Group has published information regarding its corporate social responsibility activities, to describe the economic, social and environmental context and impact of its business activity to its internal and external stakeholders.

Just as the market, society and their respective information requirements have evolved, so has FCC. The Group understands that there is an increasing need for information that goes beyond financial statements. As part of its commitment to respond to stakeholder expectations, new instruments have been incorporated into the company's practices to provide additional information.

The 2007 corporate social responsibility report presents the internal and external circumstances faced by the Group and how these can affect results. The report also enables readers to evaluate business results in the context in which the entity carries out its operations and to see whether the strategies adopted contribute to a more sustainable scenario. Preparation of information on corporate social responsibility is a continuous challenge and process of improvement.

During the period covered by this report the Group has made progress adapting its information gathering and management systems, including new corporate social responsibility indicators when considered necessary. The objective is to extend the scope and improve the quality of the information published. The report has once again been verified externally, with an independent opinion from KPMG. As a result of all these initiatives, the 2007 Corporate Social Responsibility Report is a more mature document than that of the preceding year.

The FCC Group has opted to prepare this report following the recommendations of the Global Reporting Initiative G3 Guidelines



Principles for defining the contents

The present Corporate Social Responsibility Report includes the significant sustainability activities carried out by the FCC Group in all its operations and subsidiaries during 2007.

In geographical terms, the scope of the operations includes almost fifty countries, detailed in Chapter IV "Attracting and retaining talent".

The economic, social and environmental indicators contained in this report have been structured to reflect the progress of FCC's six strategic lines of corporate social responsibility, as established in its Master Plan.

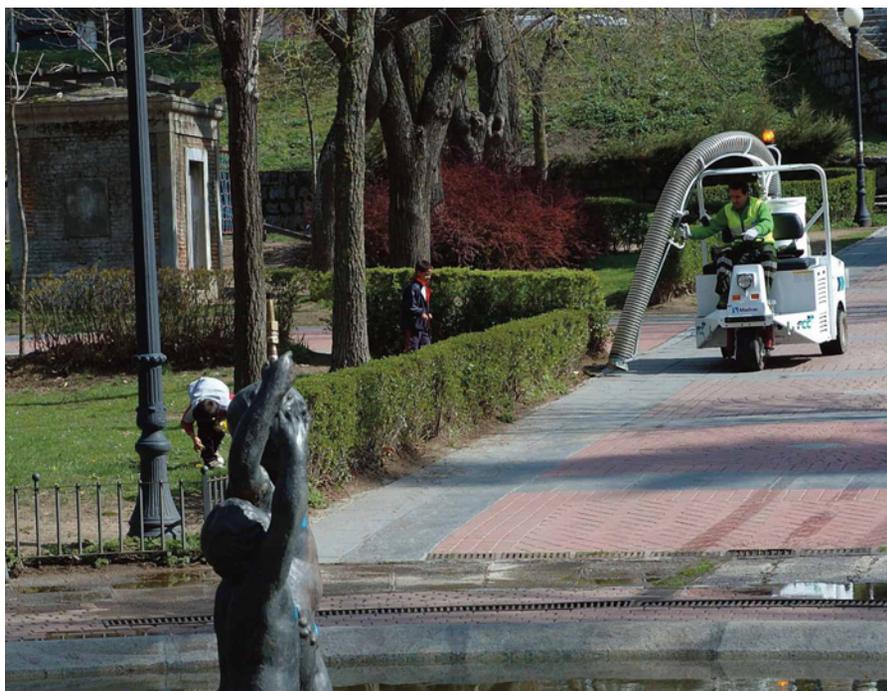
Like the previous editions, the 2007 report has been prepared following Global Reporting Initiative directives, in this case the G3 version and the AA1000 standard to determine materiality and the commitments acquired through the United Nations Global Compact. The four principles for defining the contents have been applied to guarantee a balanced and fair source of information on FCC's performance.

Materiality

For the third consecutive year the FCC Group has carried out a materiality study, based on the AA1000 accountability standard, with the aim of identifying the most relevant issues for both stakeholders and the company itself. This study is based on identifying material issues, bearing in mind the related maturity and risk analysed from different perspectives:

Self-rating of the report on the G3 scale

	2002 IA	C	C+	B	B+	A	A+
Compulsory							
Self-declared							√
Optional							
Verified by third parties							√
Verified by the GRI							√

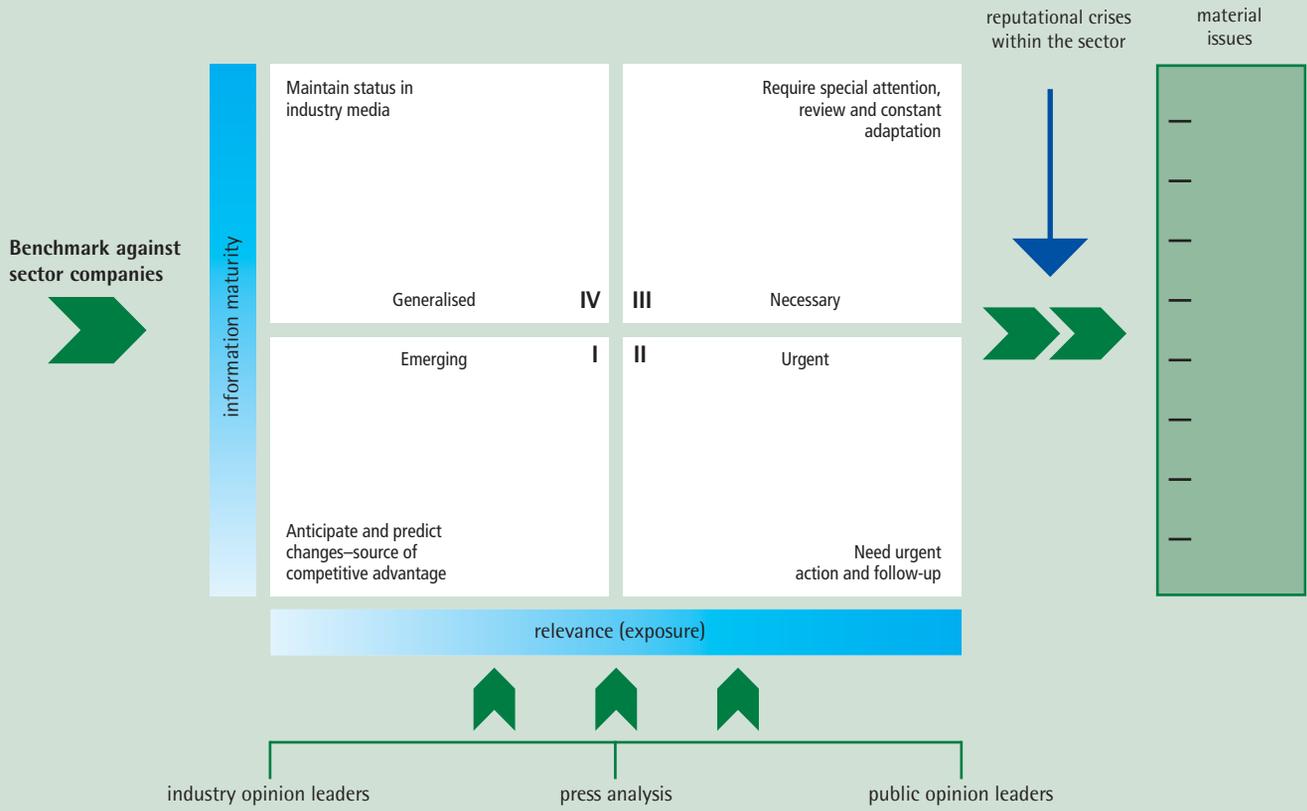


- The key issues from the sectors in which the FCC Group operates: construction, cement, services and real estate, according to socially-responsible investors and references from sector competitors.
- Stakeholder expectations reflected in the media.
- Challenges and emerging issues with regard to sector and internet-based opinion leaders.
- Reputational risks and the FCC Group's susceptibility to these risks.

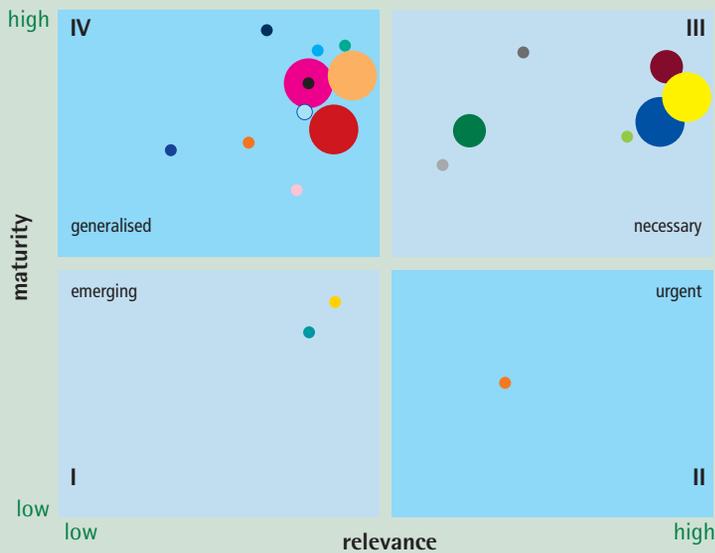
The most significant material issues for the FCC Group are detailed by sector in the sections of this report entitled "Creation of responsible value through corporate activity" and "The values that identify us as a company". The material issues arising from the study are included in the attached map.



Materiality analysis



Material issues for the FCC Group



Relevance is estimated based on attention from the external public

Stakeholder involvement

FCC takes into consideration the expectations of its stakeholders, identified through the materiality analyses described and the channels of communication established by the Group companies in their strategic and operating management of relations with respective stakeholders. The investor relations office has also been involved in the preparation of this report and a number of studies on FCC's 2006 Corporate Social Responsibility Report, published by civil associations, have been reviewed.

Context of sustainability

FCC's relationship with sustainability is expressed in the Group's vision. This report presents the economic, environmental and social results achieved by FCC. Information is provided on the extent to which these results are indicative of the future, supplementing data with comments on the management approach for each of the aforementioned aspects, as well as specifying the resources, actions and relationships established by the entity.

Comprehensiveness

The report covers all of the Group's significant business activities, material issues and relevant indicators, for stakeholders to assess the organisation's economic, environmental and social performance during the year.



Considerations for limiting scope of coverage

Establishing the overall scope of this report has been a real challenge for FCC. We are a diversified group which includes a number of newly acquired companies every year, and we operate in almost fifty countries.

We have set out to meet the expectations of readers who have given us their opinion on the 2006 Corporate Social Responsibility Report, showing their interest in knowing the Group's global impact in terms of corporate social responsibility.

This diversification inevitably leads to differences in the stage of development of corporate social responsibility management systems between already established companies and those which recently joined the Group. As a result, the extent of an indicator is occasionally limited by the information available, duly noted in the text.

As explained later in this report, FCC is developing a programme called Galileo to integrate acquisitions made in recent years into the Group's business culture. Once finished, this project will give a broader scope to FCC's future socially responsible reporting.

Prior to completion of this report FCC introduced its "Horizonte" tool which has been designed to integrate all the Group's social responsibility data. Consequently, the scope of future consolidated information will be greater. Details of this tool are given later in this report.

This report includes the main social responsibility activities carried out by FCC as a Group. Details of the activities carried out by the different developed business areas are given in their individual CSR or sustainability reports.



Principles for defining the quality of disclosed information



The report has been prepared in accordance with the principles established in the G3 for quality of information. The FCC Group aims to prepare corporate social responsibility reports that present a balanced, comparable, accurate, regular, clear and reliable view of the Group's economic, social and environmental performance.

Balance

The report does not present subjective information, it reflects positive and negative aspects, recognising when results have not met expectations or there have been unexpected negative impacts.

Comparison

Quantitative indicators for which historical data are available have been included in the report to present comparable information

with previous years. As GRI guidelines have been applied in preparing this report and the preceding edition, indicators are comparable because items are the same.

Accuracy

The quantitative and qualitative information provided includes sufficient detail to meet stakeholders' expectations. The system of preparation for quantitative and qualitative data is duly documented and supervised by personnel responsible for writing the report.

Regularity

This is the third consecutive year that FCC has published its Corporate social responsibility Annual Report in addition to the statutory annual accounts. This is in response to the new information requirements of the market and society.

Clarity

The quantitative and qualitative information provided meets stakeholders' expectations in terms of clarity. The report has been prepared considering a broad readership, avoiding technical jargon and including case examples.

Reliability

FCC's 2007 Corporate Social Responsibility Report has been examined by KPMG in accordance with international standard ISAE 3000.



corporate social responsibility in the FCC Group

In 2007, the leaders of the corporate social responsibility culture in FCC have concentrated on implementing the 2007-2008 Corporate Responsibility Master Plan. Senior management has strengthened processes to reinforce corporate identity, vision and values, whereas the company's governing body has focused on aligning the development of new CR management and corporate integrity tools with the objective of complying with legislation and standards applicable to the Group. Progress has been made in commitments in this respect

**Mission
statement, Vision
and Values** of
the FCC Group
defined in 2007

The FCC Group
Code of Ethics
prepared in 2007

Compliance with **85%**
of recommendations
of the Unified Code for
Good Governance for
listed companies





Vision and values of the FCC Group

In recent years the company has undergone an intense process of growth, internationalisation and diversification, whereby companies from different cultures and backgrounds have been integrated into the Group. The 2006 Corporate Social Responsibility report expressed the company's desire to move forward in the design of tools to strengthen the Group's culture on the basis of shared commitment to ethics and integrity. The goal is to promote the creation of a common framework that should be understood and respected by everyone comprising the FCC Group.



An ethical approach to understanding and developing business is a determining factor in FCC Group culture

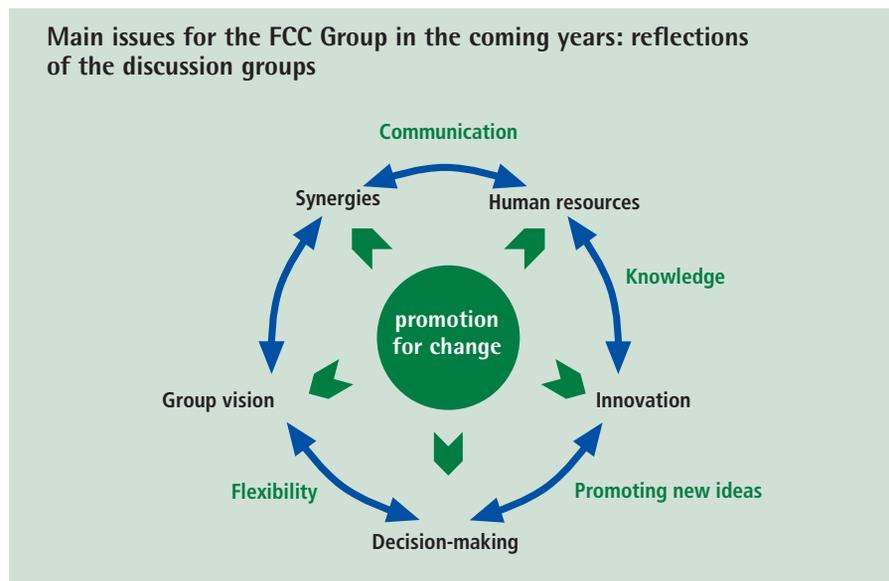


To this end a process of reflection and internal and external consultation was embarked upon to define the Group's mission statement, vision and values as a foundation for the FCC Group's Code of Ethics.

This process began with two discussion groups involving Group management and the different areas of activity. Both groups reflected on the goals of the company for the coming years, its strengths and weaknesses and the competencies that set the FCC Group apart from its competitors.

The FCC Group has defined its mission statement, vision, values and Code of Ethics

The work groups provided a platform to agree common goals, as well as areas for improvement and enhancement.





San Lorenzo del Escorial

The process for preparing the mission statement, vision, values and Code of Ethics also included online consultations, with participation from Group management and employees from the different areas of activity related to corporate social responsibility. This study provided an insight into the participants' views on the current situation of the company, its distinguishing values and the ethical climate of the organisation. Discussion also focused on the future expectations of management personnel and their opinions on the performance and competencies that they feel should be developed by the FCC Group over the coming years.

The process also included consultations with the Group's most significant stakeholders and areas of activity to gain an insight into how the challenges of integrity and corporate social responsibility faced by the company and the sectors in which it operates are seen from outside.

The mission statement, vision and values of the FCC Group were defined on the basis of this work.

Mission statement

"We create value for society and our shareholders by designing, building and managing infrastructures and services that contribute to the well-being of individuals in an efficient, sustainable and safe manner"

Vision

"Our goal is to be an international standard bearer in the design and provision of solutions aimed at the well-being of citizens, development of society and sustainable development."

We strive to be a diversified and integrated Group committed to its employees and admired for its capacity to create value and innovate to meet new social requirements."

Values

- Commitment
- Efficiency
- Excellence
- Innovation
- Integrity
- Responsibility
- Teamwork

These values are shared by all individuals forming part of the FCC Group

Corporate social responsibility strategy

Board of directors responsible for the CSR policy

In accordance with article 8.3 of the regulation governing the board of directors of Fomento de Construcciones y Contratas, S.A. (hereinafter, the company or FCC), the Board of Directors is responsible for approving the general policies and strategies of the company and, in particular, for defining the company's corporate social responsibility policy.

In line with its vision and mission statement as a socially responsible company, FCC considers corporate social responsibility a fundamental part of its strategic plan and pursues sustainable development as an essential element for its correct functioning. FCC ensures compatibility between economic development of the company, social commitments and respect for the environment, thus meeting present needs without compromising future requirements.

Consequently, the board of directors approved the 2007-2008 Corporate social responsibility Master Plan, the objectives of which are set out later in this report.

Basic CSR action principles of the FCC Group

The FCC Group adopts an ethical approach to its business activities, guaranteeing respect for its stakeholder relationships and acting in a responsible and sustainable manner to generate wealth and ensure the well-being of the company.

Consequently, the corporate social responsibility strategy serves to streamline, strengthen and improve the FCC Group's commitment to its stakeholders, as well as the communities and markets where it operates and the environment in general.

FCC's contribution to sustainable development is embodied in the following principles:

- Integrated management of FCC's corporate social responsibility policy by its corporate social responsibility management team, which supports the different committees formed for this purpose at Group and business area level. CSR management presents a two-year Corporate Social Responsibility Master Plan for approval by the board of directors.
- Comply in all cases with prevailing legislation in the countries where FCC operates, adopting international regulations and directives in those countries where legislation does not exist or is inadequate in this respect.
- Promote transparency and free market regulations, rejecting all unfair business practices that restrict free competition, as well as bribery and corruption, and any other actions intended to obtain unfair business advantage.
- Focus actions on creating optimal value for the company and its stakeholders by applying corporate values and ensuring transparent processes.
- Actively participate in internal and external social initiatives and projects relating to corporate volunteer work, as well as cultural and socio-economic development, education, sports and any other area that promotes human development, fosters social cohesion and benefits underprivileged groups.
- Promote the application of best corporate governance practices, based on business transparency and mutual trust between shareholders and investors.
- Create consultation dynamics with FCC Group stakeholders to gain insight into their expectations and to consider their contributions and recommendations on the Group's initiatives and information.
- Consolidate the commitment to protecting the environment for all FCC Group production activities, through a policy that covers the prevention and control of industrial pollution by applying the principle of continuous improvement, encouraging sustainable use of resources, protecting biodiversity and promoting awareness and implementation of this culture.
- Appropriately manage the use of natural resources and the handling of waste, effluents and emissions produced in the course of business activity, considering at all times the prevailing legislation and regulations in each country where FCC operates.
- Guarantee respect for human rights in all areas of FCC Group activity, including freedom of association and the right to collective bargaining, and support initiatives to prevent forced labour and eradicate child labour and any other possible form of discrimination.
- Promote the professional development of FCC Group employees to enable them to perform their functions under appropriate health and safety conditions, enjoying equal treatment and opportunities, equality and respect for diversity, while promoting a balance between work and personal life.
- Provide information on socially responsible policies applied by the Group and the business areas through reports published on an annual or biennial basis.

Principles of the Global Compact	FCC Group commitments and actions
1. Support and respect the protection of internationally-recognised fundamental human rights within the Group's area of influence.	Section 20, chapter 5 of the Group's General Regulations Manual requires strict compliance with prevailing state, regional and local legislation, as well as internal operating regulations and, in their absence, observance of ethical conduct principles. The position of FCC and its investee companies is embodied in these ethical regulations and principles.
2. Ensure that Group companies are not accessories to the violation of human rights.	The FCC Group is obliged to effectively comply with this principle as a result of its adherence to the Global Compact.
3. Support freedom of association and the effective recognition of the right to collective bargaining.	The FCC Group respects the freedom of association of its employees and guarantees their right to be represented by trade unions in representative and negotiation bodies for the Group's different sectors of activities, companies and work centres. As mentioned in this report, FCC employees in Spain are covered by general collective bargaining by sector of activity and in accordance with the workers' statute. In 2007, 52.17% of employees were covered by collective bargaining of the company or work centre. (More information in chapter VII)
4. Support the eradication of all forms of forced labour and work carried out under duress.	FCC considers any form of discrimination or coercion to be unacceptable. Behaviours contravening these principles would be subject to disciplinary measures. The company has established clear directives regarding working hours, safety in the workplace and employee remuneration. These directives are set out in the General Regulations Manual in section 20 on personnel, chapter 10 and 50 on working hours, chapter 60 on recruitment of personnel, chapter 5 on fixing and reviewing remunerations. (More information in chapter VII)
5. Support the eradication of child labour.	FCC respects national and European legislation prohibiting the employment of children under the age of 16. However, the Group is aware that child labour is still a problem that must be tackled in certain contexts, and also recognises that the socio-economic situations of some of its employees have deprived them of the right to education. Consequently, FCC promotes initiatives to develop basic skills it deems necessary. The Group also publicly supports the importance of child education and, therefore, encourages sustainability knowledge and awareness amongst children as part of its relationship with the community. (More information in chapter VIII)
6. Support the abolition of discrimination in the workplace.	The principle of non-discrimination is governed by article 28 of Law 62/2003 on measures for the application of the principle of equal treatment. The company deems any form of discrimination or coercion to be unacceptable. Behaviours that contravene these principles would be subject to disciplinary measures. The company promotes equal opportunities in access to employment and promotion, selecting and promoting its employees based on their qualifications, abilities and skills. The principle of equal opportunities is implicitly provided for in the Group's activity and sector agreements. FCC is committed to the incorporation of persons with disabilities into its workforce. The Group's senior management is promoting its equal opportunities policy through initiatives in collaboration with Adecco, a human resources company which, through its Foundation, supports the integration of underprivileged groups into the labour market. This initiative complies with the Spanish Law on the Social Integration of Disabled People (LISMI). FCC also values the opportunities provided by the wealth of diversity in the societies in which it operates (over 50 countries) and, therefore, has implemented initiatives to promote internal cultural diversity. (More information in chapter VIII)
7. Maintain a preventative approach that favours the environment.	FCC strictly complies with criteria and requirements foreseen in legislation in the countries where it operates, and has implemented standardised formal environmental management systems, including wide-scope risk identification action plans, and the provision of resources, employee training and performance of audits. FCC also develops internal environmental development programmes. The environment is a company-wide concern and initiatives in this field are systematically undertaken in each FCC area. The Group has established two strategic objectives in its corporate social responsibility Master Plan: the fight against climate change and eco-efficiency, as well as corporate and area plans to move forward in step with the challenges posed by sustainability for future generations. FCC also gives priority to suppliers that display good environmental conduct and have established environmental policies and systems. (More information in chapters IV and VI)



Principles of the Global Compact

FCC Group commitments and actions

8. Promote initiatives that encourage greater environmental responsibility.	The company develops eco-efficient and responsible consumption campaigns amongst its customers, consumers and the community in the immediate surroundings of the company. FCC supports and participates in educational projects in association with non-governmental associations, exercising social leadership in favour of environmental responsibility. The Group also promotes internal environmental responsibility, and the 2007-2008 Corporate social responsibility Master Plan has established "Green Centre" plans, which would promote the eco-efficient management of the respective corporate headquarters of the FCC Group. (More information in chapters IV and VI)
9. Favour the development and roll-out of technologies that respect the environment.	The FCC Group's environmental corporate social responsibility strategy is based on the use of eco-efficient technologies and processes and alternative energy sources. FCC companies develop initiatives for the use of renewable energy sources to boost energy efficiency, recycle waste and minimise the impacts of these activities on the environment. FCC also invests in R+D+I and encourages research collaboration projects for the development of advanced eco-efficient technologies. (More information in chapters IV and VI)
10. Fight against all forms of corruption, including extortion and bribery.	Integrity is a key value for the Group. Following the example of the company and the community, FCC employees act responsibly and with integrity, considering at all times the present and future consequences of their daily actions. Section 20, chapter 5 of the Group's general regulations establishes strict compliance with prevailing legislation in this respect. This basic principle was reinforced by the Code of Ethics in 2007. As a result of this principle, FCC complies with Law 30 of 30 October 2007 on Public Administration Contracts relating to crimes such as forgery, infringement of industrial property rights, bribery, embezzlement of public funds, influence peddling, negotiations prohibited for civil servants, disclosure of confidential information, and insider trading against the tax authorities, and crimes or serious infractions relating to market discipline. These considerations also apply to associations with third parties, especially joint ventures and economic interest groupings due to their legal characteristics. (More information in this chapter in section "FCC Basic Action Principles")

FCC Corporate Social Responsibility Management Structure

FCC Corporate Social Responsibility Management

This management team reports to the general secretary of the FCC Group, one of its three executive directors, responsible for the coordination and promotion of the company's socially responsible management and good corporate governance.

The functions include:

- Preparing the biennial FCC Corporate social responsibility Master Plan and regularly monitoring its compliance.
- Coordinating the FCC Corporate social responsibility Committee, offering support to carry out its functions and

outlining the common strategic policies for the committees of all Group business divisions.

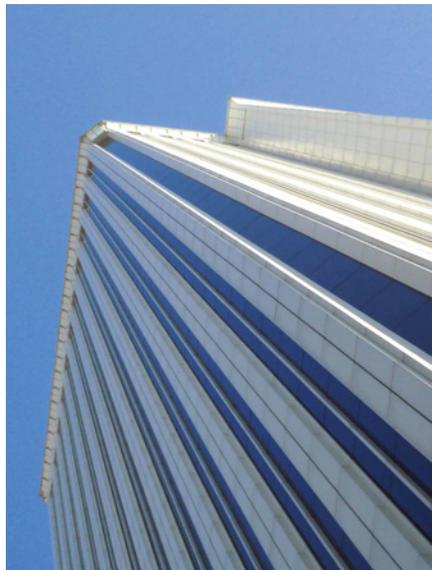
- Integrating the new international acquisitions of FCC into the socially responsible culture of the Group and the objectives of the 2007-2008 CSR Master Plan.
- Representing FCC in forums, discussion groups and other organisations in the field of corporate social responsibility.
- Preparing the compulsory Annual Corporate Governance Report for submission to the Spanish National Securities Market Commission, and monitoring good corporate governance recommendations.

- Recording information on directors and persons privy to confidential information and collaborating with the general secretary in the adaptation to internal FCC regulations and compliance with internal codes of conduct. Member of the Code of Ethics Monitoring Committee and responsible for the preparation and minutes of the committee's meetings.
- Preparing the annual FCC Group Corporate Social Responsibility Report.
- Designing and implementing corporate social responsibility plans, and supervising of area plans.
- Managing FCC participation in national and international sustainability indexes (Dow Jones Sustainability Indexes, FTSE4Good IBEX).
- Preparing the Group's progress report on its adhesion to the United Nations Global Compact.
- Keeping the corporate social responsibility link on the FCC website up-to-date.

FCC Corporate Social Responsibility Committee

Formed by representatives of all Group divisions and corporate departments including legal advisory, internal audit, communications, corporate image, human resources, shareholder and investor relations, information security and information systems and technology. The main functions of this committee are monitoring the CSR Master Plan, the exchange of experiences to improve knowledge of the Group and the identification and evaluation of reputational risks.

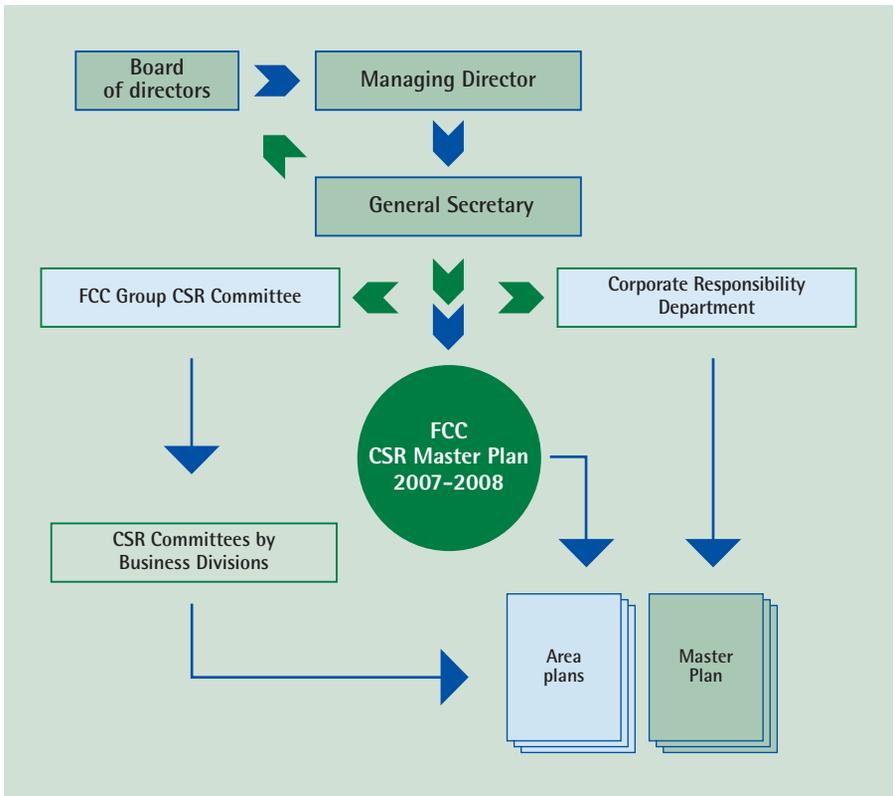
In 2007 PER-gestora Inmobiliaria, owner of the emblematic Picasso Tower, was incorporated into the FCC Corporate Social Responsibility Committee



Corporate social responsibility and sustainability committees by business divisions

The main function of these committees is to coordinate corporate social responsibility for their respective divisions and implement corporate social responsibility area plans. These committees are also responsible for preparing the business division's Corporate Social Responsibility Report.

PER-gestora and Realia formed corporate social responsibility and sustainability Committees in 2007





FCC Corporate Social Responsibility Master Plan (2007-2008)

The FCC Group's board of directors has made it a priority to create a corporate culture based on the company's 100-year tradition, in line with the Group's clear vocation to serve the community

The 2007-2008 FCC Corporate Social Responsibility Master Plan was approved in 2007 to promote a common corporate social responsibility action framework. This plan includes the CSR policy defined

by the Group, as well as initiatives and tasks crucial for its application.

The following table details the specific corporate social responsibility initiatives, as well as their progress and compliance.

	2007-2008 Master Plan Objectives	Progress 2007
Corporate plans	1. Integrity	
	a. Develop a Code of Ethics and conduct to be applied by all business areas of the Group, their employees and customers.	The management committee approved the preparation of a Code of Ethics for the FCC Group. This code was prepared in 2007 for subsequent approval by the Group's board of directors in the first half of 2008.
	b. Establish a procedure and channel to monitor the code of conduct through, inter alia, consultations and a facility to confidentially report infractions.	During the last quarter of 2007, the internal communication channel was opened to all FCC employees, permitting them to report infractions and recommendations concerning financial and accounting issues to the Audit and Control Committee. The monitoring committee supervises compliance with the code of conduct and the ethical channel.
	c. Extend compliance with CSR policies to the Group's suppliers.	The Code of Ethics and conduct includes its roll-out amongst suppliers.
	2. Talent	
	a. Promote the professional development of FCC employees.	FCC's strategic plan (Plan 10) considers the professional development of employees.
	b. Promote cultural diversity and equal opportunities.	The FCC Group is in the process of applying the Spanish Gender Equality Law.
	c. Establish collaboration agreements with Spanish universities to boost the organisation's image amongst potential future employees.	FCC has established a dialogue platform with Spanish universities, such as the Rey Juan Carlos University in Madrid and the polytechnic universities of Madrid, Valencia and Barcelona.
	3. Recognition	
	a. Actively participate in different corporate social responsibility forums at national level.	FCC has joined the Sustainability Excellence Club and collaborates with the Soria 21 Forum. As a signatory of the Global Compact, FCC is also a member of the Spanish Global Compact Association (ASEPAM), as well as participating in CSR programmes with the Spanish Confederation of Business Organisations (CEOE), Ibero-American General Secretariat (SEGIB), Carolina Foundation and Business Institute of Madrid.
	b. Prepare an annual Group Corporate Social Responsibility Report, and promote the preparation of independent reports by the different business divisions.	The 2007 CSR Report is the third Group report published by FCC. The majority of business areas published CSR reports in 2006, followed by Realia and Versia in 2007. The only areas that have not yet prepared specific reports are Picasso Tower and Proactiva Medio Ambiente.
	4. Dialogue and cooperation	
a. Establish a communication plan in collaboration with FCC Communication management which defines the information to be shared and the channels of communication to be considered.	FCC's socially responsible commitments are published regularly on the corporate website, intranet, and in its bimonthly newsletter. Certain areas such as Aqualia or FCC Construcción have specific corporate social responsibility newsletters.	

	2007–2008 Master Plan Objectives	Progress 2007
Corporate plans	4. Dialogue and cooperation (continuation)	
	a. Identify FCC stakeholders and establish dialogue platforms to gain insight into expectations and needs.	FCC has identified its stakeholders and is aware of expectations through its "Dialogues Gdl" platform.
	b. Establish a social action plan in collaboration with the Sponsorship committee, and encourage employees to participate in corporate volunteer work through FCC collaboration plans with entities in the tertiary sector.	FCC has created a foundation to channel socially responsible activities, mainly aimed at the most underprivileged members of society.
	c. Develop a social volunteer plan for FCC workers in collaboration with human resources management.	Following the pilot scheme introduced in the cement division in 2006, the FCC Group has implemented a corporate volunteer programme, giving employees of FCC and its subsidiaries and investee companies, as well as family members, and friends, the chance to take part in volunteer programmes. In the initial stage FCC, who will cover the expenses incurred such as insurance, transport and training, will align the programme's objectives with those of the Esther Koplowitz Foundation.
	5. CSR training	
	a. Roll-out of the Corporate Social Responsibility Master Plan.	The Master Plan has been made known through the Group's internal channels of communication, and all centres in Madrid and Valencia have been informed of the Plan through specific on-site talks.
	b. Establish a CSR technical training plan for the representatives of the divisions forming the FCC Corporate Social Responsibility Committee.	In June 2007, a corporate CSR day was held in Picasso Tower to raise awareness and exchange experiences on this matter. The event was attended by management and representatives of all Group business areas, as well as corporate management personnel with competencies in the field of CSR within FCC.
	c. Establish a plan to roll-out best corporate social responsibility practices within the Group.	External training was also provided, which is detailed in the training section of this report. Initiatives such as the CSR Master Plan, adhesion to the Global Compact, ethical framework for businesses, green centre activities, etc., are reported through the Group's intranet, website and bimonthly newsletters to Group employees.
	6. Crisis management	
	a. Design a system to manage and assess reputational risks.	This objective forms part of the 2008-2010 strategic plan (Plan 10).
b. Prepare a reputational crisis manual.	This objective forms part of the 2008-2010 strategic plan (Plan 10).	
7. Green centre "corporate headquarters "		
a. Identify the environmental impacts of the work centre.	"Corporate headquarters Green centre" plan: waste, emissions, water and energy consumption, etc.	
b. Establish measures to reduce consumption of natural resources and waste generated.	"Corporate Headquarters Green Centre" plan: presence detectors, automatic push buttons, etc.	
c. Establish waste management systems that encourage the segregation and recycling of materials.	"Corporate Headquarters Green Centre" plan: waste management protocol (containers, certified waste management company, monitoring indicators).	



	2007-2008 Master Plan Objectives	Progress 2007
Corporate plans	8. Roll-out of the csr policy	
	a. Present the Master Plan.	See point 5.
	b. Keep FCC employees informed of action plans and defined goals achieved through the corporate website, email and notice board, etc.	See point 5.



	2007-2008 Master Plan Objectives	Progress 2007
Plans by area	1. Reinforcing security	
	a. Align health and safety action plans implemented in the different Group divisions.	The majority of FCC Group areas of activity belong to the Joint Prevention Service and, therefore, share health and safety strategies and objectives. One of the goals of the Group's Strategic Plan is total integration by 2010.
	b. Develop a system to manage accidents and incidents, and work-related illnesses.	In 2007, the Group began implementing a new IT tool, "Prevista," for use by the prevention service technicians.
	2. Fight against climate change	
	a. Design a protocol to measure the different GHG gas emission sources.	The different business areas have implemented initiatives including indicators to measure emissions, bulb inventories, etc. FCCCo and CPV have signed the Bali declaration on climate change, and CPV has assumed commitments relating to best practices and reduction objectives within the framework of the agreement signed with the WBCSD.

	2007-2008 Master Plan Objectives	Progress 2007
Plans by area	2. Fight against climate change (continuation)	
	b. Develop specific action plans with specific goals for the divisions.	Each business area has designed action plans based on the impact of its activities. These plans generally include policies aimed at investment in eco-efficiency, energy saving, raising employee awareness, renewal of fleets, application of sustainable construction policies and energy efficiency. CPV also participates in the Spanish Carbon Fund.
	c. Promote the use of renewable energy and technologies that maximise energy output.	Waste treatment plants are beginning to use alternative fuels. FCCCo's R+D+I area contributes to the Arfrisol project based on bioclimatic architecture and solar cooling. CPV encourages the use of alternative fuels derived from waste, especially biomass, and the installation of solar panels in work centres is also encouraged.
	3. Eco-efficiency	
	a. Develop and implement plans to reduce energy and water consumption and waste generated.	Each area has introduced best practices, measures to minimise consumption, and waste management and reduction within their environmental management systems. Aqualia has defined an efficient demand management plan (Proaqua) for all the services it operates.
	b. Raise awareness of labour personnel on efficient use of natural resources.	The Group area training plans include environmental awareness courses. A best environmental practices manual has also been prepared. FCCCo publishes a bimonthly environmental report, which won the Garrigues-Expansión- CIIS award in 2007.
	4. Green Centre	
	a. Identify the environmental impacts of the work centres.	This process is carried out on a yearly basis at all certified centres. FCC Medio Ambiente has created an ecological office, a move which is currently being implemented by other areas.
	b. Establish measures to reduce consumption of natural resources and waste generation.	See preceding point.
	c. Establish waste management systems that encourage the segregation and recycling of materials.	See point a.
	5. Dialogue and cooperation	
	a. Identify stakeholders of the division and its main representatives.	All areas have identified their stakeholders and main representatives, which are published in their respective CSR reports.
	b. Exchange significant information with stakeholders, and gain first-hand insight into their expectations and information requirements.	There are different stakeholder communication channels, such as meetings, websites, satisfaction surveys, complaints and claims systems, customer service offices, participation in forums, etc.

FCC Good Governance Model. Adaptation to the Unified Code of Good Governance (Spanish National Securities Market Commission). Risk management

FCC's commitment to adopting the best good governance practices can be clearly seen in the Group's extensive 2007 annual corporate governance report, which forms part of FCC's Annual Report and is available on the company website.

In addition to complying with prevailing legislation, FCC has voluntarily implemented the recommendations of the Unified Code of Good Governance for listed companies (Spanish National Securities Market Commission) to deal with the concerns of the company and our shareholders. As a result, FCC has achieved a greater level of transparency, safety and quality for our maximum governing body.

All reports prepared (IAGC, Corporate Social Responsibility Report) are presented to the shareholders at their annual general meeting for approval or for information purposes, together with any other reports prepared by the company's governing bodies.

In 2007 FCC adapted its internal corporate governance regulations to the Unified Code of Good Governance for listed companies approved by the Spanish National Securities Market Commission. Further details are included in the FCC Annual Corporate Governance Report.

As a result, the current situation is as follows:

Situation prior to adaptation to the code	Situation subsequent to adaptation to the code
Compliance with 10 recommendations.	Compliance with 49 recommendations.
Partial compliance with 17 recommendations.	Partial compliance with three recommendations.
Non-compliance with 31 recommendations.	Non-compliance with six recommendations.



General meeting of shareholders 2007

FCC also updated its internal code of conduct, which was approved by the board of directors of the company at their annual general meeting held on 31 October 2007 following the introduction of Royal Decree 1333 of 11 November 2005, which revised the Securities Market Law 24 of 28 July 1988, governing market abuse, and as a result of Law 6 of 12 April 2007 which reformed the aforementioned Securities Market Law, for the amendment of legislation on takeover bids and transparency of issuers and other development legislation (Royal Decree 1362 of 19 October 2007).

FCC governance structure

At 31 December 2007 the board of directors is formed by 21 directors, of which three occupy executive positions within the company, and three are independent external directors. The position of chairman is different to that of chief executive and managing director.

The number of female board members (five) is once again high compared to other Ibex 35 companies.

The board of directors organises its work through plenary sessions or committee meetings. According to the annual evaluation report approved at the board meeting on 31 January 2008, nine plenary sessions took place in 2007 with a high level of attendance and director participation.

The activities of the board are organised around four committees: Strategy Committee, Executive Committee, Audit and Control Committee and Appointments and Remuneration Committee. The functions and competencies of the board of directors are governed by the FCC regulation of the board of directors.

The Appointments and Remuneration Committee should receive prior notification of appointments of board members and senior management. This Committee is responsible for assessing the competencies, knowledge and experience required by potential candidates.

The board of directors receives fixed remuneration which is not target or performance related. Details are as follows:

Type of board members	Number of board members	Company remuneration (thousands of euros)	Group remuneration (thousands of euros)
Executive Directors	3	3,700	630
Nominee Directors	15	1,199	684
Independent directors	3	337	54
Total members	21	5,236	1,368

The regulation of the board of directors (art. 25) establishes procedures to resolve potential conflicts of interest.

Shareholders and investors may submit recommendations, suggestions and complaints to the Stock Market and Investor Relations department, which reports to the Group's General Finance Management.

Risk management at FCC: reputational and environmental risks

The company recognises that the identification and management of tangible and intangible risks inherent to the operations of a Group such as FCC, is a strategic factor. The Annual Corporate Governance Report (point D) included in this annual report provides details of risks identified and control measures.

The FCC Audit and Control Committee is responsible for analysing risk management and control policies (article 41.3d of the regulation of the board of directors) as part of this strategy and to comply with the Unified Code of Good Governance of the Spanish National Securities Market Commission

FCC is also a member of the Spanish Risk Management Association (AGERS), represented by its insurance director, who is also the current Chairman.

AGERS is a non-profit organisation which was formed in April 1984 to promote, investigate and develop risk management in Spain.

AGERS receives support from over 200 of the most significant entities operating in Spain, including prestigious companies and their risk managers, brokers, agents and insurance companies, as well as consultancy companies and valuation and loss adjustment companies. AGERS is also a member of the Federation of European Risk Management Associations (FERMA), the International Federation of Risk and Insurance Management Associations (IFRIMA), and the Latin American Risk and Insurance Management Association (ALARYS).

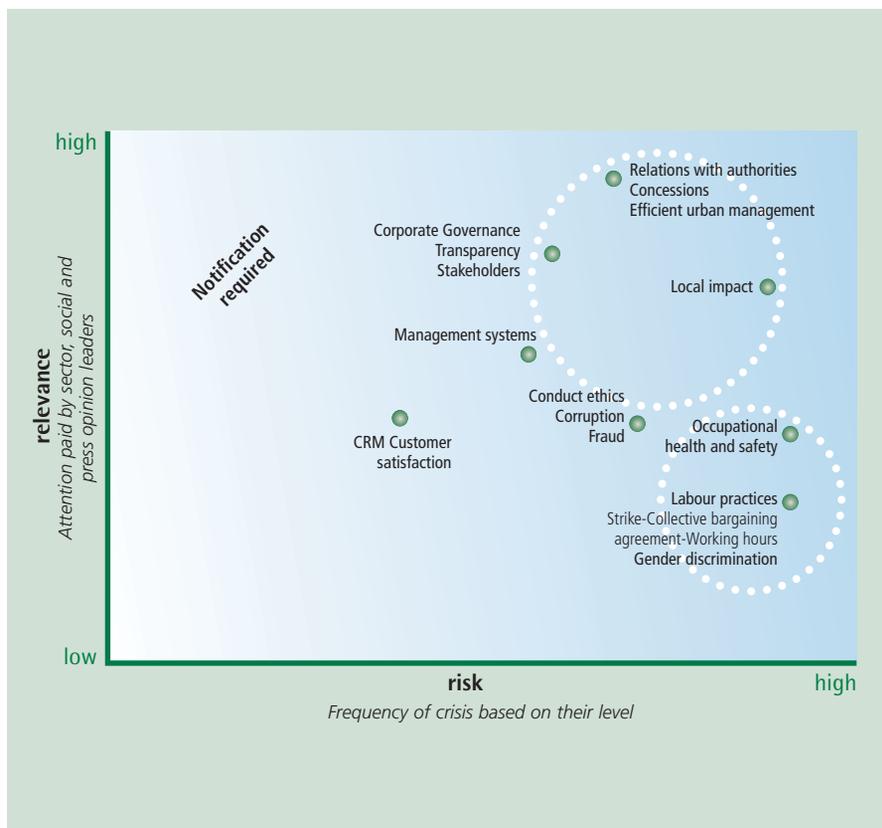
AGERS carries out many activities, including an annual conference, which in 2007 was held under the title "Integral risk management: a business strategy requirement" and was attended by a large number of representatives from the world of business and insurance. The 2008 conference, entitled "Risk management in times of financial turmoil", will take place in Madrid.



Reputational risk management

In 2007, the FCC Group performed a study of its reputational risks as part of its analysis of material issues. Based on AA1000 accountability methodology and the concept of reputational crises defined by the Institute of Crisis Management, FCC has analysed events that generate significant press coverage, which in turn have a negative knock-on effect on concurrent stakeholders. To assess the severity of the events that provoke reputational crises, these have been segmented into three levels based on the extent of their impact. FCC has also analysed levels of vulnerability (crisis precedents and level of risk) and public awareness (level of attention paid by sector, social and press thought leaders) to focus management in crisis situations. As a result of this analysis, critical reputational issues have taken on new importance during meetings with stakeholders, including NGOs and trade

unions, as well as in the promotion of new management tools, such as the creation of a Code of Ethical conduct and channel. The information selected for this report also focuses on issues with greater reputational risk. With regard to local impact, the Group's non-financial indicator information systems include a breakdown of information by region and continent, further details of which are included in the present Corporate Responsibility Report. This report sets out FCC's main management approaches, analyses, improvement plans, performance indicators, investments in training for continuous improvement and best practices in the fields of labour practices, gender equality and occupational health and safety practices. FCC plans to develop a reputational risk management plan in 2008 in compliance with the provisions of the 2007-2008 CSR Master Plan.



Environmental management risks

In 2007, the Group held a meeting dedicated solely to climate change, which was attended by the General Secretary and Executive Director of the FCC Group, all members of the CSR Committee, heads of environmental management of each area and external experts. During the meeting participants discussed the risks posed by climate change for each of the four FCC Group areas, analysing regulatory, physical and general issues, as well as the financial and business impacts of the risks identified. Each area presented its risk management tools and the business opportunities brought on by climate change.

In 2007, the FCC Group also renewed an environmental risk insurance policy valued at Euros 60,000,000.

**Tools to ensure FCC's integrity:
Code of Ethical conduct and Internal
Communication Channel**

Code of Ethical Conduct

This Code was prepared considering the corporate risk management recommendations of the COSO framework, and compliance is compulsory for all FCC Group employees.

The Code of Ethical Conduct entails the main potential situations and circumstances faced by FCC Group employees

The Code of Ethical Conduct constitutes a tool to guide employees' actions regarding social order, environmental and ethical issues that are of particular importance for the Group and its employees.

The guidelines set out by the code of conduct are divided into four main sections:

- Basic principles of conduct.
- Relationships with and between employees.
- Internal control and fraud prevention.
- Commitment to the market, the company and the community.

FCC Group Code of Ethical conduct guidelines

Basic principles of conduct

These principles establish that all Group employees should carry out their activities in accordance with prevailing legislation, human rights and civil liberties in line with internationally accepted legislation and practices.

Relationships with and between employees

These principles include employees' commitments to fostering a culture of respect in the workplace based on equal opportunities, abolition of discrimination and the promotion of professional development. This section also includes commitments and expected conduct relating to occupational health and safety, teamwork, cooperation between employees and dedication.

Internal control and fraud prevention

These guidelines refer to the conduct expected from FCC Group employees on issues related to handling information, the use and protection of assets, corruption, bribery and money laundering.

Commitment to the market, company and the community

This section includes commitments relating to the conduct of the FCC Group and its employees on issues such as free competition, conflicts of interest, neutral policy making, customer and supplier relations and social commitment.

The FCC Group's Code of Ethical conduct sets out the procedures company employees may use to confidentially report infractions against the code, in good faith and without fear of reprisals as required by best practices in this area.

The Code of Ethical conduct is monitored by the Internal Code of Conduct Monitoring Committee and is publicly available on the FCC Group website <http://www.fcc.es>

Internal communication channel

The FCC Group Audit and Control Committee of the FCC Group manages a specific process for reporting potentially serious anomalies, particularly those relating to financial or accounting matters, and for suggesting possible improvements to the internal control system, procedures and accounting practices. This process meets the requirements established in article 41.3 of the regulations of the Board of Directors and follows recommendation 50.d of the Unified Code of Good Corporate Governance of the CNMV (Spanish Securities Market Commission).

Employees can submit confidential notifications concerning the above-mentioned points, in good faith and without fear of reprisals, to the Audit and Control Committee representative, by means of the following:

- An html page on the corporate intranet: internal communication channel.
- Postal mail, addressed to the corresponding PO box and clearly marked Personal-Confidential.

Complaints received	Queries received
0	1

Case study: Horizonte

Project Horizonte is a solution that provides the FCC Group with a common information system, allowing it to standardise and harmonise CSR data, while making it easily available to all the different stakeholders.

Situation

From an organisational perspective, FCC comprises a wide group of companies, and is principally characterised by its diversification into different business sectors. This diversity, combined with the FCC Group's international status, makes management and compilation of the information required in CSR reports highly complex.

FCC has published its annual Corporate Social Responsibility Report since 2005, with many other areas of the Group also publishing their own individual reports.

Objective

The company's expansion, coupled with new demands from the market and stakeholders, required the implementation of an information system which would enable the Group to achieve the following main objectives:

- Facilitate the gathering of information at source through a tool which can be easily accessed from any country in the world and can be internationally configured.
- Provide CSR departments with a common system to structure their own reports and integrate them into the Annual Group CSR Report so that information need only be entered and validated on one occasion.



- Speed up information contribution processes and activate automatic consolidation at the different levels at which data is included, for those indicators where this is possible.
- Implement a flexible solution which can be easily adapted to the increasingly demanding reporting requirements of the different indices and of the stakeholders themselves.

Solution

The FCC Group's Corporate social responsibility management implemented this corporate tool in 2007 to provide all areas of the Group with an information system by which to monitor and compile data on a number of indicators for the preparation of FCC's Annual CSR Report,

and to act as a link to the preparation of reports for each of its areas in the near future.

Horizonte is a shared tool for the contribution, validation and consolidation of data on the FCC Group's CR reports, facilitating the proactive monitoring of objectives through the scorecards, reports and alerts that it generates.

From a technological perspective, the only requirement for using the tool is access to a web browser. The tool may also be accessed by all users from the FCC Group's corporate intranet, or, if necessary, via the internet.



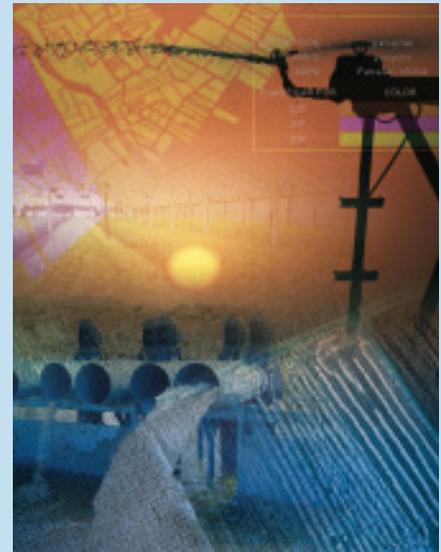
Benefits

The main benefits derived from the implementation of "Horizonte" can be summarised as follows:

- Consistency of corporate indicators throughout all business areas
- Flexible data management, from the contribution and local validation and administration of data in the different business areas, to the design and preparation of scorecards and reports to facilitate monitoring and decision-making.



- Increased information accuracy, security and availability.
- Use of campaigns to gather information: this allows for the definition of perimeters such as organisational and geographical scope, the indicators involved and the frequency with which they should be measured, while also enabling regular monitoring of the most critical indicators.
- International integration, not only in terms of language or currency variations, but also by managing each region's specific measurement units.
- The possibility of customising the tool to the future requirements of the CSR departments of the different companies, improving speed and capacity in the integration of new business and companies.
- A user-friendly tool which can be operated from any device or terminal with a web browser.





creating responsible value

The FCC Group makes a significant contribution to the economic and social development of the markets and societies in which it operates. Over the last hundred years we have shown our ability to sustain growth and renew our vision, maintaining the hallmark of excellence and guarantee of quality by which we are known

euros 13,880,633 thousand in net sales in 2007	46.4% growth in net sales in 2007	euros 267 thousand paid in dividends
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Creation of responsible value in our business activity

The FCC Group generates wealth responsibly, operating in sectors that are critical to the social and economic development and quality of life of many countries, contributing a century's worth of experience in managing human resources and value-creating materials. One decisive factor that has placed us at the forefront of the market is our

ability to anticipate, detect and integrate the keys to change and growth in our markets. Sustainability is a source of crucial challenges, which our Group faces both globally and individually in each of our sectors of activity.

The FCC Group



In recent years, leading public services and public works construction companies (particularly European firms) have experienced rapid growth outside their traditional areas of operation. These companies need to strike a balance between their local roots, their capacity to optimise cross-border synergies and economies of scale. The large number of focal points represents new organisational challenges, and the main sustainability issues faced by this corporate growth are global communication within the value of new international opportunities, strengthening of business capacities within new market contexts and the ability to overcome possible cultural barriers, introducing reconciliation processes which allow the Group to unite around a common culture and set of objectives.

One of the greatest challenges faced by the FCC Group is to consolidate a growing, more diverse organisation in line with the corporate social responsibility criteria which define how the organisation's culture is managed, the people who form the Group and its relationship with society. Projects which reinforce the culture, values and conduct we expect from our Group serve to advance the integration of all the companies acquired and incorporated in our recent expansion. Sharing values and standards of conduct enhances our capacity for growth, not only from an economic perspective, but also by creating intangible value reflected in an atmosphere of trust in which talent can flourish and benefits may be reaped from the synergies we expect to create.



Cement



2007 was the third year of the law regulating greenhouse gas emission rights trading in Spain, which has become a strategic path towards sustainability for the cement industry. We followed the progress of the Bali summit, which has paved the way towards a post-Kyoto protocol. Cementos Portland Valderrivas has consolidated its support for the opportunities offered at national and international level in the battle against climate change in a market where the demand for cement is growing. This is reflected in the increase of our Group's tools for managing carbon dioxide emissions and the greater use of alternative fuels in our production installations, favouring the gradual replacement of fossil fuels.

Combating the most serious environmental threat to the planet is at the core of our corporate strategy. Our response is based on proactively monitoring the development of regulatory frameworks, evaluating state-of-the-art mechanisms for reducing emissions and implementing plans and programs to reduce the impact of our activity and demonstrate our commitment to fighting climate change.

Construction



Growth in the construction sector in 2007 has been uneven, with the rise in international activity converging with the foreseeable deceleration of the Spanish sector. The year also marked a shift in focus for the industry, with greater emphasis on public works and infrastructure development. FCC Construcción has consolidated its reputation both in this sector and international markets, proactively monitoring and evaluating regulatory developments, such as sustainable construction standards and the new Government Procurement Act, best formulas for public-private collaboration, and infrastructure design based on sustainable development principles. In doing so, we have reinforced our adherence to the environmental and social criteria which allow us to address the risks and impacts of our actions from a broader perspective.

Perhaps the greatest social challenge for the construction sector is ensuring the safety of its own personnel and contractors' employees, a particularly sensitive issue in Spain where the national rate of work-related accidents remains above the UE-15 average. FCC Construcción has reinforced its commitment to providing risk prevention training to promote health and safety in the workplace. We have also extended the scope of our OHSAS certification, and participated proactively in the development of sectoral measures, incorporating the recommendations of SEOPAN (Spanish Association of Construction Companies) and the Ministry of Work and Social Affairs. FCC Construcción recognises that safety is an attitude accompanied by consistent conduct. Consequently, we have increased training in risk prevention, healthy habits, stress management and other factors with a proven impact on work safety. We have also raised awareness through campaigns, and highlighted the role of works safety managers and the influence of informal leaders, who are employees committed to the safety of their fellow workers.

We have built metro networks in India, tunnels and motorways in Austria, bridges over the Danube, hospitals in Spain, residential areas in Slovakia, shopping centres, university campuses, offices, and sports installations, etc. Through these and other projects FCC advances development and promotes well-being. The key to our success is the know-how we have demonstrated throughout our many years of experience and the works we have effectively and responsibly completed. Our main priority is the safety of the people who make each new project possible, and accident prevention is therefore a key concern. We never resign ourselves to the fact that not all factors can be 100% controlled, and do not limit ourselves to establishing standards, we strive to promote safe and responsible conduct.



Women's refuge, Gijón, Asturias

Real Estate



In 2007 residential real estate development and equity management witnessed a decline in demand, with a reduction in the relative weight of new private housing offset by an increase in that of other segments, such as subsidised, rented, and renovated housing, as well as the non-residential business. Realia carries out projects in different segments with extensive social demand, creating wealth and employment by managing its activity in an efficient and profitable manner. Despite the downturn in the sector, real estate development and equity management continue to represent a significant area of activity and wealth creation. Market conditions and growing public scrutiny call for sustainable business development based on profitability, growth, quality, technological innovation and awareness of demand, with properties that improve our customers' quality of life while respecting the surrounding environment.

The decisions made during our urbanisation, architectural design, construction, material selection and user information processes have far-reaching environmental and social implications. Realia takes these issues into account, incorporating them into its processes to achieve savings in energy and water consumption and ensure the health and well-being of people using our buildings.

FCC participates in the development of sustainable construction, an area of emerging demand. We have evolved a two-tiered approach: firstly, we give special consideration to the environmental criteria relevant to our activity; secondly, we collaborate with the external framework which defines sustainable construction, participating in sectoral work groups with the different players forming the real estate development and equity management value chain.



Housing in Fuenlabrada, Madrid



Services



Industrial development generates both economic and social benefits, but can also lead to the deterioration of ecosystems if production activities are not adequately managed. The quality of the environment is closely linked to health and well being and management models for economic activity must therefore consider the optimal parameters for a healthy environment. Urban growth presents new challenges to city administrators and operators, particularly with respect to the quality and organisation of services to provide for the intense activity in city life. FCC Medio Ambiente responds to new demands in water, sewage and waste management and transport networks, etc. In this regard, eco-efficiency is perhaps the greatest challenge faced by the Group.

Our eco-efficiency approach is founded on innovation and progressive improvement in the implementation of the management solutions we offer. Adherence to ever-evolving regulatory standards, the development and incorporation of new technologies and management models to achieve maximum efficiency and savings, and the minimisation of environmental impact are at the heart of our business strategy. Unquestionably, though, it is the use of ecological technologies that will allow us to apply environmental best practices in our operations and attain the best results in savings, efficiency and the use of renewable energies.

Urban solid waste collection. Side-loading collection vehicles, Barcelona



Bicycle pick-up points. Pamplona, Navarra



Road sweeper service, Valladolid.

Positioning of the FCC brand. FCC's ascent in Merco empresas and Merco personas.

The FCC brand is fully consolidated on the Spanish and international markets as a century-old company committed to the quality of its products and services. In recent years the Group's financial results have grown considerably, and operations have been undertaken in a large number of countries.

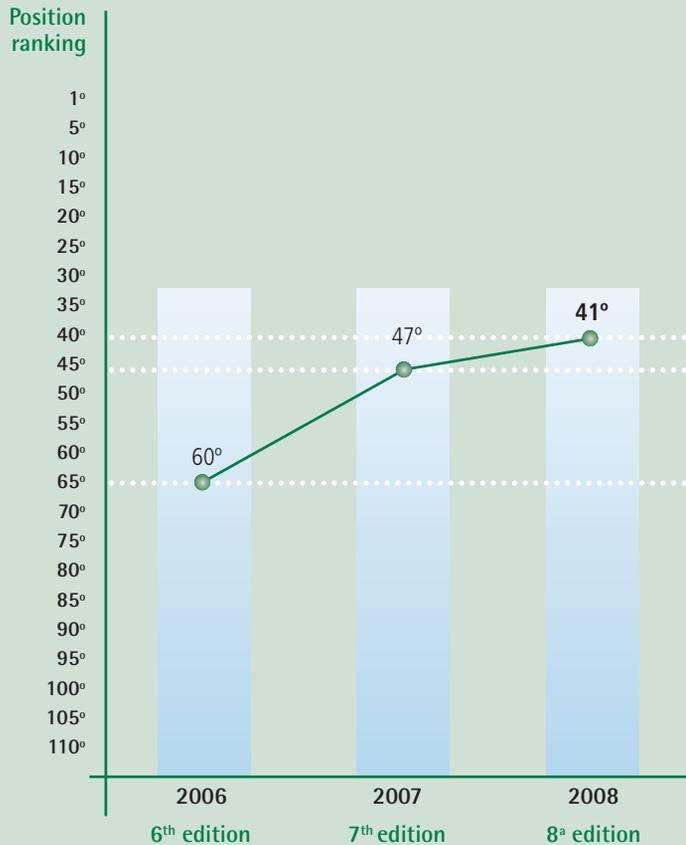
Brand reputation is an intangible yet strategically crucial area for all companies. This concern is addressed by Merco Empresas, which publishes the main ranking of the 100 companies with the best reputations, based on a study involving over 1,500 people, including chief executives, financial analysts, NGOs, trade unions, consumer organisations and opinion leaders.

FCC is also perceived as one of the best employers in Spain. The Group, which employs approximately 100,000 personnel, is increasingly valued as a company that strives to attract and retain talent. This perception is also reflected in the Merco personas ranking of the 100 best employers in Spain, which places particular emphasis on working conditions, work-life balance and internal reputation.



The three latest editions of this survey reflect the progress of FCC as a company, and especially that of its leader Esther Koplowitz, who has moved up 45 places.

FCC's position in the Top 100



FCC's position in Merco personas



FCC's new socially responsible logo

At FCC we can be proud of our history. We have recently become honorary members of the select club of companies that have celebrated more than one hundred anniversaries, over the course of which we have maintained a fresh outlook, adapting and evolving with the societies in which we are present.

Our values, culture, and ability to create positive attitudes set us apart from companies which fell by the wayside while we prospered.

The FCC Group is aware of the value of the organisation's culture, and we are therefore committed to projects which reinforce the Company's image, underlining our distinguishing attributes, capacities and aspirations.

We have continued to create and distribute value, making a significant contribution towards providing the countries and communities in which we operate with infrastructures, buildings, and environmental services that are both efficient and respectful of the surrounding societies and environment. FCC is a major driver

of direct and indirect wealth creation, generating profits for its shareholders, creating employment either directly or through suppliers and contractors, investing in R+D+I, paying taxes, and designing voluntary social initiatives to benefit the societies and communities in which we are present.

In 2007 the FCC Group designed a new logo to express its position and activity with respect to corporate social responsibility. The logo chosen, which symbolises excellence, is an emblem that reflects the character and vision of FCC, our Group's seal of quality.

The colours chosen for the logo can be readily identified with both the company itself and with corporate social responsibility issues and activities. The logo incorporates blue and green, which are corporate colours associated with water, ecological initiatives and paper recycling; yellow, associated with the recycling of containers and packaging; and grey, which is internally identified with corporate governance.



Economic value generated and distributed by FCC: assistance received

The economic value distributed is up Euros 4,379 million, representing a 49% increase compared to 2006

Economic value generated			
	2007	2006	2005
Income (thousands of euros)			
Turnover of products and services	13,880,633	9,480,928	7,089,787
Total economic value generated	13,880,633	9,480,928	7,089,787
Economic value retained			
	2007	2006	2005
Economic value retained (thousands of euros)			
Economic value generated	13,880,633	9,480,928	7,089,787
Economic value distributed	13,283,289	8,903,405	6,685,323
Total economic value retained	597,344	577,523	404,464
Economic value distributed			
	2007	2006	2005
Materials consumed and other external expenses (thousands of euros)			
Materials consumed (suppliers of materials and services)	6,352,253	4,512,844	3,277,051
Other external expenses	2,588,603	1,512,614	1,069,045
Total	8,940,856	6,025,458	4,346,096
Salaries and remuneration (thousands of euros)			
Wages and salaries	3,093,509	2,180,050	1,863,615
Total	3,093,509	2,180,050	1,863,615
Payments to providers of capital (thousands of euros)			
Dividends payable to shareholders	384,454	210,736	177,572
Interest payable on loans	515,254	209,139	80,881
Total	899,708	419,875	258,453
Payments to governments (thousands of euros)			
Taxes			
Income taxes	349,216	278,022	217,159
Total	349,216	278,022	217,159
Total economic value distributed (thousands of euros)	13,283,289	8,903,405	6,685,323



Significant financial assistance received from governments

The shareholder structure of the FCC Group does not include any Spanish public entities. However, certain subsidiaries of Aqualia, engaged in the management of the integral water cycle, are part-owned by city councils, which ensure the correct management of the service.

Aqualia currently owns 98.67% of the share capital of the Czech company SmVak Rep, and the remaining interest is owned by local shareholders, including various corporations. Nevertheless, the region's water supply was managed by the former State authority (SmVak) until 1992, and subsequent to privatisation the shareholder structure comprised towns and communities in the region.

Similarly, some subsidiaries of FCC Ámbito are partly owned by public companies or autonomous bodies (Recilec, Aragersa and Atramed).

Grants received from governments

- Aqualia Spain: Euros 5,981,856.
- Aqualia industrial: Euros 36,902.
- Aqualia infraestructuras: euros 830,919.
- FCC Construcción: Euros 693,584.36 in respect of rebates for training.
- Cementos Portland Valderrivas: Euros 486,351.

R+D subsidies

- Aqualia industrial: Euros 384,600.
- FCC Construcción: Euros 807,859 859 in outright grants, in addition to interest-free loans of Euros 3,960,201.
- Medio Ambiente España: Euros 100,100.
- Mobiliario Urbano España: Euros 110,445.7.

Value for FCC shareholders

The rising trend in the stock exchange yield in 2007 was curbed by the sub-prime crisis, which affected all international markets. The US credit crunch has resulted in heavy losses for financial entities on both sides of the Atlantic, leading to downward revisions of world growth forecasts.

FCC's share quotation at year end was Euros 51.40 per share, with a loss for the year of 33.4%.

The dividend on account of 2006 paid out on 8 January 2007 was Euros 1.00 gross per share, totalling

over Euros 130 million, which is 30.5% higher than the amount distributed in January 2006. On 9 July a supplementary dividend of Euros 137 million was distributed, representing Euros 1.05 gross per share. In total FCC has distributed dividends of Euros 2.05 per share from profits for 2006, which is 27.0% higher than the dividend distributed from profits for the prior year and represents a payout ratio of 50%.



The value of quality: customers and users

FCC has very different customers, ranging from corporate clients of Cementos Portland Valderrivas to public administrations and private customers of FCC Medio Ambiente and FCC Construcción or the individual customers of Realia. FCC provides services to millions of people, receiving FCC assistance in their homes, districts, towns, airports, companies, and so on.

Quality and customer service are key to the value FCC contributes to its customers and the general public. Most FCC Group companies have quality certifications (ISO 9001), some companies being pioneers in their sectors with innovative customer service policies.

Customer satisfaction once again achieved positive overall results in 2007, and this year customer satisfaction surveys were also distributed by the Group's international companies, such as SmVak.

FCC has customer service offices for its core activities, such as Aqualia's services site, which offers corporate website and a virtual office called aqualiaOnline. In 2007 this website received more than 294,000 hits.

FCC's commitment to quality and customer service training for its employees is demonstrated by 13,400 hours of training given to almost 1,200 participants during the year.



Customers have created value for FCC through turnover, which grew 46.4% to Euros 13,880.6 million

Customer satisfaction surveys show a positive overall perception of FCC

In Spain FCC has invested 13,400 hours in quality and customer service training for its employees



All programmes for adherence to laws or quality standards and information on products and/or services, comply with prevailing legislation and internal operational regulations in all areas and subsidiaries. Quality control of services and products goes far beyond minimum requirements and is structured through management systems and the most renowned international quality standards, the ISO 9001.

In 2007, new voluntary quality assurance measures were put in place. Aqualia Spain has implemented a marketing and communication management procedure within the framework of the company's quality control system (ISO 9001 certified). This plan includes a system to monitor activity in each region on a quarterly basis and activity at headquarters on an annual basis. Cemusa Spain is a member of the Spanish advertising self-regulation organisation (Autocontrol de la Publicidad), the Spanish association of foreign advertising agencies (AEPE), the association of Spanish advertising media (AMPE) and the European federation of foreign advertising agencies (FEPE). Cemusa United States is also a member of the Outdoor advertising association of America, Traffic audit bureau and Association of Hispanic Advertising Agencies.

Business area	ISO 9001
Realia	X
Aqualia (including SmVaK)	X
Ámbito	X
ASA	X
Aparcamientos	X
Cementos Portland Valderrivas, S.A.	X
FCC Construcción	X
Medio Ambiente	X
Proactiva	Equivalent

FCC and its suppliers – a reciprocal commitment

FCC's supplier policy is based on compliance with the prevailing regulations and legislation in each sector. The Group realises how important it is to build good relationships with suppliers and foster mutual trust, guaranteeing the transparency and mechanisms required to instil innovation and sustainability, adequately assessing its commitment and effort to comply with quality, health and safety and environmental obligations.

In order to strengthen our commitment to extending our quality, environmental and health and safety policies to our suppliers and contractors, they are provided with specific documentation on environmental management and health and safety and all specifications are also stipulated in our contracts.

Local suppliers are particularly important to the Company because local purchases are considered a responsible way to procure supplies due to the contribution they make to the local economy. For example, the same types of local suppliers from the Czech Republic were used following Aqualia's acquisition of SmVak. Certain events have also been held with local suppliers, such as unveiling the new corporate brand image to the media and participation in various trade fairs (Poland and the Czech Republic).

This line of action is consistent with FCC's policy of "global management with a local focus", whereby the Company strives to provide all kinds of solutions to its activities and to tailor them to each contract. Consequently, business models should be adapted to countries where the Company operates and local suppliers have more knowledge and experience in these matters.

The FCC Group's code of ethics considers contractors, suppliers, and collaborators as crucial to meeting growth and development objectives.

The Group has undertaken to put its principles into practice in relationships with collaborators, to work actively to transfer values and principles and to encourage and reward collaboration that meets advanced social, environmental and ethical standards.

All FCC Group employees involved in selection of contractors, suppliers and third parties must act impartially and objectively, applying transparent criteria adhering to applicable internal regulations.

The FCC Group promotes and informs its contractors and suppliers of the contents and principles of this code of ethics, particularly those which explicitly refer to the Group's relationship with its collaborators.



Purchases from local suppliers

Company	%	Value (Euros)	Type of goods/services
Services			
Cemusa	90.12	58,163,733.00	Street furniture, consumer goods, replacements and civil works.
Logística	56.43	194,658.12	Road transport services.
Conservación y sistemas	98.09	40,200,000.00	Miscellaneous services and materials.
Transporte de viajeros	100.00	3,166,662.00	Maintenance, spare parts and energy.
FCC Ámbito	3.27	202,000.00	Plastic drums, metal drums with spring closure and bigbags.
Aqualia Infraestructuras	46.63	nd	Civil works.
Medio ambiente	40.00	nd	Miscellaneous services and materials.
Construction			
FCC Construcción			Corrugated steel, metal structures, electrical installations, outside carpentry, walls, plumbing, heating installations, cement, ceramic brickwork, steel reinforcement, land excavation, lifts, concrete, manual labour, concrete structures and masonry.
Spain	61.54	600,434,000.00	
Alpine Austria	100.00	441,637,266.98	
Real Estate			
Torre Picasso	100.00	10,368,674.00	Maintenance services and construction materials.

Only data available at the close of this report has been included. Further information can be found in the reports for each specific business area.

Case study: Project Galileo

The project aims to integrate FCC's new international acquisitions into the Group's socially-responsible culture



Project Galileo dates back to the FCC Group's 2002-2004 Strategic Plan, the main aim of which was to increase profitability in key FCC sectors (services, construction and cement) through companies acquired outside of Spain. The five companies comprising Project Galileo were acquired at the end of 2005 and in 2006. These European companies which operate across Eastern and Central Europe were particularly noteworthy because of their strong historical growth, geographical expansion, and leadership in the economic sector in which they operate.

The following companies have been analysed to date:

- **ASA Abfall Services**, was acquired in November 2005. ASA is engaged in integral waste management services, operates in various countries across Central and Eastern Europe and is the leading company in the sector in its home country of Austria.
- **SmVaK**, was acquired in April 2006. This is the third largest water treatment and management company in the Czech market and operates in several European countries.
- **Waste Recycling Group (WRG)**, was acquired in July 2006. WRG specialises in integral waste management and operates only in the United Kingdom, where it leads the sector.
- **Alpine** was also acquired in July 2006 (80.7% of share capital). This Austrian construction company operates in more than 20 countries across Europe and Asia.
- **Aeroporti di Roma Handling (ADRH)**, a baggage handling company at Rome airport, which became part of FCC Company Flightcare.

The diversity of these companies' structures, geographical scopes, financial sectors of activity, cultural differences and business maturity demonstrated the need for an ordered and structured process to bring the subsidiaries into line with the new parent company. In such a varied and fragmented environment, lack of cohesion would not only carry reputational and business risks but would also prevent achievement of the ultimate goal of the strategic plan; growth and profitability through synergies with the acquired companies.

Consequently, in April 2007 Project Galileo was launched in collaboration with PricewaterhouseCoopers to implement a rapid and efficient process to coordinate the companies, therefore achieving maximum convergence with the FCC Group and guaranteeing successful synergies. The project aimed to review whether the minimum requirements of the post-integration process were adhered to and to fully capitalise on the companies acquired, assimilating their know-how in countries where they were market leaders to maintain and boost growth.

Although cohesion processes following an acquisition need to cover all the operational and corporate areas of the companies involved, Project Galileo focused on three areas: legal advisory, corporate social responsibility and external and internal communication. Work is largely based on reviews of operations in each of the areas described through meetings with teams from the companies acquired, and these reviews are then compared to the situation at FCC to identify key differences. An action plan and coordination mechanisms are subsequently set in motion to achieve cohesion and to make full use of best practices in both companies.

This working method not only helped gain extensive knowledge and an insight into the activity and human capital of the organisations acquired, but also allowed significant risks and areas for improvement to be detected at all management levels. The project would not have been possible without the valuable support and participation of the working groups during reviews of operations and methods of convergence.

The work undertaken covers the following CSR areas:

- ❑ Strategic CSR approach: analyses to what extent the Company's mission statement and vision concur with corporate social responsibility issues, whether there is a CSR department or where CSR is placed within the organisation.
- ❑ Good governance and governing bodies: risk and internal audit committees, corporate governance structure, number of meetings.
- ❑ Human resources management: employee satisfaction surveys, career aspirations, 360° evaluation processes, rotation and training.
- ❑ Human rights, ethics and corruption: includes information on the percentage of trade union representation, adherence to international human rights agreements or standards, confidentiality policies for complaints made about corruption and other issues.
- ❑ Health and safety in the workplace: monitoring and reduction of work-related accidents, specialised management systems and other measures to improve the quality of work and employee safety.
- ❑ Change management: review of the procedures employed during structural and organisational change.
- ❑ Diversity/equal opportunities: percentages of employees from minority or underprivileged groups, employee ratios by gender and other indicators and measures to increase diversity and guarantee equal opportunities.
- ❑ Management of natural resources and respect for the environment: production review to improve efficiency and reduce emissions and consumption.
- ❑ Business partners: analysis of the Company's relations with subcontractors, suppliers, customers and authorities to ensure that they meet the Company's requirements for quality and responsibility.
- ❑ Community relationships: initiatives to encourage dialogue and collaboration with local communities.
- ❑ Reporting and communication.





towards a low carbon economy

Through its commitment to CSR, the FCC Group promotes progress across its business areas towards a shared Company goal of *a low carbon economy*

Five projects CDM registered by FCC in 2007	14.21% reduction in CPV's CO ₂ emissions since 1990	89% of the 2012 CPV CO ₂ emissions reduction target met in 2007
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The 2007-2008 Corporate social responsibility Master Plan establishes FCC's strategic objective to "assume, perform and publicize its role in the fight against climate change". During the first year of this plan, FCC has worked hard to transform the approaches of the different areas into progress for the Group as a whole.

We have shared the analysis of the risks and opportunities posed by climate change to FCC's activities, as well as strategies and experiences in managing the risks identified and converting

opportunities into success. In this way we have built a solid common analytical approach that has been updated with post-Kyoto 2012 developments and the initiatives of the recent Bali conference.

As a Company, we are fully aware of the situation, and can accurately identify the sources of our emissions, our strong points and the areas where we need to make improvements. FCC has made progress in the use of technologies to maximise energy efficiency and renewable energy sources.

At the end of 2007 we are in an excellent position to set specific Group objectives on climate change. The work carried out as a Group contributes towards meeting the commitments laid down in the Corporate social responsibility Master Plan, as well as meeting our stakeholders' expectations, including financial analysts and those responsible for international sustainability indexes.

FCC Construcción and Cementos Portland Valderrivas have signed up to the United Nations' Bali Declaration on international solutions to the problem of climate change

FCC'S commitment to combating climate change

The FCC Group accepts its responsibility to meet the challenges posed by climate change. Although part of the Group's activities are focused on contributing to improving quality of life by creating processes that minimise the Company's impact on society and the environment, there is no doubt that many of the processes inherent to FCC's activities have a detrimental effect on the environment and contribute towards climate change.

FCC Construcción and Cementos Portland Valderrivas Sign Up to the Bali Declaration

FCC Construcción and Cementos Portland Valderrivas together with 138 other companies, 13 of which are Spanish, have signed up to the Bali Climate Change Declaration to promote international solutions to climate change following the United Nations Climate Change Conference held in Bali, Indonesia in December 2007.

This unprecedented initiative has led the world business community to call for the following:

- A binding United Nations legal framework within which to fight climate change.
- Objective emissions reductions based on scientific findings.
- Greater effort by industrialised nations.
- An agreement amongst world leaders on a road map to assure effective implementation in 2012, the year the Kyoto Protocol expires.

In order to continue improving the Group's environmental performance, FCC created an environmental work group with the objective of learning and exchanging experiences in the Group's different areas, identifying synergies and detecting new possible areas of improvement in environmental management in order to set new goals.

FCC Environmental work group

The first session of the FCC environmental work group focused on greenhouse gas emissions, climate change and sustainable construction, with the ultimate goal of establishing firm Group commitments in the fight against climate change, as well as exchanging experiences and creating synergies across the business areas.

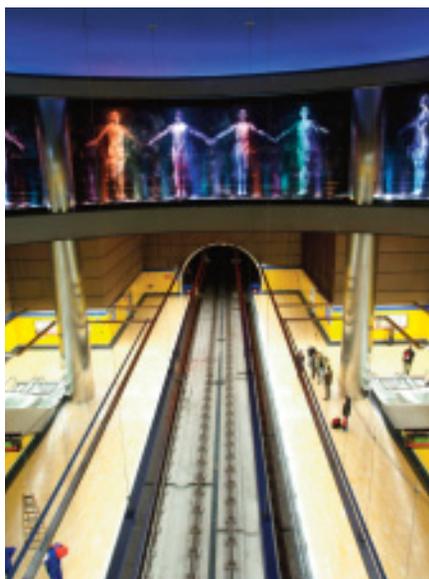
Over the course of the day, those responsible for environmental issues in each of the FCC business divisions presented various projects planned or underway, with a clear focus on minimising the impact of greenhouse gas emissions. Several risks identified by the divisions relating to climate change were also discussed, including:

- Climate conditions that may cause difficulties or increase construction costs.
- Rise in fuel prices.
- Post-Kyoto uncertainty on emission rights allocations.
- Legislation based on the Spanish Climate Change and Clean Energy Strategy (EECCCEL).

Based on the conclusions reached at the 1st environmental work group, a series of short and medium-term initiatives were drawn up to strengthen the Group's environmental criteria in areas identified as showing room for improvement, the most significant of which were the following:

- Approval of the FCC Group environmental policy. Most business areas have had specific environmental measures in place for some time.
- Standardisation of the criteria used to measure and assess CO₂ emissions.

- Establishment of specific, quantified targets for reducing CO₂ emissions at a Group level and the corresponding action plans in each of the business areas. To date, the emissions reduction target has been set at Group level, but has yet to be quantified.
- Incorporation of specific climate change criteria in the R+D+I project selection process.
- Promotion of a Group code of conduct aimed at suppliers and contractors, including issues relating to the control and minimisation of the environmental impact linked to climate change.



Managing climate change risk

The company has analysed the main climate change risks it faces, identifying possible opportunities for improvement in the activities it carries out.

Climate change risks and opportunities for the FCC Group

Cement

Aside from the risks and opportunities already managed by CPV, the biggest climate change risk for the cement division at the end of 2007 concerns post-Kyoto uncertainties. Depending on the line taken by regulators after 2012 on greenhouse gas emission allowances, investment in emission reduction projects could be more or less profitable.

Real Estate

Climate change has potential financial and business implications for the real estate industry. Faced with the risks of climate change, industry-wide agreement to pursue the advantages of sustainable building is needed. Eco-efficient investments and solutions face various obstacles on the market, the most significant being the price of property.

Realia takes a proactive approach to managing the risks and obstacles posed by climate change. The Company contributes to the development of knowledge and to meeting demand for sustainable building projects through its participation in industry forums and work groups, taking a responsible and positive approach to climate change.

Market opportunities are approaching with media attention to climate change, growing public awareness and legislation that promotes and favours investment in clean technology solutions.

Waste management

The climate change risks faced by this area are few in number, as waste management does not depend on water consumption nor does it directly generate GHG emissions. Furthermore, hazardous and urban waste treatment plants are excluded from carbon trading schemes.

Nevertheless, the effects of climate change may be felt during periods of increased rainfall that may cause excess leachate production in landfills and greater rain/industrial run-off at waste treatment plants.

The Waste Recycling Group (WRG) is engaged in urban waste management, and a significant part of its income is generated by landfill waste disposal. The Company's fiscal policy and business strategy are geared towards alternatives in waste management involving lower potential GHG emissions, and WRG is accelerating the process of reducing the amount of waste sent to landfill in favour of recycling. The Company is also involved in the construction and management of incineration plants, which are under increasing pressure from NGOs regarding authorised GHG emissions control.

The challenge of climate change also presents opportunities for waste management activities. Increased awareness of the problem has meant that society as a whole has become more conscious of the need to adequately manage waste, including that which produces environmentally damaging gases. FCC Ámbito has one of the most extensive networks of facilities for treating industrial waste in Spain, including waste containing substances that deplete the ozone layer and contribute towards the greenhouse effect, such as fridges, aerosols etc. The Company also owns installations that manufacture fuel derived from waste, which is used in cement factories as an alternative to fossil fuels.

Water management

The forecast droughts brought about by climate change could cause the following problems for water management activities:

- ❑ Lower levels of activity due to the sale of water.
- ❑ Higher costs for raw water collection.
- ❑ Need for greater investment in mechanisms to deal with drought periods.
- ❑ The need to redefine the relationship between investment requirements and the recovery of associated costs.

Possible commercial opportunities may also arise:

- ❑ Construction and management of desalination plants.
- ❑ Investments in hydrological infrastructure (maintenance to improve pipeline efficiency).
- ❑ Investments in irrigation efficiency.

Construction

The effects of climate change will also require a number of modifications to the construction industry:

- ❑ The need to adapt construction models to meet the demanding requirements of the Kyoto protocol.
- ❑ Higher prices for certain construction materials as a result of climate change policy.
- ❑ Design of new products and solutions to adapt buildings to more extreme climate conditions, as well as ensuring that they are more sustainable and resource efficient (e.g. systems that use energy more efficiently).
- ❑ Construction of extreme weather adaptation measures (dike and dam strengthening, port infrastructure, repair of weather damage, etc.).

With regards to the opportunities created by climate change, the Group has the possibility of taking part in schemes such as the Verified Emissions Reductions (VER) emissions trading scheme, as well as developing projects that can be exported and that allow for anticipating upcoming legislation and other obligations. It is also possible to roll-out initiatives within nationwide policies that are beneficial, both in terms of image and corporate social responsibility as well as through the financial benefits gained through certified emissions reductions.



Logistics services

The Company's entire logistic services take place in warehouses located on industrial estates where flood risk due to torrential rain, is high. A possible hike in fuel prices is another risk which must be taken into account.

Street furniture

Climate change (higher temperatures, increased rainfall and especially stronger winds) could directly affect Cemusa's activity, the installation of street furniture, with greater demands at the design stage and the need for more resilient furniture. It will also be necessary to make technological adaptations to products to minimise their contribution to climate change, for example, using solar panels, energy efficient lighting or through sustainable mobility. Developing new products that meet these requirements calls for investment in R+D+I.

The growing tendency of town councils to limit access of private vehicles and promote use of public transport in an attempt to reduce emissions provides opportunities to increase our visibility through street furniture advertising.

ITV

Taking into account that Technical Vehicle Inspections (ITV) cover vehicle gas emissions, a possible climate change opportunity could be an increase in the frequency of these checks, which would in turn raise the volume of activity, although growth cannot be currently quantified.



Managing reductions in our CO₂ emissions

The FCC Group is engaged in activities which produce a sufficiently large amount of greenhouse gas emissions as to warrant special mention in this chapter. This is the case for the cements division, the only Group activity included within the emission rights allocation procedure.

Greenhouse gas emissions are generated by construction activities through the use of machinery, as well as transport activities (logistics, industrial and urban waste collection and road cleaning) and the depositing of waste in landfill sites, which also need to be controlled.

In addition to reducing emissions generated by FCC's processes and services, the Group also employs waste management as a means to increase its contribution to minimising greenhouse gas emissions.

Main lines of action employed by the FCC Group to reduce CO₂ emissions

- ▣ Gradual implementation of climate change risk management into the FCC business strategy.
- ▣ Fine tuning of processes aimed at reducing emissions.
- ▣ Advances in the use of technologies which make the most of energy and maximise renewable energy resources.
- ▣ Implementation of clean development mechanism (CDM) projects.

Construction

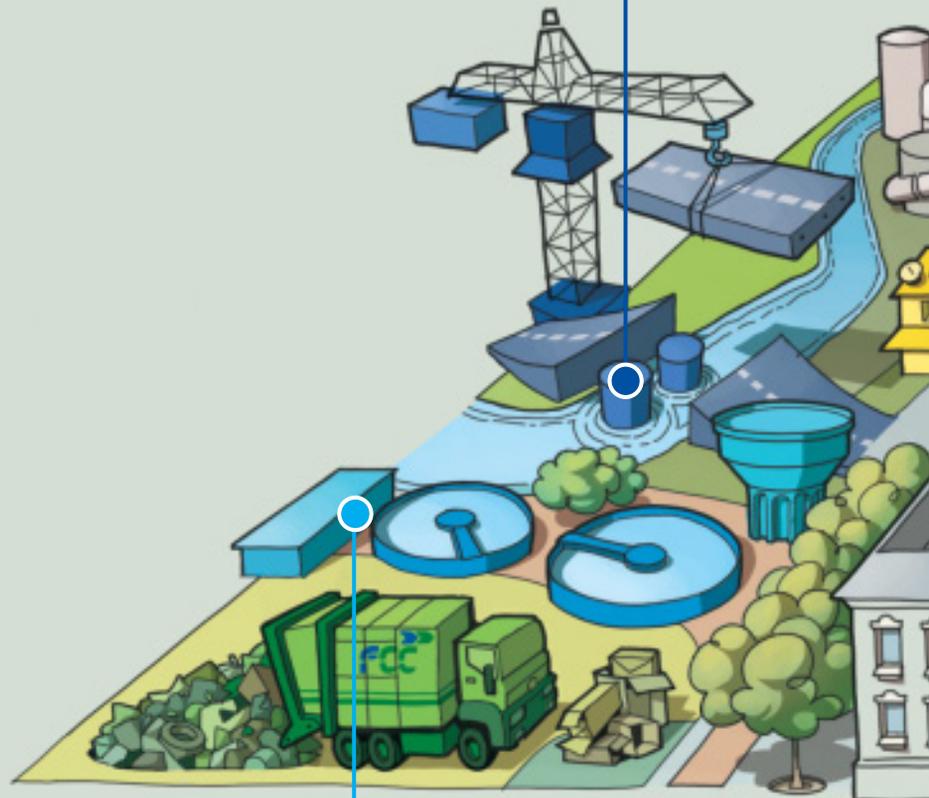
35,901 Tm of direct CO₂eq emissions from land excavation

Activities that produce emissions

- Fuel consumption by machinery and material transportation

The fight against climate change

- R+D+I. Arfrisol bioclimatic architecture project
- Soil lime stabilisation
- Sustainable construction work groups



Water management

46,119 Tm of direct CO₂eq emissions

Activities that produce emissions

- Consumption of fuel and electrical energy in buildings

The fight against climate change

- 72% of sludge generated by wastewater treatment plants is used in the agricultural sector
- 8,740,969 kWh of electrical energy produced with the biogas generated by wastewater treatment plants

Cement

12,308,497 Tm of direct CO₂eq emissions

Activities that produce emissions

- Fuel consumption by furnaces and transportation
- Decalcification of raw materials

The fight against climate change

- Two CDM projects
- Use of waste as raw materials and alternative fuels
- Consumption of decarbonised raw materials
- Processes with high energy efficiency
- Participation in the Spanish Carbon Fund

Real Estate

52 Tm of direct CO₂eq emissions

Activities that produce emissions

- Consumption of fuel and electrical energy in buildings

The fight against climate change

- Energy efficiency in buildings
- Bioclimatic architecture development



Environmental services

7,557,713 Tm of direct CO₂eq emissions

Activities that produce emissions

- Breakdown of organic materials in landfills
- Cleaning vehicles and waste transportation
- Combustion installations in waste treatment plants

The fight against climate change

- Capture of landfill biogas(8,362,141 GJ by WRG)
- Recycling and recovery of biodegradable waste
- Seven CDM projects

Other services

117,587 Tm of direct CO₂eq emissions

Activities that produce emissions

- Transport vehicles
- Electricity consumption by street furniture, warehouses and luggage transfer equipment used for handling services
- Fuel consumption in warehouses

The fight against climate change

- Episol Project: electrical vehicle
- Replacement of fleets of vehicles and machinery
- Redesign of warehouse to increase natural light
- Participation in sustainable transport development

Reduction of CO₂ emissions

The FCC Group's greenhouse gas emissions are detailed below.

Organisation	Direct GHG emissions, KgCO ₂ emitted (kg CO ₂ eq)	Indirect GHG emissions related to the generation of electrical, heat or steam energy acquired from external sources (Tm CO ₂ eq)
Cements	12,308,497,000.00	
Construction	35,900,970.00 ⁽¹⁾	1,333.85 ⁽²⁾
Real Estate	52,000.00	2,183.00
Services (FCC Ámbito)	670,494.00	
Services (Aqualia)	46,118,876.70	159,389,697.96
Services (FCC Medio Ambiente Spain, WRG)	7,510,923,140.00	37,753.74
Services (Versia)	117,587,123.94	24,410.70

(1) Emissions generated by land excavation by FCC Construcción.

(2) emissions generated by electrical energy consumed in FCC Construcción offices.

* No data available for Proactiva Medio Ambiente, ASA, international construction and SmVak.



CO₂ Management at Cementos Portland Valderrivas

Cementos Portland Valderrivas is working to anticipate greenhouse gas emission requirements for its cement production activities, and in this regard has prepared emissions inventories since 2000.

The cements division is the only Group activity included within the procedure for allocating emission rights

Cementos Portland Valderrivas has had emissions inventories since 2000

CO₂ released into the atmosphere during the cement manufacturing process has two origins:

- 60% of the total originates from the decarbonisation process, whereby limestone (CaCO₃, which is used as the main material in the process) is converted into lime (CaO) and carbon dioxide (CO₂). The scope for action to reduce these emissions is minimal.
- The remaining 40% is produced during the combustion required to reach the high temperatures necessary to activate the chemical reaction that forms clinker. Consequently, these emissions are directly proportional to specific fuel consumption and to the relationship between the carbon content and the fuel's calorific power.

Cementos Portland Valderrivas' strategy for controlling and reducing CO₂ emissions, in line with the "Fight against climate change" plan contained within the FCC master plan, is based on the following:

1. Improved energy efficiency through the manufacture of clinker in more efficient furnaces, with a lower specific consumption per tonne of clinker produced.
2. Increased use of materials which include lime (CaO) in their composition, to help reduce CO₂ emissions in the clinkerisation process.
3. Promotion of the use of alternative fuels deriving from wastes which would otherwise end up in landfills, especially biomass.

In 2007 two CDM projects which use husks as biomass were registered in San Luis (Argentina) and Minas (Uruguay). Allocation is expected following the verification of 79,400 CERs, which started in December 2007

Cementos Portland Valderrivas has set the objective of reducing its CO₂ emissions per tonne of cement manufactured by 16% by 2012 compared to 1990 figures

4. Improved use of additions in the manufacture of cements, whereby the level of clinker per tonne manufactured is minimised, whilst maintaining product quality.
5. Participation as a Group in the Spanish carbon fund, to which we have contributed Euros 2.5 million.
6. Participation in the emission rights market by supporting clean development mechanisms (CDM).

This climate change strategy is the best way to continue our progress in reducing CO₂ greenhouse gas emissions per manufactured unit, through the use of decarbonised raw materials and alternative biomass-based fuels.

Cementos Portland Valderrivas has set the objective of reducing its CO₂ emissions per tonne of cement manufactured by 16% by 2012 compared to 1990 figures.

CO₂ emissions (kg/Tm of cement)

	1990	2006	2007
Tunisia	708	708	729
Argentina	638	546	594
Uruguay	900	691	668
USA	976	848	819
Spain	767	665	659
Total Cementos Portland Valderrivas	790	678	678
% reduction compared to 1990		14.18%	14.21%

Cementos Portland Valderrivas has recorded a 14.21% reduction in its CO₂ emissions per tonne of manufactured cement in 2007, compared to 1990 figures



The progressive use of alternative fuels and improvements in production systems has led to a more competitive position for the Group, which is prepared for the introduction of stricter criteria announced for future allocation of greenhouse gas emission rights.

Direct CO₂ emissions in Spain over the last five years, broken down by factory and expressed as the weighted average in kg of CO₂ per tonne of clinker produced, are as follows:

Values for 2003 and 2004 were obtained by applying the World Business Council for Sustainable Development (WBCSD) monitoring system. In 2005, 2006 and 2007, figures reflect data verified in line with the prevailing "Specific regulation for the verification of reports and information on greenhouse gases (GHG) of the installations affected by the national allocation plan", and monitoring was carried out to ensure compliance with the authorisations for GHG emissions applicable in the autonomous communities in which the installations are located.

Direct CO₂ emissions in Spain (Kg/Tm of clinker)

Plants	2003	2004	2005	2006	2007
Álcala de Guadaíra	909.6	896.1	838.3	848.4	849.4
El Alto grey clinker	893.0	878.0	856.0	843.5	820.9
El Alto white clinker	1,190.0	1,139.0	1,075.0	1,1102.5	1,046.1
Hontaria	859.4	903.8	835.5	834.0	824.3
Olazagutía	918.8	905.1	878.0	855.7	872.0
Mataporquera	824.3	813.4	856.9	850.7	854.6
Lemona				766.2	751.4
Vallcarca					872.7
Monjos					862.5

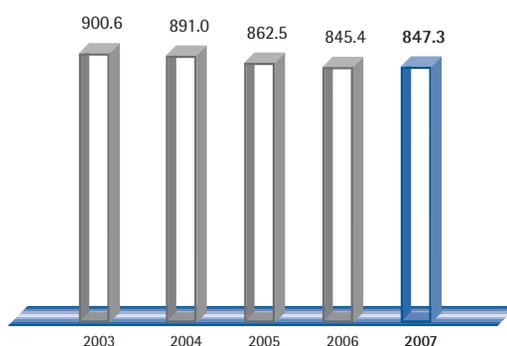
Direct CO₂ emissions for the USA and other countries in 2007 were as follows:

Direct CO₂ emissions in the USA (Kg/Tm of clinker)

Plants	2007
Harleyville	815.2
Bath	1,118.3
Thomaston	852.1

CO₂ Emissions in Spain (kg/Tm of clinker)

Weighted average



Direct CO₂ emissions in other countries (Kg/Tm of clinker)

Plants	2007
Enfidha (Tunisia)	862.4
San Luis (Argentina)	819.2
Olavarría (Argentina)	734.0
Minas (Uruguay)	846.5

The following table shows absolute CO₂ values broken down by country and expressed in tonnes, obtained using the World Business Council for Sustainable Development (WBCSD) calculation method.

CO₂ emissions in 2007 (Tm)

Countries	2007
Spain	7,667,563
USA	1,740,102
Tunisia	1,388,149
Argentina	1,186,544
Uruguay	326,139
Total	12,308,497

Indirect emissions are those which result from Group activities but are generated by sources which come under the control of other organisations. The table below shows indirect emissions generated by the transport of raw materials in the Group's cement factories in Spain.

Indirect CO₂ emissions in 2007 (Tm)

Plants	2007
Álcala de Guadaíra	4,553
El Alto grey cement	4,446
El Alto white cement	1,412
Hontoria	3,781
Olazagutía	1,969
Mataporquera	2,451
Lemona	1,508
Vallarca	2,367
Monjos	3,328
Total	25,814

Participation in the Cement Sustainability Initiative (CSI)

The objective of improving the management and reduction of CO₂ emissions has continued through work carried out as a member of the Cement Sustainability Initiative (CSI). This is one of the largest sustainability programmes undertaken by an industrial sector, and was implemented in 2000 with 10 of the leading cement companies in the world. Cementos Portland Valderrivas is a participant in the number one working group, which tackles the issue of environmental protection, and is currently developing a project to define a system to integrate the collection and processing of CO₂ emissions data throughout the world, including not only information on members but on the entire cement industry as a whole.

Emission rights allocated to Cementos Portland Valderrivas

In 2007 the Cementos Portland Valderrivas Group was granted free emission rights equivalent to 7,779 thousand tonnes, in line with the Spanish national allocation plan approved for the 2005-2007 period. This allocation relates to the following Group companies: Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A.

In 2007, emission rights consumption by Cementos Portland Valderrivas totalled 7,583 thousand tonnes.

Cementos Portland Valderrivas has joined fundación entorno -the spanish business council for sustainable development- in the fight against climate change

This relationship reflects the company's strong commitment to the Fundación Entorno-BCSD España in leading the way in the environmental and sustainable development fields.

The objective of the collaboration agreement is to carry out joint activities in the areas of sustainable development and corporate social responsibility, allowing the company to consolidate its leading position in sustainable development by implementing information, awareness, training, demonstration and research activities.

By virtue of this agreement, the cements division will take part in the "Energy and climate change: sustainable construction" and "The role of businesses in society" working groups, comprised of leading Spanish companies which aim to jointly tackle the challenges associated with sustainable development.

The initiative is part of the framework of international working groups organised by the World Business Council for Sustainable Development (WBCSD), a leading international body which includes over 180 companies and of which the Fundación Entorno-BCSD España is the Spanish partner.



Involvement in the programme will allow the company to work through an international institution alongside other companies, dealing with issues as complex and important as climate change and sustainability in construction.

The division has already collaborated in the Foundation's "Energy and climate change" working group through its publication "eCO₂nomía".

Lines of action for the reduction of CO₂ emissions in the construction industry

The FCC Construcción division's commitment to combat climate change is channelled mainly through involvement in working groups that encourage a definition of the impact on the construction sector. In this spirit FCC Construcción participates in the Fundación Entorno's climate change and energy group, which aims to discuss, research, exchange ideas and act to encourage companies to tackle the main challenges and dilemmas presented by climate change.

FCC Construcción's main lines of action for reducing CO₂ emissions are as follows:

- Application of the best available techniques for reducing energy consumption.
- Use of alternative renewable energies.
- R+D+i: Arfrisol, a project based on bioclimatic architecture.
- Management of the works life cycle.
- Regulatory adaptation: technical building code, construction and demolition waste regulation, environmental responsibility law, noise legislation (DB-HR and regulation).

- Measurement of the main figures on transport fuels and subsequent energy consumption, and calculation of emissions avoided.
- Setting of indirect emission reduction targets.
- Carbon fixing measurements: neutralisation of the pH levels of tunnel waste through injection of CO₂ and formation of H₂CO₃.
- Transport reduction: optimisation of land movement via soil lime stabilisation.

Lines of action for the management of GHG emissions in FCC's urban waste activity

Service vehicles and landfills are the main sources of emissions for this kind of activity. As these are non-point emissions, the strategy to fight against climate change must be specifically designed with this in mind.

The division's waste management lines of action are not the same for every company, and vary in accordance with the type of waste managed and the

extent to which climate change policies have been implemented.

The main waste management lines of action are:

- The selection of protocols to measure greenhouse gas emissions.
- The use of technology to capture greenhouse gases and minimise their impact.
- The reduction of biodegradable waste sent to landfills and an increase in recycling and re-use of this waste, thus reducing emissions generated by the degradation of organic materials.

The management of landfill emissions is complicated because not only are non-point emissions involved, but there is also an absence of any reliable and proven specific measurement protocols for this kind of activity (which would allow for the development of quantified emission reduction action plans). The gas emitted is mostly methane, a greenhouse gas that has 21 times more global warming potential than CO₂.





Selection of emission measurement protocols

WRG has published a report containing its proposal for evaluating the global impact of its carbon emissions. Although the Company's activities have a positive impact on society they also emit CO₂, and it is important that this effect be studied and reduced as much as possible.

The quantification model proposed by WRG includes the following important factors:

- The Group's gross CO₂ emissions.
- Discounting of CO₂ released from waste materials during the natural cycle.
- Carbon emissions which are avoided through the generation of electricity from waste.
- Calculation of the amount of CO₂ trapped when materials are deposited in the landfill.

In 2007 FCC Medio Ambiente requested a study from the environmental department of CIEMAT (Energy, Environment and Technology Research Centre) to identify the most suitable model for quantifying CO₂ emissions from the company's landfills.

Following research into the company's requirements and the characteristics of the biodegradable waste deposited in FCC landfills in Spain, the calculation model proposed by the IPCC (Intergovernmental Panel on Climate Change) was chosen. The study led to the implementation of a validated tool with strong scientific support, allowing the organisation to reach its objectives in the fight against climate change.



WRG captures and analyses GHG emissions from its landfills

WRG has signed contracts to supply electricity generation companies with gas captured from its landfills for subsequent use as biofuels in energy generation, which is subsequently sold as renewable energy.

Another renewable energy is also obtained from the Allington incineration plant, where waste is used as fuel in safe, efficient thermal processes from which steam, heat and electricity are obtained.

It is important to note that in none of the above-mentioned cases does WRG profit from the sale of emission rights, although waste value recovery makes a significant contribution to the challenge of sustainability.

Lines of action for managing GHG emissions in FCC's industrial waste activity

FCC Ámbito has no significant own sources of greenhouse gas emissions -in fact, this company's activity actually encourages the reduction of emission sources, such as industrial waste.

Particularly noteworthy actions undertaken by the company to minimise the impact of greenhouse gas emissions include the development of alternative fuels produced from waste and the optimisation of resources used by waste treatment systems.

Lines of action for CO₂ management in real estate activity

The two activities carried out by this division, equity management and real estate development, also generate CO₂ emissions, although they are considered insignificant within the context of the FCC Group's overall activity.

The lines of action defined by Realia concerning CO₂ reduction commitments are as follows:

- The optimisation of energy resources in buildings.
- Participation in sector forums and initiatives focusing on sustainable construction (in the case of real estate development).
- Sustainable construction by anticipating the entry into force of legislation in this field, as was the case with Realia and the technical building code.

Aqualia's lines of action for CO₂ management

Aqualia's main lines of action to tackle the issue of CO₂ emissions management are as follows:

- Identification and integration of indicators related to emissions and energy consumption into the division's global system.

- Commitment to renewable energies, mainly for installations with high consumption levels such as desalination plants, through collaboration with research centres, the construction of own installations and agreements with third parties.

Versia's lines of action for CO₂ management

Having analysed the activities in which this multi-service group is engaged, Versia has identified three activities with CO₂ emission impacts: rail/tram passenger transport, logistics services (mainly warehousing) and airport handling services.

The main lines of action for emissions reduction include all those related to the modernisation of equipment and the incorporation of replacement equipment with lower energy consumption. In terms of warehousing, the roofs on the company's industrial bays have been replaced to encourage the use of natural light.



Tram. Barcelona

Energy efficiency and the use of renewable energies

One of FCC's main lines of actions to minimise the impact of its greenhouse gas emissions, is to employ technologies that optimise energy and promote the use of renewable energies.

FCC's 2007-2008 Master Plan includes energy efficiency, the use of renewable energies and a reduction in consumption of natural resources as objectives to be met by the Group's two environmental area plans: "The fight against climate change" and "Eco-efficiency"

Área de negocio	Direct energy consumption	Observations
Cement	52,110,000.00 GJ	From non-renewable sources
Construction	1,030,620.81 GJ	99% petrol, diesel and fuel oil
Real Estate	56,565.85 GJ	39% natural gas and 61% diesel
Services	7,130,412.99 GJ	74% diesel, 23% natural gas, 3% others. Using waste managed in its own installations, WRG has generated and sold 8,362,141 GJ of energy in 2007.
Corporate division	889.61 GJ	Diesel

* No data available on Proactiva Medio Ambiente, ASA and international construction.



Electrical energy consumption by FCC in 2007 is as follows:

Business area	Electricity consumption	Observations
Cement	7,230,218 GJ	62% Spain, 22% Argentina, Uruguay and Tunisia, 15% USA
Construction ⁽¹⁾	38,097 GJ	
Real Estate	11,847,594.75 GJ	
Services	1,881,159.48 GJ	
Corporate division	10,755.9 GJ	

(1) Data on consumption by site offices

* No data available on Proactiva Medio Ambiente, ASA and international construction.

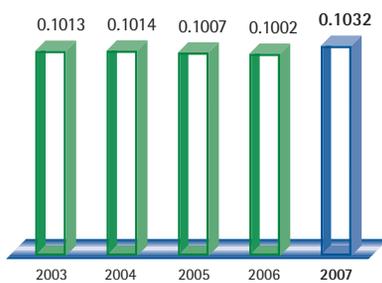
Energy management in the cement division

The cement division has the processes which consume the most energy within the FCC Group. The following charts show how specific electrical and calorific energy consumption by the cements division in Spain, the USA and other countries (Argentina, Uruguay and Tunisia) has developed over recent years:

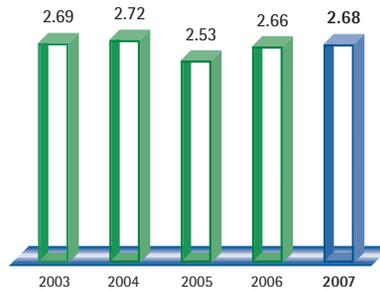


Olavarría plant, Argentina

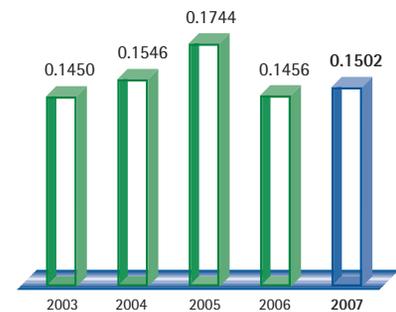
Specific electrical energy consumption in Spain
(MWh/Tm of cement)



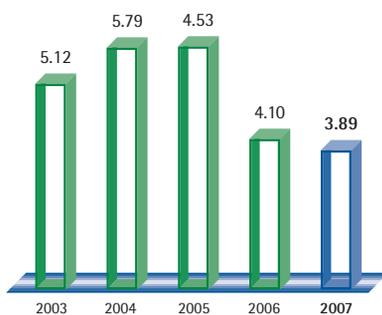
Specific calorific energy consumption in Spain
(Gj/Tm of cement)



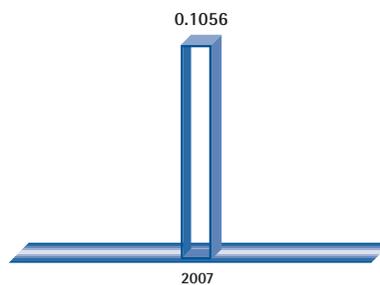
Specific electrical energy consumption in the USA
(MWh/Tm of cement)



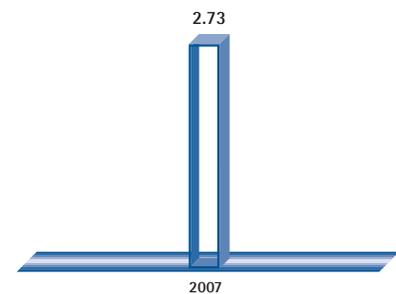
Specific calorific energy consumption in the USA
(Gj/Tm of cement)



Specific electrical energy consumption in other countries
(MWh/Tm of cement)



Specific calorific energy consumption in the other countries
(Gj/Tm of cement)



In 2007 Cementos Portland Valderrivas was awarded certification for the energy management system implemented in its plant at El Alto, Madrid, thereby becoming the first Spanish company to incorporate this system into its quality and environmental management systems.

Implicit in energy consumption are environmental aspects such as contaminating atmospheric emissions, the consumption of natural resources and waste generation, as well as significant financial costs. It is precisely these matters which make the search for energy efficiency a key objective for this business area.

In compliance with UNE Standard 216301, the energy management system is based on the collection of data on energy, legal requirements, objectives, goals and programmes, the delegation of functions, training, corrective and preventative measures and internal and external audits.

This system, which is accredited by AENOR and supported by the Ministry of Tourism, Trade and Commerce, is based on continuous improvement and is a mechanism to encourage energy efficiency throughout the entire manufacturing process, thus saving energy and reducing greenhouse gas emissions.

The path followed to obtain certification for the El Alto plant's energy management system will be implemented in other installations owned by this FCC subsidiary, making it a pioneer in this kind of sustainability work.

The El Alto plant, located in the town of Morata de Tajuña, is considered one of the most efficient cement plants in Europe, with an annual production capacity in excess of three million tonnes.

Use of alternative fuels by Cementos Portland Valderrivas

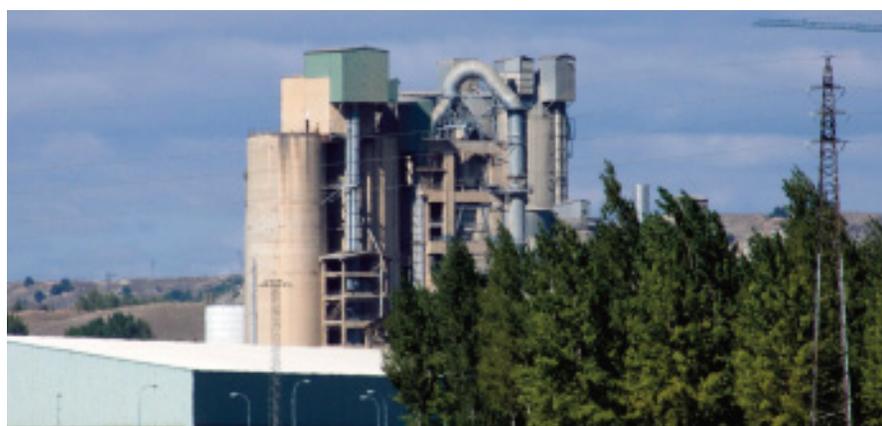
In order to reduce the consumption of non-renewable fossil fuels and to efficiently and safely handle waste, Cementos Portland Valderrivas has made a firm commitment to diversify its energy sources through the use of alternative fuels.

Waste is currently recycled in the Bath, Harleyville, Thomaston, Hontoria,

Lemona and Mataporquera plants, and tests are also being carried out in the Alcalá de Guadaíra and Vallcarca plants.

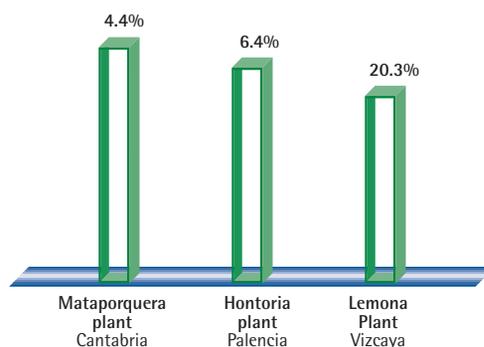
The following tables show the replacement rates for the Lemona (Vizcaya), Mataporquera (Cantabria) and Hontoria (Palencia) plants in Spain and the Harleyville (South Carolina) and Bath (Pennsylvania) plants in the USA.

Fuel replacement in Spain in 2007	% energy	Tonnes recycled
Hontoria plant	6.4	7,311
Lemona plant	20.3	25,671
Mataporquera plant	4.4	4,165



Hontoria plant. Palencia

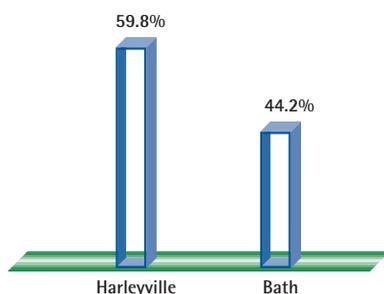
Fuel replacement. Year 2007 (% energy)



In total, 32,982 tonnes of waste have been recycled in Spain.

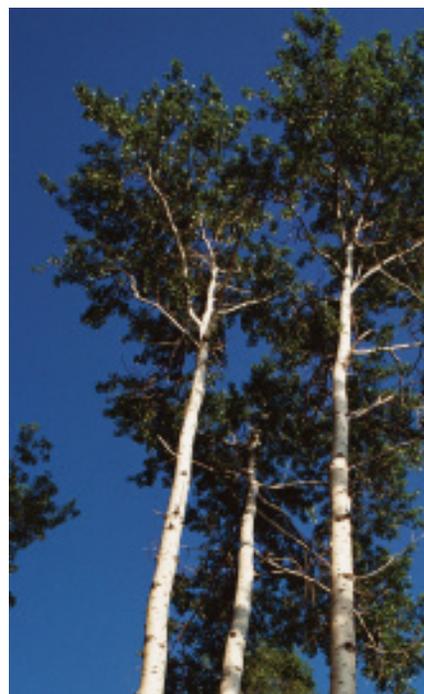
Energy recycling in the USA	% fuel replacement				
	2003	2004	2005	2006	2007
Harleyville	51,7%	50,4%	36,6%	58,5%	59,8%
Bath	43,6%	43,8%	43,2%	38,3%	44,2%
Thomaston	8,0%	7,0%	8,5%	7,0%	0,0%

Fuel replacement in the USA Year 2007 (% energy)



119,789 m³ of liquid waste and 20,230 tonnes of solid waste have been recycled in the USA.

In both Spain and the USA alternative fuels are produced from the treatment of waste, namely meat meal in the Hontoria plant and used tyres, wood waste and sliced plastics in the Lemona plant.



Use of biomass as a fuel in waste treatment plants

FCC Medio Ambiente's leachate treatment plants currently operating within the Barbanza environmental complex, and the Cartagena plant in Murcia, have led to significant environmental achievements reducing the impact from liquid waste (as contaminated water is treated on-site with zero effluents), as well as minimising atmospheric emissions.

The use of residual biomass (olive stones) as a fuel allows CO₂ emissions to be reduced, as other more contaminating fossil fuels are not being used. In 2007 alone, almost 900 tonnes of this fuel were used.

Generation of eco-fuels through waste recycling

As part of its activity, FCC Ámbito has two installations which produce fuel from waste for use in the industrial sector:

The Tedes plant has started to sell an "eco-fuel" produced using its hydrocarbon centrifugation and recycling treatment line, from the recoverable hydrocarbons present in waste. This type of waste is first subjected to a coarse grinding process to remove the majority of the sludge it contains, before being refined in vertical centrifuges where the water and sludge percentages required by the customer are achieved. When the resulting eco-fuel meets the specifications, it is then stored in the plant until it is sold.

Clean development mechanism projects



The Recitermia plant produces a blended fuel from waste with high calorific content, which is used in cement plant furnaces as a replacement to fossil fuels.

The clean development mechanism (CDM) is one of the three flexibility mechanisms included in the Kyoto Protocol, whereby an investor country can financially and technically invest in a host country by carrying out a project that generates carbon credits (each of which is equivalent to one tonne of non-emitted carbon dioxide).

FCC currently uses these kinds of projects to contribute to its climate change commitments through its business divisions, Cementos Portland Valderrivas, the FCC cements division and Proactiva Medio Ambiente, which is engaged in waste and water management in Latin America.

In 2007 two CDM projects which use husks as biomass were registered by Cementos Portland Valderrivas in San Luis (Argentina) and Minas (Uruguay). Allocation is expected following the verification of 79,400 CERs (emission reduction certificates) which started in December 2007.

Proactiva is carrying out a further seven CDM projects on the American continent, all at different stages of development:

- Doña Juana Project in Colombia. Registered with the Executive Committee of the United Nations Framework Convention on Climate Change (UNFCCC).
- Mérida Project in México. Registered with the Executive Committee of the UNFCCC.
- Fachinal Project in Argentina. Registered with the Executive Committee of the UNFCCC.
- Tijuquinhos Project in Brazil. Request for registration submitted to the Executive Committee of the UNFCCC.
- Presidente Project in Colombia. Design document currently being drafted.
- La Yesca Project in Chile. Design document currently being drafted.
- Tlalnepantla Project in México. Design document currently being drafted.



Landfill in México

Case study: "Biogas capture and flaring plant at the fachinal landfill (Argentina)": CDM project for the generation of carbon credits, recorded with the UN

Project stages and objectives

This is a joint public-private initiative whereby the investment of private funds generates a return for the regional government. The venture involves improving operational management by implementing a clean development mechanism (CDM) project which allows carbon credits to be sold.

In the second stage of the project the generated funds are invested in a sustainable development project, such as a programme to take full advantage of the heat generated by biogas combustion to power a wood dryer.

Estimated investment totals US\$ one million, and the project will generate approximately 300,000 carbon credits over ten years.

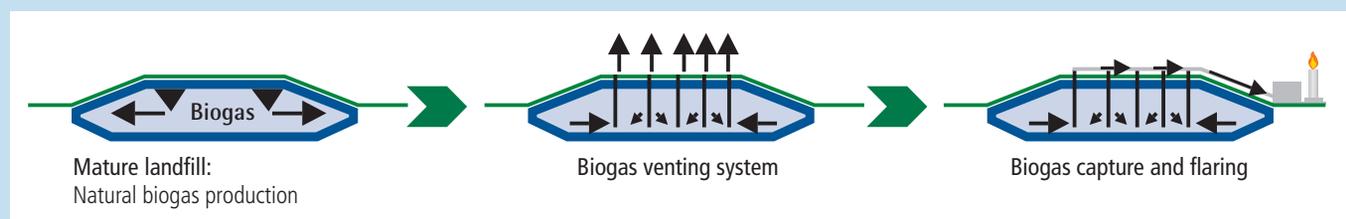
Description of the system

The system comprises four interlinked sub-systems:

- Capture sub-system (wells, heads and accessories).
- Suction and pipe sub-system (tubing, accessories, turbines and condensers).
- Measurement and analysis sub-system (equipment to measure and analyse gas entering and leaving the flare).
- Flaring sub-system (flare, accessories and automated parts).

Expected results

- Reduction in CH₄ atmospheric emissions, contributing to mitigating climate change. 1 tonne of CH₄ = 21 tonnes of CO₂.
- Better quality of surrounding air.
- Improved operational and environmental landfill management.
- Promotion of new sustainable development projects.
- Generation of direct and indirect employment.
- New CDM projects.
- Technological income vector for the province.

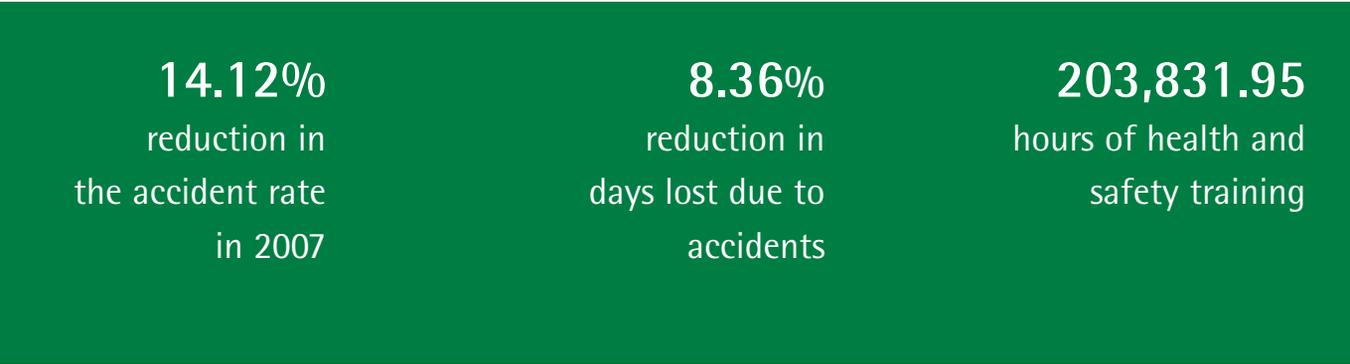


Year	Estimated emissions reduction (CO ₂ eq tonnes)	
2007	4 months	6,858
2008	12 months	24,020
2009	12 months	27,356
2010	12 months	30,602
2011	12 months	33,776
2012	12 months	36,892
2013	12 months	39,967
2014	12 months	43,015
2015	12 months	46,048
2016	12 months	49,079
2017	8 months	34,747
Total (CO₂eq tonnes)		372,361



safety, our responsibility

The FCC Group takes a comprehensive approach to safety, responsible management of which extends from the workplaces of our employees and contractors to our surroundings, for customers, users and local communities



Health and safety

At the FCC Group we strive to be a model company in terms of the health and safety of our employees, contractors and the surroundings in which we carry out our activities.

Against a background of growth in international business, in 2007 the goals of comprehensive management in terms of health and safety have been directed toward harmonising information and criteria for action in the group companies, with particular attention to new members, extending the number of employees within the Joint Prevention Service and to update the Group's certifications.

The FCC Group
comprehensively
manages prevention
as part of the integral
management of
professional risks

Improving the workplace and healthy and safe services has been promoted by a number of priorities for the year:

- Update and evaluate the scope of certifications in the Group. The certification map is a tangible asset for FCC, as it gives management backing through consistent and shared safety contents.
- Strengthen the system of information on occupational health and safety, through the development of an IT tool that enables health and safety performance indicators to be monitored throughout the group and in real time.
- Continue promoting training in occupational risk prevention from all social angles. This emphasis is to comply with FCC responsibilities in occupational risk prevention and subsidiary responsibilities, acquired voluntarily, with contractors.

The results in the main health and safety indicators endorse the efforts made.

FCC builds a sound prevention culture through the involvement of employers on respective committees and training, as well as the Group's participation in public and sector-based initiatives, forums for study and analysis of occupational accidents and other health and safety risks, their causes and the tools for consolidating improvements in this area. In Spain, the Spanish Health and Safety at Work Strategy (2007-2012) was ratified at the plenary session of the National Commission for Health and Safety at Work on 28 June 2007. FCC is committed to this framework for promoting a common goal.



Urban solid waste collection. Barcelona

Managing healthy and safe workplaces

The gradual implementation of a health and safety management system, based on the OHSAS 18.000 standard, enables a policy and targets to be developed and implemented that go beyond established legal requirements. As an overall goal in the implementation of the system is the support and promotion of good practices in health and safety at work balanced with socioeconomic requirements.

The commitment at all levels and functions of the organisation and particularly senior management have led to a permanent reduction in the number of accidents and in accident rates.

The specific medium-term goals of the health and safety management system are:

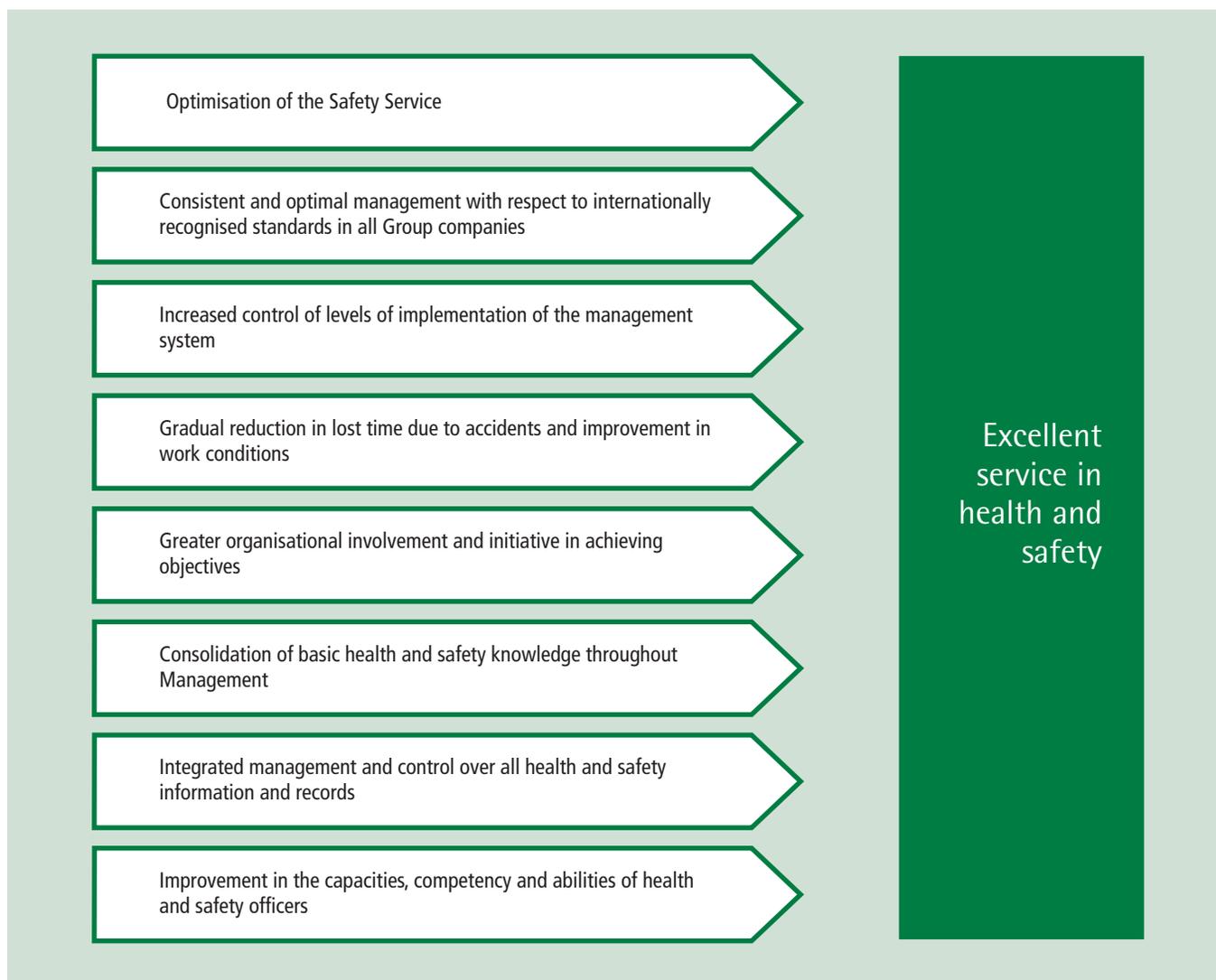
- Reduce the accident frequency rate by 15% for all business areas between 2008 and 2010 "Zero Accidents" objective.
- Decrease the number and duration of days lost due to accidents in the workplace by 8% each year between 2008 and 2010.
- Project the image of a Group dedicated to accident prevention.

- Ensure that the companies in Spain which make up the consolidated Group adhere to the Joint Prevention Service, through OHSAS certification.

- Guarantee optimum standardised management for all Group companies in line with internationally-recognised standards. Design of a single Prevention Service.

- Analysis of the situation of all companies with an international scope, and design of specific management systems.

- Implementation of the Prevista management tool.



The joint prevention service

Within the health and safety organisational model, the Joint Prevention Service is generally formed by:

- The **Safety at Work Department** with a general coordinator in each division overseeing various safety coordinators distributed according to geographical region and operation and safety officers assigned to the different areas, branches and companies. This system has been consolidated in all areas to gradually set up teams formed by the safety coordinator and one or more safety officers for each of these organisational units.

- The **Occupational Medicine Department**, which includes the Medical Service, provides medical assistance to the Group's companies and branches, with a total of 14 centres and 39 professionals (doctors and nurses) distributed geographically, with ongoing communication and coordination with the Safety at Work Department.

There were 298 health and safety officers working in the FCC Group at the end of 2007, which is eleven more than the previous year reflecting an increase of 3.8%. Of the total, 168 are engaged exclusively in occupational health and safety.



**The Occupational
Medicine Department
has 298 officers,
11 more than the
previous year. Of these,
168 are dedicated
exclusively
to occupational
health and safety**

The entire structure of the Safety Service, from the Safety Department to the safety coordinators and officers to the medical services in the corresponding area, recommends, develops and oversees measures aimed at implementing and improving the occupational health and safety management system in each division, defines initiatives for improving employees' health and safety and coordinates with the External Prevention Service on issues of ergonomics and industrial hygiene.

The **Safety at Work Department** is engaged in the following specific and ongoing activities:

- Design initiatives for adapting the regulatory framework and directing and optimising preventive resources.
- Preparation and review of the manual for the occupational health and safety management system.
- Internal health and safety audits.
- Management and coordination of external statutory audits, and for certification of the management system.
- Advising companies included in the Safety Service.
- Integration and preparation of statistical data on accident rates.
- Coordination and monitoring of state-assisted External Prevention Services activities.
- Relations with official health and safety organisations.

Health and safety officers and coordinators attend to each of the branches, areas or companies within

each division to encourage application of the procedures contained in the management system at each work centre, essentially carrying out:

- Risk evaluations.
- Preventive activity planning.
- Monitoring and supervision of the conditions of workplaces and facilities.
- Emergency plans.
- Information and training activities.
- Workplace accident investigations.

The occupational Health and Safety Management system is updated to achieve a more specific and appropriate distribution of technical responsibilities between health and safety coordinators and officers.

In 2007 Aqualia's health and safety management system was modified, and the health and safety officers in this area now Manage all Health and Safety specialties instead of collaborating with an External Service as has been the case to date.

The current structure offers more assurance that health and safety will be sufficiently integrated into the different production levels of the organisation.

Due to the change in management, the existing risk evaluation model has been reviewed in the management system.

The Joint Prevention Service covers 50,871 workers, 53% of the staff. This reduction, compared to the 63.4% of staff covered in 2006, is due to the new companies incorporated. FCC's rapid organic growth in the last 3 years has required a process for harmonising basic working standards, as explained in chapter III, "Responsibly creating value".

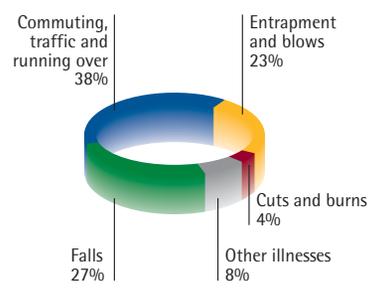
Monitoring occupational health and safety

In 2007 the accident rate in the FCC Group was 44.84, down 14.12% on 2006 and 17.30% compared to 2005. This indicator was reduced for the eleventh consecutive year in 2007. The services division is notable for its 14.55% reduction compared to 2006. The total reduction in days lost under the scope of the JPS in Spain was 647 (including Construcción and investee companies).

70.16% of companies within the Joint Prevention Service have been audited and OHSAS certified

The accident rate was down 14.12% on 2006. FCC has reduced this indicator every year for ten years

Serious incidents in the FCC Group 2007. Year 2007



FCC Group incidents in 2007	2004	2005	2006	2007
Own staff	54	37	53	52
Contractors	26	30	48	60
Total	80	67	101	112
Incidents=serious accidents and fatalities				
Accident rate	57.34	54.22	52.21	44.84
Lost time injuries per million hours worked per year				

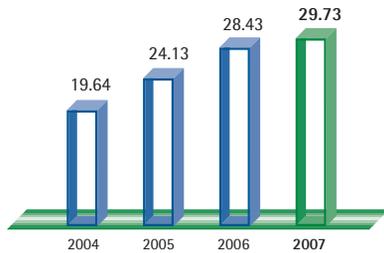
Note: National scope (companies adhered to the JPS)

Key occupational health and safety indicators, by area

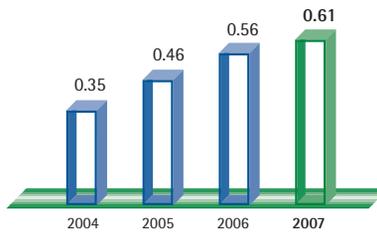
Note: National scope (companies adhered to the JPS)

FCC Construcción + Subcontrato. Spain

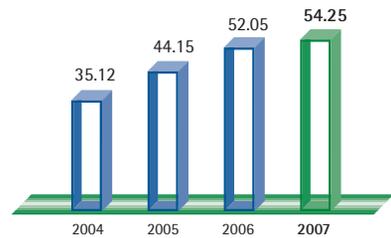
Lost time injury frequency



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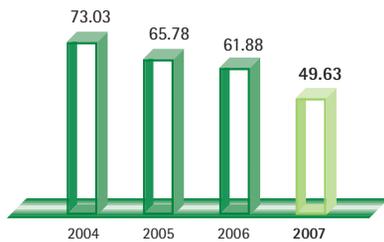


Incident rate

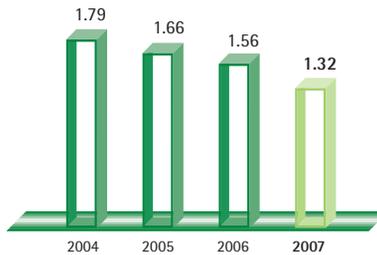


FCC Medio Ambiente. Spain

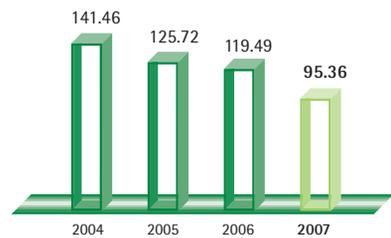
Lost time injury frequency



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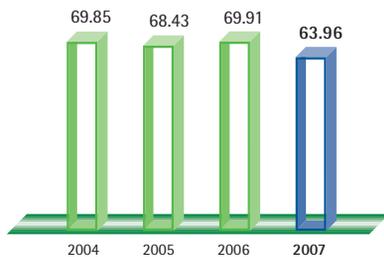


Incident rate

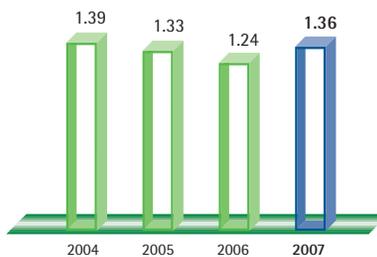


FCC Versia. Spain

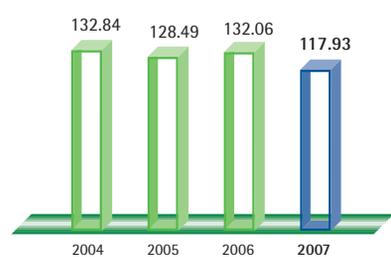
Lost time injury frequency



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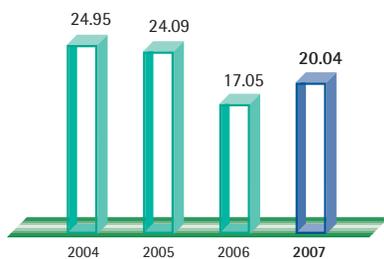
Incident rate



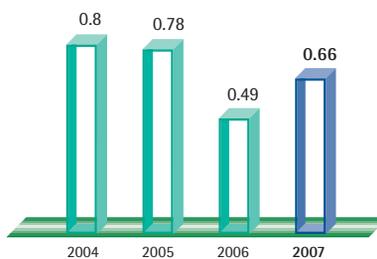
Note: 2007 data for Versia included transport data, which was not included in prior years.

Aqualia. Spain

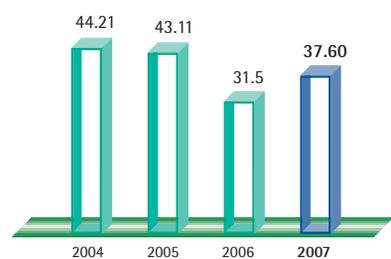
Lost time injury frequency



Severity index



Incident rate

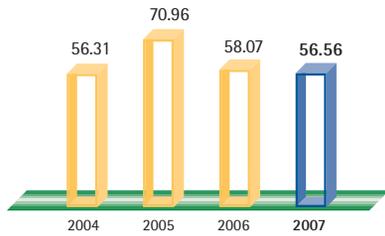


Note: Does not include SEARSA or SEAFSA.

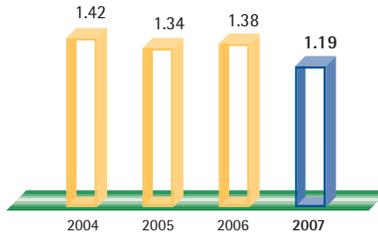


FCC Ámbito

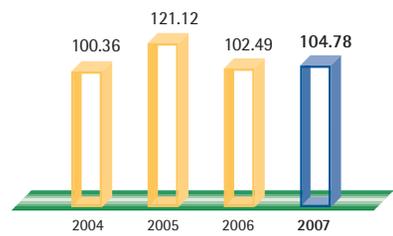
Lost time injury frequency



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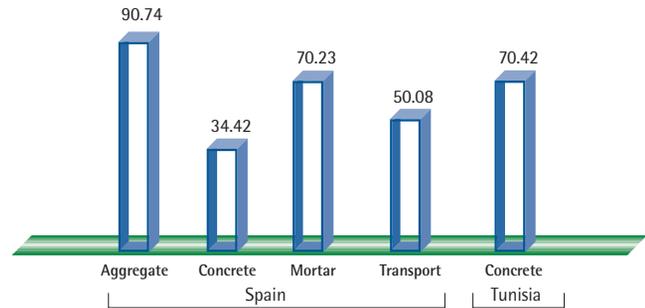
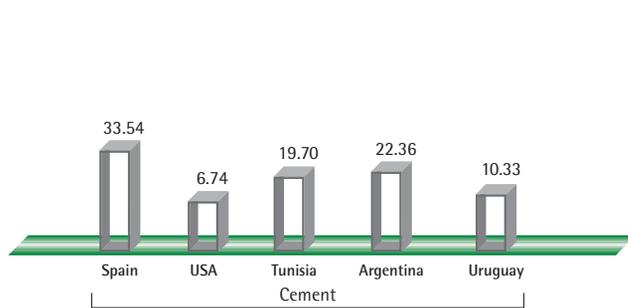


Incident rate

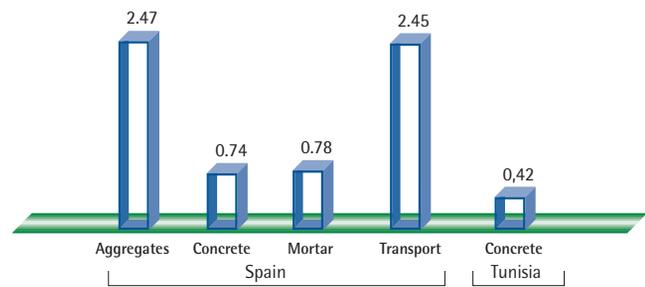
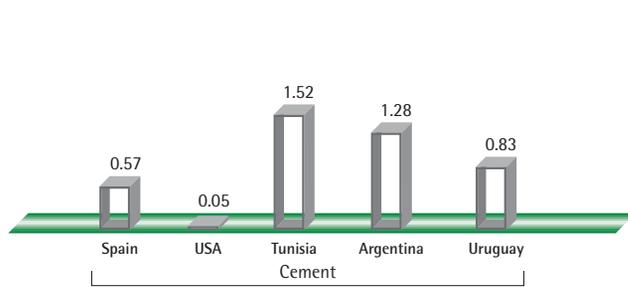


Cementos Portland Valderrivas

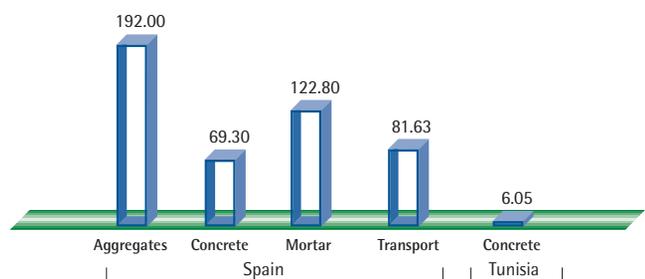
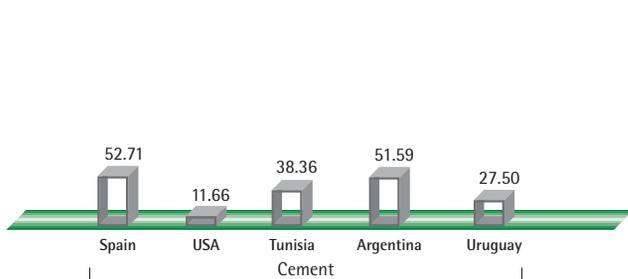
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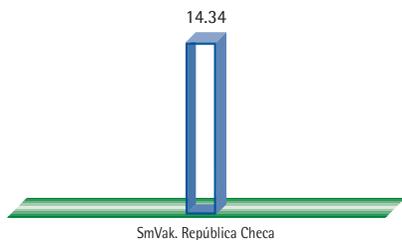


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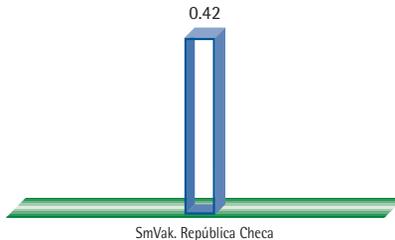


Aqualia. International

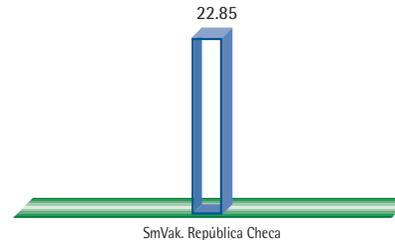
Lost time injury frequency



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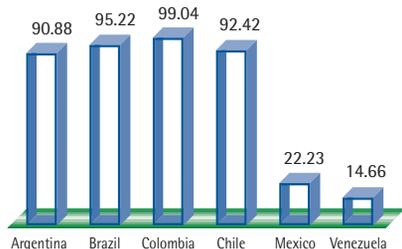


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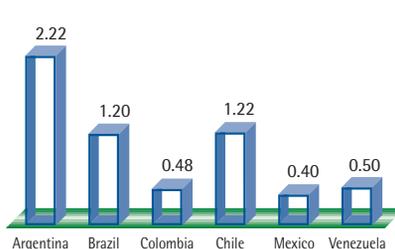


Proactiva Medio Ambiente (International)

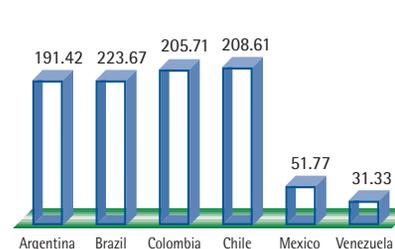
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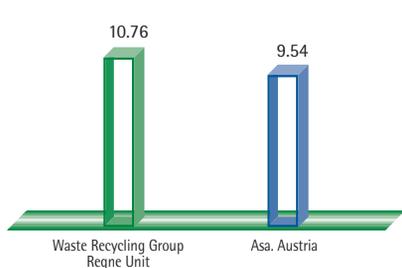


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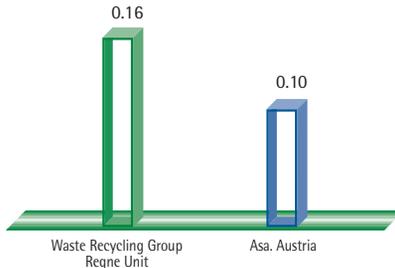


Medio Ambiente. Internacional (WRG y ASA)

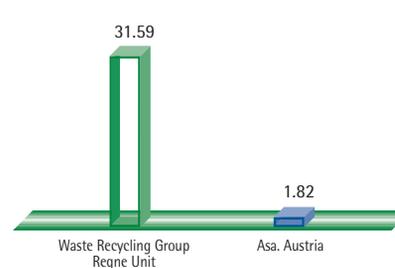
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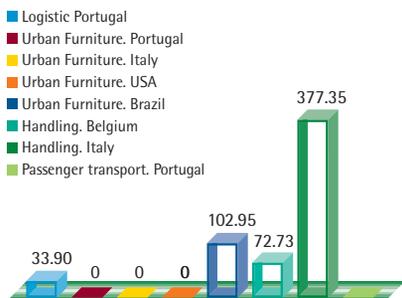


Incident rate

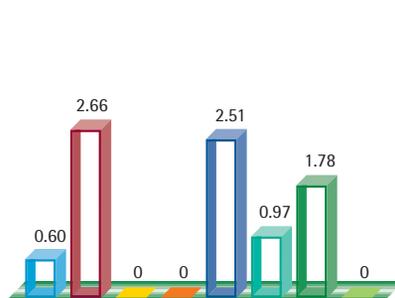


Versia. Internacional

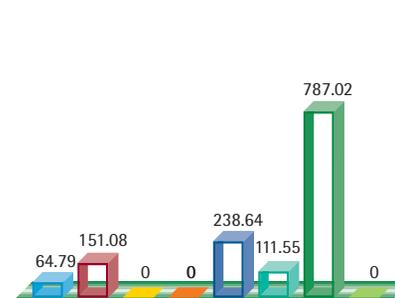
Lost time injury frequency



Severity index



Incident rate



Note: No data available on ITV Argentina.

The illnesses and accidents in 2007 reflect an improvement in the accident rate, with a 8.36% reduction in days lost due to accidents, and a slight increase in illnesses, with a 2.41% rise in days lost due to illness.

FCC Group	2004	2005	2006	2007
Absenteeism (sick and accident leave)	26,635	31,968	34,487	35,830
Accidents (employees on accident leave per accident)*	4,439	4,594	4,846	4,201
Workforce impact				
Days lost due to accidents	109,303	114,195	117,100	107,311
Days lost due to illness	792,412	918,201	1,029,205	1,054,060

* Excludes commuting and third party accidents.

Note: Scope (companies adhered to the JPS).

Health and safety culture

For FCC management, it is essential to communicate the importance of health and safety in our activities to our workers, contractors and stakeholders. Our ongoing efforts include participation in forums, awareness campaigns and continuous training of employees and contractors.

Health and safety training for employees and contractors

In accordance with Company regulations and requirements, our staff and subcontractors receive basic health and safety information and specific training depending on their field of activity.

In 2007, the number of people trained in health and safety was 33,816. Training hours totalled 203,831.95, with an average duration of 6.03 hours

Health and safety training, by area

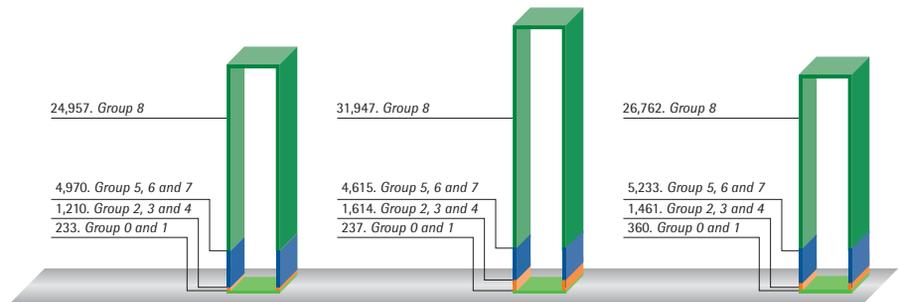
	Total trainees	Total training hours	Total training initiatives
Medio Ambiente	16,596	53,582.17	743
Ámbito	1,049	4,676.00	105
Aqualia	4,699	28,132.25	15
Versia	9,181	84,745.37	192
Construction	802	17,633.16	83
Cement	1,225	9,271.00	72
Real Estate	na	na	na
Corporate areas	264	5,792.00	18

Note: National scope. Real estate data is not available, as it was only included in 2007.



80% of the investment in health and safety is directed at operators and junior operators (group 8). 14% of the health and safety training expense is for technical and administrative assistants (groups 5, 6 and 7). Higher groups account for 6% of the total training expense

Health and safety training by professional category



The FCC Group is committed to ongoing improvement in occupational health and safety. The efficiency of the various management systems implemented for health and safety, quality and the environment is continuously evaluated and improvements made in consequent reviews of those systems. The health and safety management system was reviewed in various areas including FCC Medio Ambiente and Aqualia in 2007.

Public commitment to promoting health and safety

The FCC Group publicly promotes health and safety, as demonstrated by its active involvement in various associations.

The FCC Medical Service continues to develop alcohol and drug rehabilitation programmes. Smokers are helped to quit and general advice on addictions (gambling etc.) is available. These schemes extend to employee's direct family members.

The Oficemen, Anefa and Anefhop associations have lobbied for changes in regulations for the cement/concrete/aggregates sector.

FCC's work through the Aespla, the Spanish Association of Occupational Health and Safety Services, is also notable:

Internal Aespla Association work

The following issues were addressed at the Association meeting held in June 2007:

- ❑ Current Spanish occupational health and safety strategy (2007-2011).
- ❑ Current situation of occupational medicine within the health and safety framework.
- ❑ European agreements between businesses and unions: work-related stress and harassment in the workplace.

Presentations: The Technical Advisory department gave an account of the presentation made by the Work and Social Security Inspectorate's Health and Safety Department on the new list of work-related illnesses and the role of the Work Inspectorate. This presentation took place at the event organised by Fraternidad Muprespa in January 2007.

Documents: Documentation prepared by Technical Advisory:

- ❑ Instructions for coordinating business activities in the presence of External Prevention Service personnel.
- ❑ Technical assessment of the Spanish occupational health and safety strategy (2007-2012).
- ❑ Conclusions from the Laboralia-Aespla-Prevevida virtual forum of occupational health and safety experts.

External work by the Association

Working groups: with regard to the Spanish occupational health and safety strategy (2007-2012), the association has set up working groups to address certain measures included in the Action Plan:

- ❑ Within objective 2 for improving the efficiency and quality of the safety system, with particular emphasis on entities specialised in safety:
 - Action 2.1 with measures to give companies incentives to boost their own resources.
 - Action 2.2 with measures to ensure that joint prevention services are efficient and transparent.
 - Actions 2.3 and 2.4 on the criteria for the effectiveness and quality that could be required in external prevention services and audit and training entities.
 - Action 2.6 on preparing measures for monitoring health and the occupational medicine specialty.
- ❑ Within objective 3 for promoting the involvement of business leaders and workers in improving occupational health and safety, actions 3.3 and 3.4 for regulatory measures enacting those established for objective 3, related with company decisions as to how health and safety is organised.
- ❑ Within objective 5 for optimising occupational health and safety information and research, action 5.1.B. for revising the criteria applicable for reporting and registering work-related illnesses and accidents.

Documents submitted for the Association's consultation

- Draft of the basic and general guidelines for monitoring employees' health.
- Framework protocol collaboration project between the General Council of the Judiciary, State Prosecution Service, Ministry of Work and Social Affairs and the Ministry of the Interior for efficient and rapid investigation of crimes against workers and execution of respective sentences.
- The document from the National Institute of Safety and Hygiene at Work (INSHT) entitled: "Managing the risks of chemical agent exposure".

Forums

The association has participated in the following forums:

- Forum of health and safety experts organised jointly by Laboralia-Aespla-Preveida.
- Sicur Organising Committee.
- A project by the Observatorio de Salud Laboral initiative, entitled "Application of quality criteria to health and safety services in Spain."

Events

The most significant events in 2007 were:

- International Occupational Safety Day, held at the Aguas Andinas facilities in Santiago de Chile in May, at which our association's interest in the project was demonstrated.
- IX Euro-American Conference on "risk and work" in Salamanca in November, in the debate on "the future of health and safety officer training."
- In April a conference was held on new regulations on work-related illnesses (RD 1299/2006 and Order TAS/1/2007) at the Fraternidad Muprespa hospital in Madrid.



Case studies

Proactiva Medio Ambiente backs the first Latin American Sanitation Conference and the Millennium Goals

Latinosan is the first high-level conference on sanitation in Latin America. This event, sponsored by Proactiva Medio Ambiente, the FCC Group specialised in integral water and waste management in Latin America, was between 12 and 16 November in Cali, Columbia, and organised by the Universidad del Valle and World Bank. 900 delegates took part from 40 countries, 22 official delegations, multilateral bodies and local NGOs.

The forum analysed the sanitation situation in Latin America.

One of the objectives of the forum was to adopt a Ministerial Declaration for 2008, declared the International Year of Sanitation by the United Nations. Sanitation is also one of the Millennium Development Goals.

Bringing these services to vulnerable populations means contributing to the health and well-being of millions of men, women and children in Latin America and, above all, helping indigenous communities and those who live in remote and poor areas.

Proactiva thereby reinforces its responsible commitment to Latin America, the region where it operates.

Target 10 of the seventh Millennium Development Goal (MDG) is to "halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation"



Instalaciones fachinal y entorno. Argentina

Cotecnica Chacao promotes health and safety training programmes

Cotecnica Chacao, a company from the Proactiva Medio Ambiente Venezuela group, through Central Health and Safety and assisted by the Human Resources Department, carried out major training programmes for its workers in 2007, to improve health and safety management and promote a culture of safety in the workplace. Specialists from

the Environment and Health and Safety Institute (IPCA), belonging to the Chacao municipality, offered workshops on handling fire extinguishers, forming emergency teams, evacuation and adverse events plans, and first aid. This relationship between the IPCA and Cotecnica Chacao has enhanced the personal, professional and technical skills of the company's workers.

Employees and workers have also received training in: corporate self-protection, safe handling and use of chemical products and introduction to industrial safety. These initiatives leave no doubt as to the dedication of Proactiva Medio Ambiente companies to safe and healthy working conditions.

“Prevista” management software: improvement in Health and Safety services

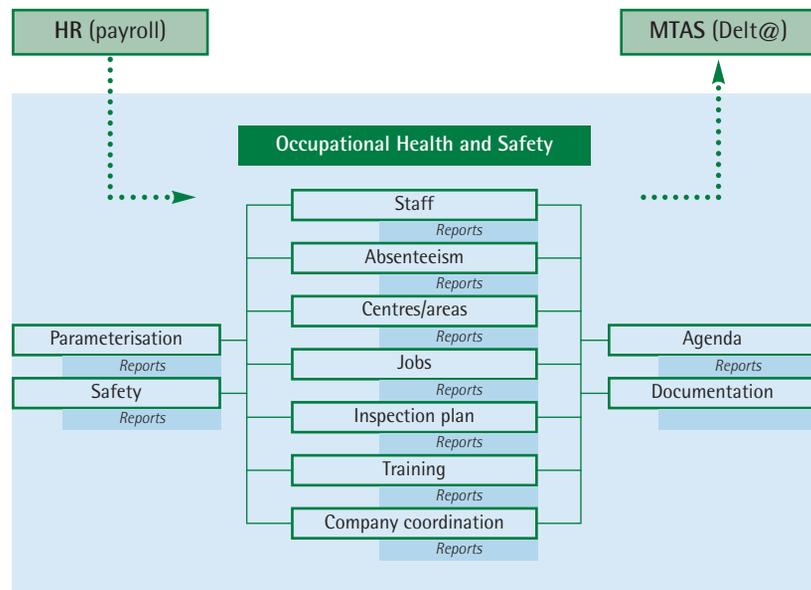
In 2007 the Company started to implement a new management tool for use by health and safety officers. The application has been developed internally with the collaboration of technicians from the Services department in the Versia division.

The software optimises management of staff-related processes (personal data, categories, training, work assignment, activity etc.) and those associated with, for example, monitoring health, evaluating risks, accident rates and preventive maintenance. The tool reinforces control over subcontracted companies and monitors the maintenance and review of their services. It also enables documentation to be generated on evaluations of risk, by jobs and centres, and the information necessary to monitor incidents and compliance with preventive measures adopted (maintenance, reviews, etc.).

The main improvements achieved through this management software are:

- Optimised occupational health and safety processes, helping to reduce risks by means of:
 - Anticipating risk situations.
 - Preventive plans.
 - Giving access to information to the different users involved in occupational health and safety.
- Improved productivity.
- Reduced levels of absenteeism and accident rates.
- Identifying the right people for the right jobs.

Modular architecture



FCC Medio Ambiente road safety campaign



FCC Medio Ambiente has launched a pilot road safety campaign for all its centres in Spain in collaboration with Ávila City Council and the Mapfre Foundation. The goal has been to give employees information and training regarding safe driving practices. The results were announced in December at an event attended by the mayor of Ávila. This safe driving scheme involves workers in preventing dangerous use of vehicles on public roads.

The initiative has been aimed at all employees, even those who do not usually drive the company's vehicles. Essentially an informative and educational campaign, it includes issues of road safety in the work environment.

Cementos Portland Valderrivas: good health and safety practices

For Cementos Portland Valderrivas, occupational health and safety is a priority and forms an integral part of its general management system, involving all levels of Group management and constantly present in any activity undertaken and all decisions made.

Three of our companies, Lemona Industrial, Cementos Alfa and Aripresa, have OHSAS 18001 certified occupational health and safety management systems. Our goal is for all the cement factories in Spain to become certified in the next two years.

As the first step in this process, work has started on preparing a corporate occupational health and safety manual in accordance with the OHSAS 18001 specification.

Occupational health and safety awareness campaigns and training initiatives have helped create a sound health and safety culture, ensuring that legal obligations are met and encouraging responsible workplace conduct aimed at reducing the number of accidents.

The "Canal Portland-Visión Preventiva" campaign was launched in 2004 and features videos of real-life work scenarios in cement factories and the "Portland-Dummy" character, based on a crash test dummy. This preventive initiative is open to the company through the website.

www.canalportland.com

The health and safety at work campaign at the company Hympsa, part of the cement division, has also continued. Workers are given rewards as an incentive to achieve a zero accident rate.

As a result of the work of Cementos Portland Valderrivas employees to achieve health and safety levels of excellence, one of the quarries belonging to the Group was awarded the First European Prize for Sustainable Development in the category of good health and safety practices.



Significant fines resulting from non-compliance with regulations relating to supply, information, marketing and use of products and services

In 2007 fines totalling Euros 114,530 were imposed on the Group, relating to: a consumption fine for infractions of regional and local legislation; Data Protection Agency (the company has appealed against both these fines);

infringement of the law on prevention and healthcare provision for substances which may create dependency, and due to the advertising of tobacco and alcohol products; and abusive clauses in contracts.

the eco-intelligent drive

Commitment to environmental technologies is one of the FCC Group's main strategies, focusing on the generation of synergies with environmental protection, innovation, profitability and growth opportunities within the market

We invested in environmental technology to get a head start in eco-efficiency and position ourselves at the forefront of a market which will soon reward these efforts

Eco-efficiency forms part of our corporate strategy, culture, operations and daily work

20% more water managed by Aqualia, with only a 14.2% increase in electrical energy consumption

more than **4,000,000** tonnes of industrial waste recycled and recovered

almost **200** hectares of protected areas of high biodiversity



The eco-intelligent approach has significant financial, environmental and social value, and FCC continuously strengthens its commitment to eco-efficiency and to reducing the negative impact of its operations on the environment by working to share knowledge and invest in environmental technologies and improved management.

FCC's commitment to environmental technology is based on procedures to improve the management of resources such as water supply, new clinkers and

cements obtained from eco-efficient processing, as well as waste management technology.

The Group aims to respond to growing social demand to resolve environmental problems, such as climate change, deforestation and air and water pollution. This commitment is what drives us to improve and look for new products and processes, thereby breaking the link between negative environmental impact and the Group's development.

Environmental technologies employed by the FCC Group meet three objectives:

- Satisfying growing demand for a cleaner environment;
- Reducing the environmental impact of economic growth;
- Managing the potential impact of the most demanding environmental regulations on Group activity, both in terms of risks and opportunities.

Investment in R+D+I and collaboration with technological partners have led to improvements in FCC's products and processes, reducing waste and emissions and optimising the resources and other environmental impact indicators managed by the company.

In many cases the increase in investment costs can be offset by savings generated through improved process efficiency in terms of energy use, raw materials and the workforce, as well as improving

product quality and reducing the demand for waste disposal. Nevertheless, if this is to be achieved it is crucial that efforts be made to attract as much investment as possible. In this spirit, FCC participates in sector initiatives which seek to implement frameworks to encourage advances in environmental technologies in construction, environmental services such as water and waste management, and in all the other areas in which the FCC Group operates. FCC expects the market recognition of actions and solutions geared towards increasing eco-efficiency.

The Company aims to meet its corporate social responsibility commitments, providing competitive facilities and becoming a sector leader in terms of eco-efficiency. Through this strategic commitment FCC is pre-empting a framework of more favourable market conditions arising from public policy developments in this field.

R+D+I, a tool for FCC's eco-intelligent development

Due to the wide range of activities carried out by FCC and the diversity of the sector's requirements, issues and innovative potential, the Group's R+D+I activity is performed by each of its lines of business, in most cases through specific departments created for this purpose.

The FCC Group carries out strategic R+D+I activities which, despite being coordinated by the group to a certain extent, are performed by each business area in question. FCC's objective is R+D+I that is proactive in nature, and not merely a response to problems relating to manufacturing or customer demands. The Group also ensures that the selection of its R+D+I projects is based on detailed observation of the surrounding area, with involvement from as many business areas as possible.

In certain cases R+D+I is the responsibility of the management and sustainability systems within the various areas involved, and normally includes the following activities:

- Detection of ideas for possible future projects from a variety of sources.
- Project planning and execution.
- Sourcing of financing from European programmes such as Eureka and Iberoeka, as well as national initiatives like Profit and CDTI.
- Project certification.
- Measurement of the effectiveness of activities developed.
- Publication of results.
- Representation in R+D+I organisations and commissions and participation in forums at European and international level.

The following table shows the budget earmarked for R+D+I projects in 2007, broken down by area. The figures are estimated and are lower than actual values, as some activities do



Parks and gardens cleaning service. Ávila

not record individual figures for R+D+I investment and, consequently, they have not been included in the amounts shown in this report.

Business area	Budget (€) <i>(including external financing)</i>
Construction	13,912,694*
Cement	778,000
Services	3,311,168

* 65.7% investment, 28.5% interest-free credit and 5.8% subsidies.

No data available for real estate, Waste Recycling Group, ASA and Proactiva

FCC's R+D+I objective is to strengthen creativity and the Group's uniqueness by selecting truly innovative projects. Currently, projects are chosen from the following sources:

- Records projecting technical actions (APATs).
- Customer requests.
- Training activities.
- Participation in external organisations and technological centres.
- Memos from the Managing Director.
- Technological monitoring.
- Demand and trend studies.
- Benchmarking.

The FCC Group promotes the exchange of experiences, learning and the search for intragroup synergies in the R+D+I area. This spirit was the driving force behind the R+D+I meeting organised by the Group's corporate social responsibility direction this year. All the business areas participate in this event, represented by R+D+I managers and members of the CR committee.

Innovation Promotion Award

As in previous years, in 2007 FCC Construcción recognised efforts made in the fields of innovation and creativity by presenting its Innovation Promotion Award, which pays tribute to the areas within the Company which have carried out the most relevant work during the year. The awards are presented in a ceremony held in Madrid's Torre Picasso, and are attended by both senior FCC Group management and property developers.

The 2007 Innovation Promotion Award was presented ex-aequo to:

- The study on low reflection caissons for docks and sea walls, by the technical services department.
- Platform extensions and creation of a new vestibule in Sol station on line 3 of the Madrid metro, by the transport delegation.

Special mention was also made of the work carried out by ALPINE's BPV-Betonfilterpress Blüten "Weicher Betone" (equipment to measure the segregation of fresh concrete in special foundations).



Extension of platforms and new entrance hallway for Sol station, Madrid metro line 3

2007 Innovation Promotion Award: Low reflection caissons for docks and sea walls (Global)

Caisson work is currently the most frequent type of activity carried out on maritime projects in Spain, although it is not completely straightforward. Caissons form vertical structures with high wave reflection capacity, which leads to dock problems as the resulting movement affects the boats on the surface.

This R+D+I project was carried out to provide FCC with its own technology to resolve high reflection problems, thereby meeting the true needs of the market. It included a component which was essentially experimental, and was conducted through a collaboration agreement with the Spanish centre for public works research and experimentation (CEDEX), part of the Ministry of Public Works.

The solution's innovative feature lies in its excellent capacity to reduce reflection on vertical faces over a long period of time, covering all relevant situations which may arise in ports located in Spain and all over the world.



2007 Innovation Promotion Award: Platform extensions and creation of a new vestibule in Sol metro station, Line 3 (Madrid)

This project was part of a complete overhaul of the stations located on line 3 of the Madrid metro, and mainly consisted of extending the station length from 60 to 90 metres, thereby increasing the line's capacity by 50%. Consequently, line 3 has also been able to absorb the increase in passenger numbers arising from the 8km extension of the line to Villaverde, which was also constructed by FCC.

This project's main innovation was the replacement of the methods used to support buildings through provisional bracing or structures based on predicted forces with a technical system that provides instant information on deformation, alerting project managers immediately and, most importantly, allowing any potential subsidence to be corrected using hydraulic jacks.

Innovation of the construction system used has required high levels of safety while carrying out the work, both for those working on the projects, the users of the buildings in question and passers-by. Thanks to the system employed, the metro service was only suspended on two occasions.

FCC innovation lines with environmental criteria

The main strategic lines followed by the Group in the field of innovation can be seen through the main projects undertaken by the Group in 2007:

Cement

The R+D+I work performed by the cement division is mainly based on optimising manufacturing processes and searching for raw materials with better results and a smaller impact. The most noteworthy projects underway are:

- Classification of possible raw materials and fuels, both alternative and conventional, for use in the Group's plants. 48 reports of this nature were prepared in 2007.
- Project in the United States to optimise the use of materials in the Group's new dry method process, with ambitious financial results.
- Optimisation of current products and the search for others with new values, especially in the areas of stabilisation/land solidification/contaminating waste, through the preparation of two conglomerates.
- Research into new cements to collaborate in reducing greenhouse gas emissions, with the request for two new patents.
- Manufacture of conglomerates for sludge stabilisation.

Construction

The subjects covered by the projects mainly concern the characteristics of construction materials, and their aim is to improve performance based on usage conditions and the reduction of their impact on the environment. The Group carries out both internal projects which provide solutions to specific activity-related issues and other projects with a national and European scope.

The cornerstone of R+D+I in the construction area is the Group's R+D+I management system, which is certified by UNE standard 166002.

A list of projects in this area and their main characteristics can be seen at www.fccco.es. Some of the most noteworthy are:

Project MANUBUILD, FCC Construcción: Open Building Manufacturing

This is a new concept in building production which combines value, innovation, efficiency and security. Assembly work is carried out both in the plant and on the actual work site, and the project aims to reduce production costs by 50%, execution time by 70% and accidents in the workplace by 90%. This project will be carried out between 2005 and 2009.

Project ARFRISOL., FCC Construcción: Bioclimatic architecture and solar cooling

This project has revolutionised the practice of bioclimatic architecture and the use of solar energy in buildings, with the aim of making electrical and thermal savings in cooling and heating. The planned activities include the use of photovoltaic panels to produce electrical energy in symbolic public buildings (some newly constructed and others which are being refurbished), located in five different areas with diverse weather conditions. The project will be carried out between 2005 and 2008.

Project HATCONS, FCC Construcción: Technological research and development into high performance materials

This project aims to substantially improve the structural and functional properties of materials used in underground projects. Work is carried out to design and control highly workable fibre-based concretes for use in the manufacture of bridge segments. The project incorporates certain environmental criteria, including the reuse of materials generated by excavation activity. Calendar: 2005-2008.

Project FIBRAS, FCC Construcción

Systematic use of steel fibre-reinforced concrete in resistant elements which are prefabricated on site. The possibility of using fibres made from alternative materials is also being studied. Period: 2004-2007.

**FCC Construcción's
R+D+I Management
System is certified
by UNE standard
166002**

CEMUSA, in collaboration with UPM and CSIC, aims to produce a light urban vehicle, with hybrid propulsion through two engine formats: thermal + solar panels and fuel cell + solar panels. The vehicle will also have photovoltaic energy to recharge its fuel cells



Street furniture

R+D+I projects are aimed at creating more sustainable cities, where the high levels of activity associated with urban centres co-exist with optimal conditions and quality of life for their inhabitants.

Project EPISOL. Versia, Cemusa. Electrical vehicle with fuel cell and solar energy

Social pressure to develop non-contaminating vehicles has encouraged constant progress in cleaner fuel technologies, and the fuel cell has become the way to best meet pollution prevention requirements which will soon be demanded from transportation. Nevertheless, this is still a far-off reality, and must be preceded by hybrid technologies with thermal propulsion.

In this regard Cemusa, FCC's street furniture subsidiary, along with support from the INSIA-UPM and IAI-CSIC research centres, is working towards manufacturing a light urban vehicle with a hybrid propulsion system incorporating two engine versions: in the initial stage the vehicle will employ a thermal engine and solar panels and then, in the second stage, a fuel cell and solar panels. The vehicle will use photovoltaic energy to help recharge its fuel cell.

The following considerations have been taken into account for this project:

- Approval for city driving (light micro-car, special vehicle, etc.).
- Capacity and load volume to be determined (minimum 120 kg and 1 m³).
- Minimum autonomy of 30 km when fully charged. Easy to recharge.
- Solar panels for auxiliary fuel cell recharging.

- Room for two people (the licence type still needs to be determined).
- Enclosed interior/protected from extreme weather conditions.
- Easy access to the interior and driver's seat.
- Forward drive (min. 45 km/h) and reverse.
- Base vehicle which can carry devices for various work or leisure-related applications.

Quality is our prime concern, as a solid, quality design is the backbone of any winning project. A suitable chassis must be designed that complies with all the necessary conditions but, most importantly, the end solution must be versatile. Recyclability is also an important requirement, as by 2015 all new vehicles will be legally required to have more than 85% recyclable or reusable parts.

The current safety status of light vehicles will be studied in detail, and the next steps to be taken will be planned. This is a vehicle of the future and, consequently we have to think about the requirements which will be in place by 2015, when it will be commonplace to see an EPISOL working in parks and gardens, delivering the mail or recharging itself, with a family version meeting urban mobility requirements.

Project C-CYCLES, Versia, Cemusa: Public intermodal system for sustainable mobility

C-CYCLES is a bike sharing system that makes a number of vehicles available to the general public, which can be simply and intuitively hired and monitored in real time. This mobility programme encourages travel through the city on public transport in a new, fun and healthy way.

Above all else C-CYCLES is a public service, which aims to represent a serious alternative to private motor transport, supporting traditional public transportation services with the added value of being comfortable, healthy, fun and environmentally-friendly. It also aims to be a planning instrument, with the statistics collected representing a valuable database for local government when it comes to designing involvement and strategic decisions concerning sustainable mobility.

The C-CYCLES project also represents intermodality. Offering this service outside public transport interchanges, train stations and bus route terminuses allows members of the general public to make their way into the city centre without their own vehicle, picking up a bicycle whenever they need one. The pick-up points will be a maximum of 15 minutes on foot from each other,

and the possibility to pick up the bicycle in one area and drop it off in another allows for flexible and dynamic urban mobility on various forms of transport (train, bicycle, bus etc.).

How C-CYCLES works:

A smart card, which can be used in all the cities in which the system operates, allows the holder to pick up a bicycle from any of the pick-up points in the area. The bicycle can then be returned to any point that is free, regardless of where it was first picked up.

This allows for much quicker, more flexible use: the bicycle is only ridden when truly necessary, just as with the user's own vehicle, but the atmosphere is not polluted as a result and, particularly with shorter journeys, transport is much quicker and more efficient.

Water management

AqualIndex, the Aqualia index for sustainable water management

Aqualia, FCC's water management company, has developed AqualIndex, a tool that includes a system of mathematical indicators that produce a single index, quickly and reliably detailing the company's situation and trends and allowing for easy decision-making.

The AqualIndex tool has been developed by Aqualia, and includes important features:

- It is a management tool that allows for quick, effective action to be taken.
- It is an effective tool for internally and externally communicating results and trends in management policies (transmitting complex information in a simple manner).
- It allows comparison between the different companies within the sector.

Improvements in the quality of water supplied by Aqualia in Santander

This project mainly seeks to identify the variability of water quality and how easily it can be treated, with the following specific objectives:

- Detection of possible sources of pollution, with particular focus on specific industrial pollutants and phytosanitary products used for agricultural purposes.
- Assessment of historical water quality trends in the reservoirs normally used to supply Santander, as well as possible future water capture from the Ebro dam.
- Assessment of current water quality in periods when water levels are low.
- Evaluation of potential trihalomethane formation to determine whether specific treatments are required.



The objective for the first year of the project was to adapt and improve the drinking water treatment plant (Estación de Tratamiento de Agua Potable-ETAP) by incorporating the latest scientific advances.

Development of new technologies for treating industrial wastewater

This project marks a new achievement in the purification of wastewater, and was designed to respond to problems encountered in improving the efficiency of water purification processes, without leading to excessive costs. This initiative is currently in its third year.

Anaerobic reactor

This project aims to design an efficient treatment plan whereby production costs can be assumed by the company. To achieve this, anaerobic reactors were used (with much lower operating costs than aerobic reactors), and the traditional problems associated with this technology were successfully resolved. These issues had previously prevented widespread use of this technology over physiochemical and aerobic treatments, despite the very high operating costs involved in the latter processes.

The project aims to make anaerobic reactors the industry's technology of choice, not only for sectors which produce easily-separable granular sludge, but also in the vast majority of sectors which experience sludge decanting problems, and consequently the technology will focus on the decanting of non-granular sludge.

Advanced oxidisation

Some industrial wastewater compounds which need to be controlled in line with IPPC Law 16 of 2002 are not easily biodegradable, although they may be chemically oxidised. These compounds are found in industrial wastewaters from various sectors, including the chemical

and pharmaceutical, iron and steel, energy, landfill leachates, textile, paper, waste management, oil manufacturing (with polyphenol presence), distillation, automobile, land treatment and refining sectors, and consequently traditional physiochemical and biological techniques do not provide an adequate response to the IPPC law.

AOPs (advanced oxidation processes) are new techniques which, by generating hydroxyl (OH) radicals with high oxidation potential, are capable of fully mineralising organic material. These processes had been developed at university level, but were not available for commercial purposes.



Zero effluents

Once quite strict water quality requirements had been reached, and given the problems of water shortages, it was necessary to make progress in the reuse of wastewater. To do so the Company adopted this project to bring

together secondary and tertiary treatments through a membrane bioreactor, which allows for the pre-treatment of osmosis membranes. As the fouling index of the membranes is reduced through the process, they remain unsaturated and operate much more effectively, therefore meeting water reuse requirements (mainly relating to conductivity).

Waste management

The special research lines followed by this area of FCC are related to:

- Spanish climate change and clean energy strategy.
- Renewable energy plan.
- Encouraging protection of nature and biodiversity.
- Areas detailed within the European Regional Development Fund.

Project to define environmental variables and indicators in joint solid urban waste treatment processes. FCC Medio Ambiente

The Company seeks to optimise its various SUW treatment processes (selections, tunnel composting and dry biomethanisation). This project includes the design of basic quantitative and qualitative environmental indicators obtained from mass, energy and hybrid balances for each of the processes. The data obtained is used to expand the composting recommendations guide, as well as to prepare new wet and dry biomethanisation recommendations and waste selection processes. Period: 2002-2007.

Project to optimise composting processes. Agronomic repercussions. FCC Medio Ambiente

The aim of this project is to identify the sources of heavy metals present in compost in order to apply suitable

techniques to reduce their concentration. Depending on its composition, the compost may be used for agronomic applications. Period: 2006-2009.

Project to analyse the environmental impact of vehicles based on their fuel type. FCC Medio Ambiente

In collaboration with the Universidad Politécnica de Madrid's automobile research institute, an analysis was performed on the environmental performance (emisiones de CO₂, CO, hidrocarburos, NO_x y PM₁₀) hydrocarbon, NO_x and PM₁₀ emissions) of road cleaning and waste collection and transportation vehicles, comparing different monitoring models: biodiesel and CNG + biodiesel.

Project to reduce sludge in industrial wastewater purification plants. FCC Ámbito

This project is run by FCC Ámbito in one of its industrial waste recovery and treatment plants, and aims to lower sludge quantities and toxin levels. Due to the large amount of waste sludge currently produced, the project seeks to develop a technological policy which allows the reduction, modification and reuse of excess sludge generated by water treatment plants. One possible way of reusing sludge is by obtaining active carbon, which can subsequently be used as a catalyst in processes to oxidise the chemical load of wastewaters.

Side-loading collection vehicles. FCC Medio Ambiente

Over recent years we have witnessed a considerable increase in waste collection through side-loading systems, as opposed to traditional rear-loading. This has been mainly due to two factors: a noticeable drop in the workforce due to automation of the collection system; and a lower rear overhang than with rear-loading vehicles.

Although FCC Medio Ambiente has updated and improved its existing machinery right from the time when this kind of side-loading vehicle first appeared, vehicle bodies have been significantly modernised and adapted this year, resulting in quieter equipment with improved performance.

Performance has mainly been improved by the following actions:

- The packing blade can evacuate all deposited waste before the loading arm deposits a new load, due to the use of a large hopper that is unique on the market, with over 5 m³ of capacity.
- The hydraulics of the collection vehicle have been modified to reduce the compacting cycles to just 13 seconds.

- The complete refuse container lifting cycle has been reduced to just 36 seconds.
- Modification of the container lifting arm and the containers themselves to allow for 60° rotation (for side-loading the standard rotation is 42°). This means that the container can be rapidly emptied, thus reducing the time taken and the noise levels involved.

Soundproofing has improved significantly, with modifications to both the vehicle body and the lifting arm ensuring minimum movement during unloading.

These actions have reduced by 3-4 dBA the noise made by side-loading vehicles when lifting, turning and lowering a refuse container.



Solid urban waste collection service. Side loading vehicle. Barcelona

Our main indicators

Environmental management systems

It is an undeniable fact that environmental management systems represent an excellent tool for continually improving the environmental performance of our activities. These systems encourage up-to-date knowledge on all relevant environmental aspects, control of compliance with applicable environmental legislation, operational control of activities with an environmental impact and the monitoring of the environmental objectives regularly adopted by the Company.

In 2007 we have continued with our permanent objective of widening the scope of our management systems. Specifically, we have obtained new certificates in the management systems employed by Cementos Portland Valderrivas, FCC Ámbito, FCC Medio Ambiente, Aqualia and WRG. The changing structure of the Group, mainly due to the acquisition of new companies (some of which have no management systems implemented), has complicated comparability over the years and does not allow for an overview of positive trends in the scope of certification.

Division	Scope of environmental management systems (ISO14001 or EMAS) based on turnover
Construction	65%
Cementos Portland Valderrivas	60%
Realia	underway
Versia	12.7%
FCC Medio Ambiente	77%
WRG	60.6%
FCC Ámbito	69.58%
Aqualia	35.48%

No data available for Proactiva and ASA.

Management of logistics services, mainly focusing on warehouse management, is an aspect considered material by FCC's stakeholders. The Company's operations in this field are certified with the Lógica quality seal, following external verification of the correct implementation of the best practices code prepared by the Spanish business organisation for logistics operators.

Lógica seal for FCC's logistics services

FCC has been externally certified following verification of the correct implementation of the best practices code prepared by the Spanish business organisation of logistics operators. The Lógica seal implies:

- Commitment to excellence.
- Dedication to continuous improvement.
- Active contribution to the economic and social development of the sector.

Principle number 8 of the aforementioned code states that *"the logistics operator and its customers must be aware of their commitments to the environment and society, which must be considered both within their areas of activity and externally, focusing on their possible impact.*

- Adoption of all the measures required to safeguard the environment by reducing the contaminating emissions generated by the logistics operator, thus minimising the environmental impact whether through internal or subcontracted means.
- Making waste management a practice to guarantee health and environmental quality, in collaboration with suppliers and customers.
- Establishment of emission and waste control mechanisms, training of personnel, and any other elements which contribute to defining a true environmental policy for logistics operators".

All of FCC's activities are subject to environmental regulations. In the majority of cases, authorisation must be received from local government before operations can begin, and the Group's facilities receive regular government inspections.

Considering the size of the Group and the activities it includes, sanctions imposed due to non-compliance with environmental regulations are not material. In 2007 monetary sanctions were imposed on FCC totalling Euros 36,480, representing just 0.00026 % of the Group's total turnover.

Emissions

Apart from CO₂ emissions generated by all FCC Group activities, to which the entire "Towards a low-carbon economy" chapter was dedicated, other contaminating emissions have been detected, which will be discussed in this section. The cement division is by far the area with the greatest environmental impact in terms of these atmospheric emissions (NO_x, SO₂ and particles).

Cement manufacturing is the production process within this division that generates the most emissions, arising

mainly from the handling, storage and processing of pulverulent materials. Consequently, this activity is linked to particle emissions, which have traditionally had the greatest impact, as well as the furnace burning of crude oil, which emits combustion gases (mainly nitrogen and sulphur oxides and carbon dioxide).

Emissions control is carried out by systems which continuously measure the main pollutants:

- Analysers to measure particles from channelled sources in furnaces, clinker coolers, cement mills and carbon mills.
- Multiparametric gas analysers to measure NO_x, SO₂, CO, HCl, HF and O₂ in furnaces. Annual measurements are also taken of HCl, HF, COV, benzene, PAH, heavy metals (As, Cd, Cr, Cu, Hg, Ni, Pb, Zn), PM-10, dioxins and furans, according to European Commission decision of 17 July 2000 on the preparation of a European inventory of contaminating emissions.

The prevention, control and minimising of the environmental impact of the cement division is based on the application of the Group's environmental policy. This policy is supported by each installation's management system and, in operating terms, is reflected in investment in projects to modernise and improve installations through environmental criteria. This activity promotes the application of best available techniques (BATs) in, inter alia, cement, aggregate and concrete plants, which include:



- Implementation of selective non-catalytic reduction (SNCR) installations. This technique is based on the injection of water with 25% ammonia content to improve NOx emissions from cement furnaces.
- Improvements in particle emissions by installing hose filters.

In 2007 a new precalciner was installed in the gas exchanger to increase the time that gases spend in the exchanger, reducing NOx formation and increasing sulphur oxide fixing in the clinker produced. This new equipment has significantly reduced the levels of atmospheric emissions generated.

Geographical scope Cement	Cementos Portland Valderrivas, 2007					
	SO ₂ emissions		NO _x emissions		Particle emissions	
	Indicator value	Unit	Indicator value	Unit	Indicator value	Unit
Spain cement	0.24	Kg/Tm cement	1.42	Kg/Tm cement	0.03	Kg/Tm cement
USA cement	1.28	Kg/Tm cement	1.1	Kg/Tm cement	0.10	Kg/Tm cement
Tunisia cement	0.08	Kg/Tm cement	1.51	Kg/Tm cement	0.18	Kg/Tm cement
Argentina cement	0.01	Kg/Tm cement	0.94	Kg/Tm cement	0.21	Kg/Tm cement
Uruguay cement	0.2	Kg/Tm clinker	0.84	Kg/Tm clinker	0.03	Kg/Tm clinker



Ozone layer depleting substances

Chlorofluorocarbons (CFC's), hydrofluorocarbons (HCFC's) and halons are gases which have the potential to destroy the ozone layer. Although FCC does not directly use these gases in its activities, they may be found in refrigeration equipment, fire extinguishing devices and air conditioning units currently in use and awaiting replacement. Possible leaks are negligible, and the sources of the gases are controlled through regulatory maintenance activities carried out by authorised personnel.

Through its waste management division the Group contributes to the adequate treatment of the aforementioned gases, minimising their impact on the environment. FCC Ámbito receives equipment containing these substances at the end of their useful lives, which are degasified under suitable controlled conditions, with the gases subsequently being stored in specific tanks.

Consumption of raw and auxiliary materials

The increase in demand for production and services leads to a rise in production inputs, of which the consumption of raw materials and energy are particularly relevant.

For certain Group activities, such as those carried out by the cement area, the demand for raw materials represents a significant environmental concern. In general, the course of action followed by the Group is to optimise the yield of the materials consumed and to use by-products and waste as substitutes for raw and auxiliary materials.

The industrial waste division FCC Ámbito uses industrial waste with specific chemical and physical characteristics to replace reactive materials in the stabilisation and physico-chemical treatment of hazardous waste at its installations.

Total materials consumed (tonnes)	Indicator value
Cement	744,200,569.00
Construction	8,801,006.00 (only asphalt)
Services (FCC Ámbito)	23,169.36
Services (Aqualia)	29,509.13
Services (FCC Medio Ambiente Spain, WRG)	437,016.00
Services (Versia)	58,075.56
Total	753,035,467.05

* No data available for Proactiva Medio Ambiente, ASA, international construction and real estate.

In addition to asphalt, construction activity also consumes 12,473,931 m³ of other raw materials, such as concrete, paint, solvents, releasing agents, anti-freeze, etc.

The construction division has implemented Project Reto, an initiative to obtain concrete from aggregates contained in the waste generated by tunnel boring machines and dredgers.

Consumption of materials in the cement area

Cement is the FCC Group area which consumes the largest quantity of materials, and the consumption of raw materials is an environmental issue which has been identified by the Sustainable Cement Initiative (SCI) as a key concern for the industry.



Due to increased production and the year-on-year improvement in the reporting of environmental indicators, the quantities of materials consumed by the cement division presented below reflect an appreciable increase.

The use of waste, in particular surplus aggregates to manufacture concrete, is a practice which is being progressively implemented to minimise the unnecessary consumption of resources in works

Raw materials used in the cement activity

Limestone marl	Gypsum	Kaolins
Clay	Pozzolan	Other materials such as concrete, pyrite, grinding additives, quartz, meat and bone meal, mill scale, limestone filler or paper and industrial sludge.
Sand	Ashes and slag	
Limonite	Ferrous sulphate	

Geographical areas	2006	2007
Spain. Cement, Concrete, aggregates and mortar	42,317,522 Tm	61,775,288 Tm
USA. Cement	3,372,818 Tm	3,437,223 Tm

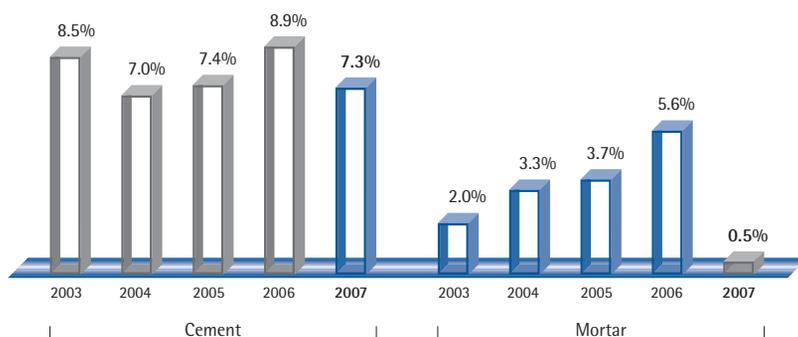
The objective of the cement area is to advance in the use of alternative raw materials, such as by-products and waste. Apart from their lack of apparent value, the disposal of these materials represents an increasingly significant problem for the community. They can, however, be recovered at the cement factories, while simultaneously avoiding their disposal in landfills or waste storage tanks.



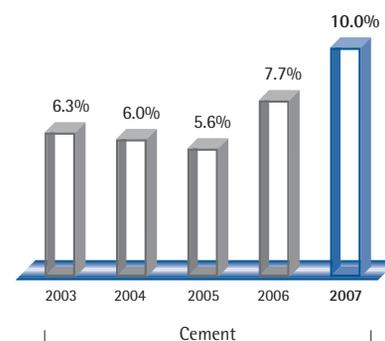
By-products used as raw materials in factories include slag, ash, ferrous sulphate, pyrite, foundry sand, fluorite, concrete, waste treatment plant furnace ash, ground gypsum and carbonate sludge.

Spain		Percentage of raw materials comprising waste				
Business unit	2003	2004	2005	2006	2007	
Cement	8.5%	7.0%	7.4%	8.9%	7.3%	
Concrete	0.4%	0.8%	0.7%	0.4%	0.3%	
Mortar	2.0%	3.3%	3.7%	5.6%	0.5%	

Replacement of raw materials with waste in Spain



Replacement of raw materials with waste in the USA



USA		Percentage of raw materials comprising waste				
Business unit	2003	2004	2005	2006	2007	
Cement	6.3%	6.0%	5.6%	7.7%	10.0%	

Water management

Water is essential to practically all the activities carried out by the FCC Group. It is a component of the products manufactured in the cement division; it is necessary for the manufacture of concrete in the construction division; it is used to

obtain steam for the plants which generate energy from waste; it is employed in the decontamination of industrial waste, and it is vital to road cleaning and garden maintenance activity.

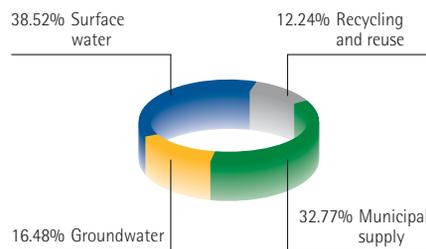
The following table presents the FCC Group's water consumption by business division. Although cement activity is that which consumes the most water, Aqualia, the FCC division responsible for comprehensive water management, is the protagonist of this section, having collected 838,017,604 m³ of water in 2007.

The FCC Group's 2007-2008 Corporate social responsibility Master Plan includes specific targets for reducing water consumption within all its divisions, as a key strategy for improving eco-efficiency. The initiatives carried out within the Group are aimed at increasing eco-efficiency in resource-consuming processes by reusing wastewater, making full use of rainwater, etc.

Business area	2007 water consumption (m ³)
Cement	13,979,628.00
Construction	8,803,178.45
Corporate Division	6,091.00
Real Estate	146,073.00
Services	3,940,526.50
Total	26,875,496.94

* No data available for Proactiva Medio Ambiente, ASA and international construction.

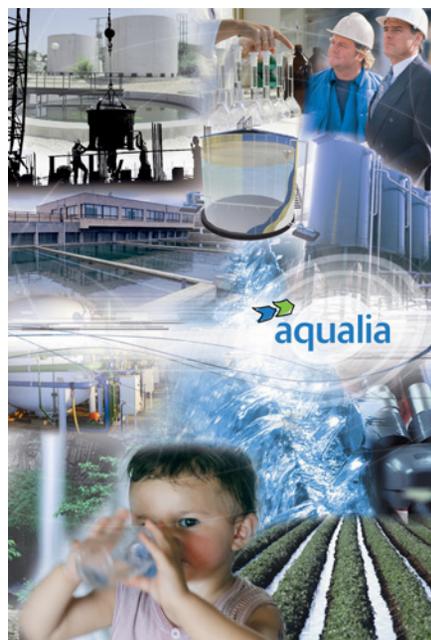
Source of the water consumed in FCC



The "carbon footprint" cannot be sustained for much longer. The key solutions are efficiency, a change in values, the use of renewable energies and greater public participation.

The specific courses of action that form part of Aqualia's management strategy are as follows:

- Reuse of water, and the Zero Effluents Project.
- Lower operating costs for wastewater treatment plants.
- The specific elimination of emerging contaminants.
- Energy efficiency in comprehensive water management.
- Raising public awareness regarding the use of this scarce resource.
- Implementing new sources of water collection other than continental surface waters.



Aqualia and responsible water management

Aqualia adopts a responsible approach to the sustainable management and development of scarce water resources under high demand, taking into account the following global concerns:

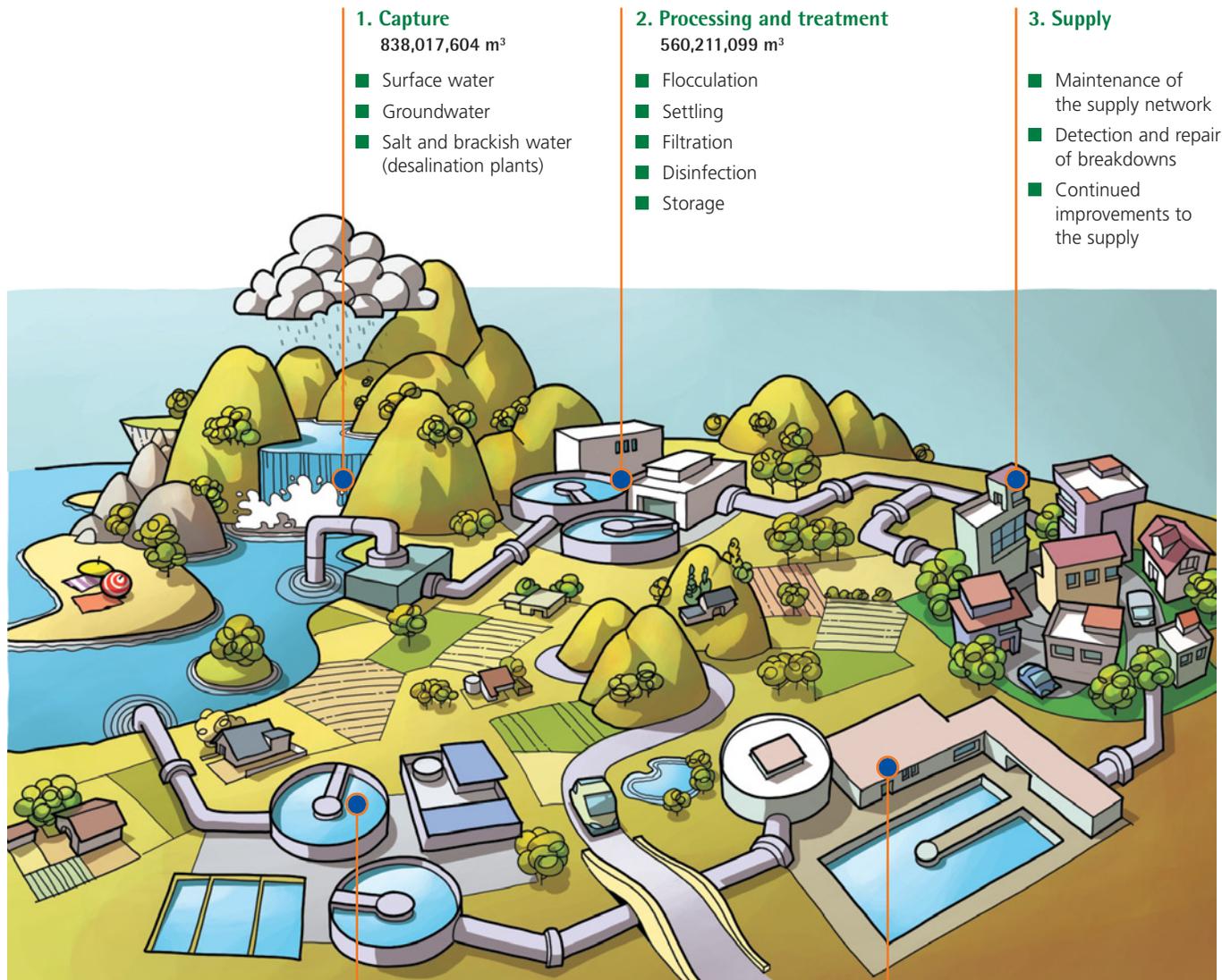
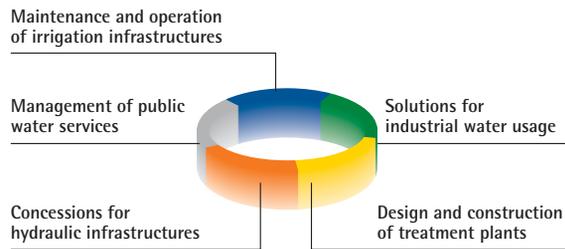
- The main threats to water sustainability are inadequate management, poor distribution and lack of investment.
- 2/3 of the world's water consumption is used, inefficiently, by the agricultural sector.
- The ever-growing demand for water, with millions of deaths caused by inadequate access to the water supply or sanitation.

In terms of sustainable and water management, Aqualia performs a dual role: managing the service that provides access to this scarce resource while alerting customers and users of their own responsibility regarding sustainable water management



Aqualia's activity is largely focused on mitigating the environmental impact of other domestic and industrial activities on water resources, and includes both the construction of infrastructures for wastewater treatment and conversion into drinking water, and the management of these infrastructures.

Aqualia lines of activity



1. Capture 838,017,604 m³

- Surface water
- Groundwater
- Salt and brackish water (desalination plants)

2. Processing and treatment 560,211,099 m³

- Flocculation
- Settling
- Filtration
- Disinfection
- Storage

3. Supply

- Maintenance of the supply network
- Detection and repair of breakdowns
- Continued improvements to the supply

5. Purification 430,216,986 m³

- Screening
- Degritting and degreasing
- Initial settling
- Biological treatment
- Clarification
- Refining and disinfection

4. Sanitation

- Wastewater re-pumping plants

As a key to correct water management, Aqualia strives daily to improve the efficiency of its processes, preventing leakages as far as possible, optimising energy consumption, reusing treated wastewater and recovering the sludge produced by the water treatment process.

Aqualia collected 838,017,604 m³ of water in 2007, 72% of which came from surface sources and 20% from groundwater. The volume of water extracted by Aqualia is determined by each municipality's demand for this resource.

Aqualia's main areas of action are aimed at:

- Improving the hydraulic yield of the system.
- Reducing losses through leaks.
- Preventing possible fraudulent activity.

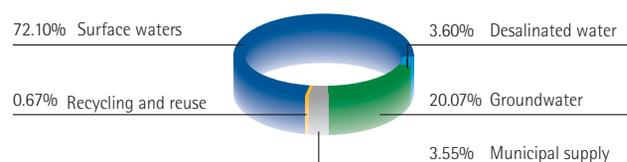
Reducing water loss

Aqualia has adopted a variety of measures to meet this objective:

- Implementation of a systematic program to search for leaks.
- Annual investments to renovate infrastructures (tanks, networks, connections, water meters, etc.).
- Digitalisation of the supply networks and implementation of the Aqualia Gisprogram.
- A remote control system which permits constant monitoring of the quality of the water supplied and the conditions of equipment and installations, thereby enabling the correction of any deficiencies detected and optimising the way in which the service is managed.

Aqualia indicators	2006	2007
Water collected (m ³)	562,275,000	838,017,604
Volume of water treated (supply)	497,954,152	560,211,099
Volume of water treated (drainage)	464,285,220	430,216,986

Water source. Aqualia



Desalination

The FCC Group's first desalination plant was built in Fuerteventura in 1992. Aqualia has maintained a policy of investing to improve its desalination plants, ensuring greater capacity, lower energy consumption and improved technology. An important aspect of these installations is the control and mitigation of the effects of brine on the surrounding sea bed. Consequently, prior to developing a plant

of this kind, Aqualia analyses the sensitivity of local marine life and identifies the most appropriate course of action.

Aqualia is in the process of building a plant in Algeria with a capacity of 200,000 m³/day. Current production at plants operated by the FCC Group totals over 500,000 m³/day.

Wastewater treatment

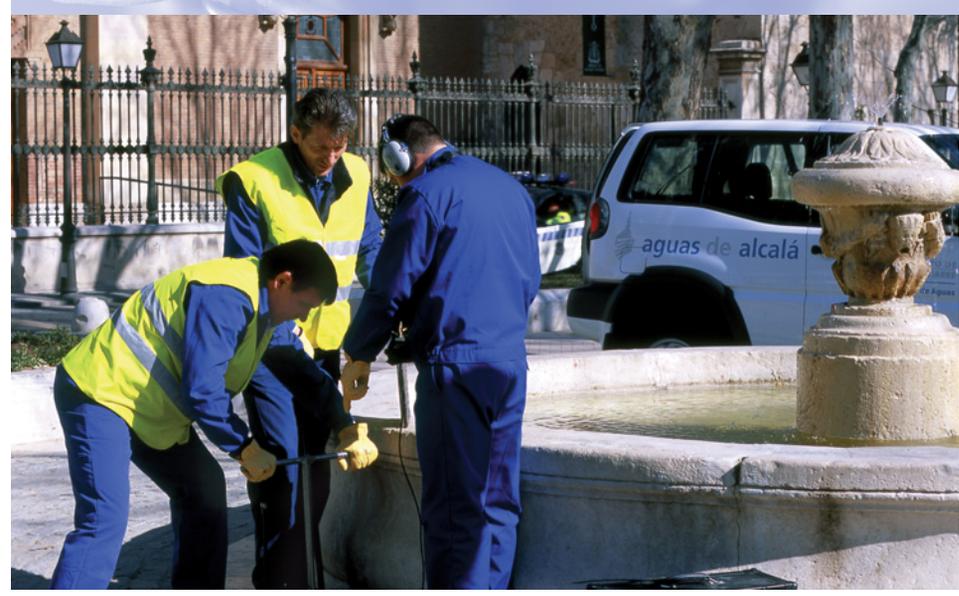
Aqualia's wastewater management is aimed at the purification of domestic and industrial wastewater, and also includes the treatment of rainwater, due to the high number of municipalities with single drainage networks for rainwater and sewage.

Aqualia's initiatives are mainly aimed at improving the quality and quantity of the waste treated, attempting to extend the treatment stages to achieve an ever larger volume of recycled water.

Desalination is key to Aqualia's strategic development. For over a decade Aqualia has invested in desalination plants with greater capacity, lower energy consumption and improved technology

In addition to waste, another of the outflows of the wastewater treatment installations is the sludge produced in this process. To reduce the impact of these installations as much as possible, the sludge generated is used in two different ways:

- As manure in the agricultural sector.
- By using the biogas generated in its decomposition to obtain electrical energy.



	2006	2007
Volume of water treated (m ³)	488,337,270	430,216,986
Sludge produced (Tm)	310,019	332,370
Sludge used as compost (Tm)	116,568	86,228
Sludge used for direct agricultural application (Tm)	141,998	153,011
Electrical energy produced with biogas (kWh)	11,891,321	8,740,969

Aqualia's ongoing commitment to reducing energy consumption at its installations forms part of its strategy for combating climate change.

Installations	kWh 2005	kWh 2006	kWh 2007	Variation 2006-2007
Collection	108,988,709	112,345,082	106,568,024	-5.14%
Conversion into drinking water	82,757,214	83,024,452	85,709,618	3.23%
Distribution	61,845,837	61,409,508	55,379,923	-9.82%
Sewerage	17,235,640	18,699,627	22,181,051	18.62%
Waste treatment	172,125,002	165,191,504	166,845,487	1.00%

Despite the notable increase in the volume of water managed by Aqualia in 2007, up 20% on 2006, the rise in electrical energy consumed throughout the entire cycle is only 14.2%

Waste management at the FCC Group

Land is one of the most valuable resources affected by business activity, and its occupation, contamination and loss are closely linked to waste generation, an environmental aspect with high relevance for FCC's activity.

The Group carries out activities associated with high waste production, as is the case for cement and construction, as well as

urban and industrial waste management activities, where the potential to reduce and even eliminate the environmental impact of waste in the Group's installations is also high. The main function of these installations is the selection and treatment of waste for reuse, recovery and recycling or, as a last resort, deposit in landfills under safe and healthy conditions.

Thanks to these management activities, a high percentage of waste which would have been sent to the landfill is recycled or reused, making the most of its energy value or using it as raw

materials. Using waste in this way does not have any impact on the land and, in the case of waste which produces emissions when decomposing, does not harm the atmosphere.

FCC Group waste generation indicators

	Hazardous waste generated (Tm)	Non-hazardous waste generated (Tm)	Total waste generated (Tm)
Cement	2,929.00	206,370.00	209,299.00
Construction Spain	2,352.54	29,711,637.44	29,713,989.99
Real estate	250.42	84.07	334.49
Services	108,165.25	2,328,499.00	2,436,664.25
Total	113,697.21	32,246,590.51	32,360,287.73

* No data available for Proactiva Medio Ambiente, ASA and international construction.

The management of waste generated by FCC opts for reuse, recycling and recovery over deposit in landfills, although the latter is still the most widespread option across the Group.



		Sent to landfill	Incinerated	Recycled	Reused	Used for energy recovery	Composted	Other
Cement Spain	Hazardous waste (Tm)	1,619.37		211.57				10.00
	Non-hazardous waste (Tm)	190,183.06		10,547.93				3.00
Real estate	Hazardous waste (Tm)			250.00				0.43
	Non-hazardous waste (Tm)			83.57				0.50
Services	Hazardous waste (Tm)	99,937.81	1,121.63	4,676.45	149.02	365.99		1,914.10
	Non-hazardous waste (Tm)	172,247.73	28.02	27,242.76	89,910.31	1,153,502.93	43,298.76	842,268.49
Total FCC (Tm)		463,987.97	1,149.65	43,012.27	90,059.33	1,153,868.93	43,298.76	844,196.52

* No data available for construction, Proactiva Medio Ambiente and ASA.

Waste management at Cementos Portland Valderrivas

Cementos Portland Valderrivas has adopted a selective waste collection policy, and also incorporates measures included in waste-related legislation. Group criteria involves reducing waste production, internally storing any waste

produced until it can be treated by a waste management company which ensures recycling and/or reuse options over disposal.

To ensure that waste is adequately sorted and internally managed, the Group has created intermediary storage areas which are clearly identified and equipped with

anti-spill protection. There are also final waste storage units where waste remains until it is removed for external treatment. These units, known as clean points, are fully paved and covered to prevent the possible effect of rainwater, such as undesirable mixes, cross-contamination, etc. Specifications have also been prepared for each different type of waste which are given out to the relevant operational personnel and define the various related actions and responsibilities, thereby ensuring that the waste is correctly sorted, packaged and labelled.

The company's 2007 waste reduction objectives include:

- Personnel awareness campaign to minimise waste generation.
- Development of specific departmental waste reduction programmes.

Waste management at FCC Construcción

The first basic step in adequate waste management is to identify potential waste generated in a particular project, and to estimate the quantities that will be produced. Separate areas are then established for the suitable disposal and storage of waste, thereby avoiding hazardous waste, urban waste and non-hazardous waste being mixed together. The best possible destination is sought for each type of waste, all in line with prevailing legislation.

Hazardous waste is collected in the corresponding storage area, which is suitably equipped to prevent the possibility of spillage, where it remains until it is collected by an authorised waste treatment company.

Actions undertaken by FCC Construcción to reduce waste are based on reuse, recycling, recovery and reduction at source. These actions include:

- Changes in the design of the construction system concerning the use of materials which generate hazardous waste.
- Reduction of packaging waste.
- Recovery of rubble.
- Reuse of inert waste and recoverable elements.
- Reuse of excavated vegetable-rich soil.
- Reuse of effluents and process wastewaters.
- Reduction in water and energy consumption.
- Exchange of surplus materials with other works.



Camino motorway. Section IV Navarra



The following table shows forecast waste generation for 2007, as well as the actual amounts of waste recorded at year end following the

implementation of various waste recycling and recovery measures while the project was carried out.

The recycling of land and rubble is a priority for FCC Construcción due to the high levels of waste generated and the impact of its volume and non-biodegradable nature

Reuse of construction waste, 2007	Forecast amount	Actual amount
Surplus land or rocks		
To landfill (m ³)	33,816,291	19,457,477
Used in the works (adjustment-excavation-fill) (m ³)	50,054,147	32,715,964
From other works (m ³)	1,212,696	1,472,961
Used in other works (m ³)	8,903,640	4,086,622
Obtained ex profeso (loans) (m ³)	15,909,737	6,773,695
Total excavation (m ³)	111,591,975	62,040,518
Total fill (m ³)	78,893,861	44,686,152
Clean rubble (concrete, mortar, bricks, prefabricated items, others)		
To landfill (m ³)	1,588,215	627,373
Used in the works (m ³)	9,213,301	367,740
From other works (m ³)	1,000	9,100
Used in other works (m ³)	–	9,114
Handed over for recovery (m ³)	65,485	186,134

Land recycling at FCC Construcción: the high speed train case (*Siete Aguas–Bunyol*)

Due to the length of the tunnels created for this high speed train section, in particular the Cabrera tunnel (a project carried out by FCC Construcción), a large amount of the material extracted was good quality limestone, which represented a significant volume of inert waste to be managed.

Due to the existence of suitable material and the need to acquire concrete as a raw material for the tunnel laying work, the company opted to reuse the extracted material to produce concrete and bridge sections in FCC plants. In this way no waste was generated and the material was reincorporated into the production cycle, this time as a resource, leading to subsequent environmental and financial savings. To carry out this process the company used an aggregate crushing plant which produced three sizes of aggregate depending on the quality of the concrete required, a concrete plant where the crushed aggregate was used to manufacture this product, and a bridge segment plant which produced segments to shape the tunnel as the tunnelling machine made progress along its route.

The solution adopted reduces the generation of inert waste, avoids land occupancy for landfill purposes and minimises the consumption of resources, which are instead generated on site using material which would otherwise be dumped. The on site location of aggregate crushing plants and concrete and bridge section production plants reduces the energy costs associated with acquiring raw materials.



Waste management by FCC: priority lines of action

- Reduction of the percentage of waste sent to landfill sites, with an increase in recycling and recovery.
- Raising public awareness of better waste sorting.
- Optimised management of waste generated by Group activity.

FCC Ámbito is engaged in the management of industrial waste at treatment plants, recovery plants, transfer centres, paper and cardboard selection and recycling plants and hazardous and non-hazardous waste landfills. While treating waste for its customers, and with the aim of encouraging reuse, recycling or recovery, the company also generates its own waste: sludge, leachates and other waste produced from in-plant selection. These forms of waste, along with others produced from the maintenance of machinery and vehicles, are managed in FCC Ámbito installations, except in special cases where, due to the type of waste or the distance involved, it is better for them to be treated externally.

FCC Medio Ambiente renders solid urban waste (or similar) collection and treatment services through contracts with both public and private customers. These activities require the use of collection vehicles and the implementation of industrial installation, where waste is processed, selected and recovered via biological (biomethanisation and

composting) and thermal (incineration) treatments, as well as being disposed of in landfills.

The identified sources of hazardous and non-hazardous waste are:

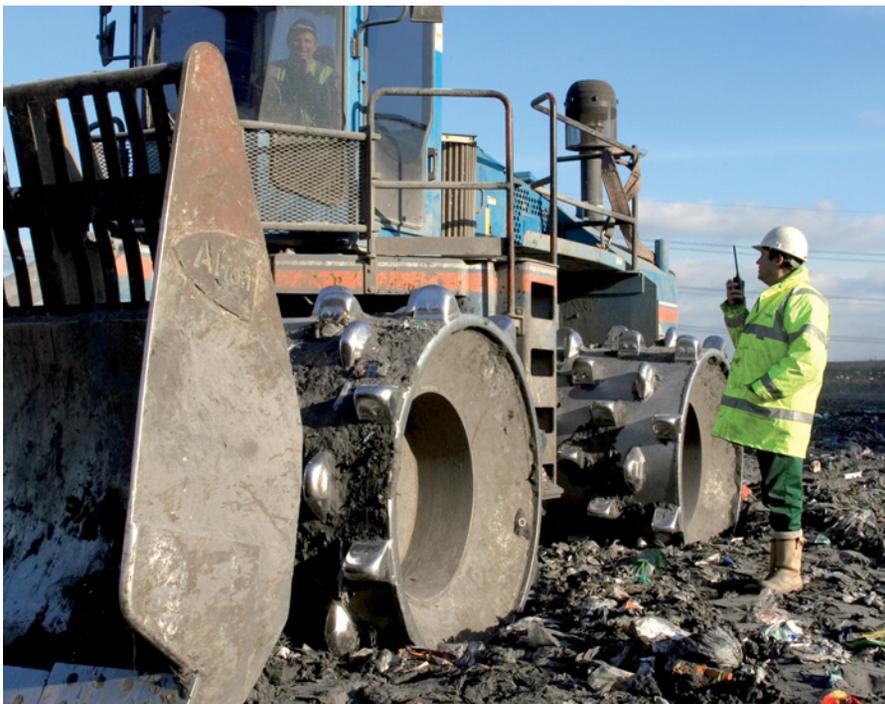
- Vehicle maintenance workshops (when maintenance services are not outsourced).
- Treatment plants where SUW or similar waste is selected, treated and disposed of.
- The offices and other premises where administrative and/or production staff are located.

Increased recycling and recovery

Recycling and recovery by FCC Ámbito

FCC Ámbito sorts the waste it receives from its customers and prepares them for subsequent recycling.

- 1,345,686 tonnes of paper and cardboard are recycled for return to the production cycle.
- 1,806 tonnes of glass are recovered from selective collection from cities and the industrial channel for reuse. This process also results in a corresponding saving in raw materials.
- 189,819 tonnes of plastic recovered directly from manufacturing by-products and the waste containers which arrive at our installations.
- 1,462.29 tonnes of hydrocarbons, 857,158 tonnes of scrap iron and 1,260,382 tonnes of wood, all selected, treated and prepared for recycling or reuse.

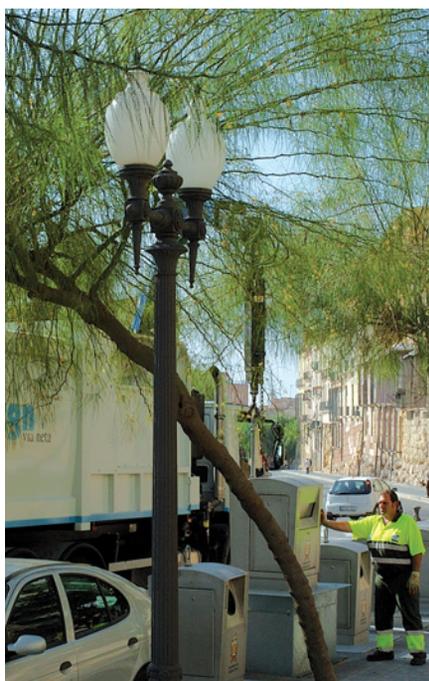


Recycling and recovery by FCC Medio Ambiente

The best steps that can be taken through these management activities to prevent the environmental impact of waste is to achieve the greatest effectiveness and efficiency possible in all its processes, with the primary objective of reducing landfill waste by encouraging recycling and recovery. An important step in reaching this goal is related to the techniques available, as is the willingness

of customers and waste service users to contribute to waste sorting. It is precisely for these reasons that the company carries out activities focused on educating and raising awareness among the general public.

FCC Medio Ambiente manages the following urban or similar waste.



FCC Medio Ambiente (Tm/year)	Collection	Treatment/disposal
2006	6,108,526	6,429,690
2007	6,218,169	6,271,416

Source of consolidated data:

T Collections: Gescón

T Treated-Disposed of: Synthesis chart (Gesplan, joint ventures; No ISO, No landfill joint ventures ISO 14001).

Incorporation of crushed pruning waste and its reuse as mulch in Viladecans and Mataró

FCC Medio Ambiente's Barcelona branch has signed an agreement with the company that carries out pruning activity in the Viladecans area, using crushed pruning waste as mulch on shrub planting areas located in the city's various parks. The preservation and maintenance contract for the green zones in Mataró, managed by FCC, also incorporates vegetable waste from pruning carried out on the city's trees. The results of the above initiatives are:

- Recycling of organic material. Incorporation of new material into the soil in the form of mulch.
- Reduction in water consumption as evaporation is minimised due to the soil covering.
- Effective weed control with a subsequent reduction in herbicide use.
- Less fuel consumption as waste is not transported to its final destination.
- Increased performance among personnel as waste is not transported to the landfill.

In 2007 this initiative has led to 210 m³ of mulch from pruning waste being used in the aforementioned contracts.



Reuse of algae waste taken from beaches in Campello (Alicante)

FCC Medio Ambiente's Levante II branch minimises waste generation when carrying out the beach clearing activities it performs in the El Campello area in Alicante. Instead of transporting the algae it removes directly to the landfill, it is used as a sand substitute in stables located in the area. This is not only a saving for the riding schools, but also has therapeutic benefits for the animals such as prevention of hoof fungi and skin diseases, as the horses suffer much less when trotting on soft surfaces, as well as avoiding possible respiratory illnesses.

In 2007 1,164 tonnes of algae were delivered to these installations, instead of being disposed of in landfill sites.

Recycling and recovery by Waste Recycling Group

The cornerstone of WRG's business is waste recycling. In 2007 this company's installations took in 11.7 million tonnes of mixed waste, from which 951,226 tonnes of rubble, bricks and soil were extracted for use as construction materials in motorways, curbs for garden areas, etc. 1,462,371 tonnes of inert waste was used as landfill-covering material, thereby helping to protect the environment, and 274,733 tonnes of vegetable waste were received and composted for subsequent sale or internal use in restoring full landfills.

Other recycled materials are glass (34,988 tonnes), paper (41,616 tonnes), wood (53,349 tonnes), metals and electrical goods (43,658 tonnes), liquid waste (288,115 tonnes) and other assorted waste (132,595 tonnes).

WRG keeps a watchful eye on techniques being developed for biodiesel extraction from recycled plastics to encourage processes which minimise the impact of waste arriving at its facilities.

20.6% of waste managed by WRG is recycled, either for internal use or external sale



Recycling installations in Wrexham: "Meta 45+" objectives

A new waste contract was signed between Wrexham Council and WRG in May 2007. The 25-year agreement will allow the Council to meet its waste recycling and composting objectives for 2010, and also represents a significant advance down the path towards fulfilling objectives set for 2020. The project includes an installation where recyclable waste is classified and prepared for sale to recycling companies, and there will also be a composting installation, a waste transfer plant and an education centre. These installations will not only allow Wrexham to meet its objectives for waste not sent to landfills, as established in UK and EU legislation, but will also represent a substantial increase in the recycling of waste produced by residents of the area.

WRG has collaborated extensively within the framework of the re3 initiative to increase the number of residents who can recycle materials in its household waste recycling centre, located in Reading. The new centre includes installations for recycling cardboard drinks cartons, a new and attractive development which tackles the complicated problem of recycling cardboard drinks packaging due to the number of different materials they contain. Drinks cartons contain an average of seven layers of cardboard, plastic and aluminium to make them suitable for packaging food products.

The results of this initiative will be seen in new installations that will increase recycling and composting capacity in Hull and East Riding (UK) by 45%. Waste that is not recycled will be converted into green energy, providing a supply equivalent to 80,000 tonnes of coal per year, and "Meta 45 +" will save 4 million tonnes of waste from landfill sites over the next 20 years.



Raising public awareness

FCC Medio Ambiente and the drive to raise public awareness

FCC Medio Ambiente Madrid is collaborating with Madrid city council on its information campaign for the launch of an eco-card for the city's special waste collection and recycling centres, or "bring sites". The council is currently running a pilot scheme in the Hortaleza, La Latina and Carabanchel areas of the city to encourage the community to use these bring sites by offering an eco-card to those making the most of the facilities. The initiative rewards responsible people who show commitment to the environment by depositing waste at the sites, awarding them eco-card points based on the type and quantity of waste they bring. Once the eco-card has been completed, it can then be exchanged for recycled goods, including soaps, diaries and bags.

FCC Medio Ambiente Galicia collects used vegetable oils for recycling as part of its eco-friendly office initiative launched in 2007. The Company has installed a 50 litre container at its head office for the collection of employees' used vegetable cooking oil, allowing them to make a positive contribution to the environment. The Company has also signed an agreement with an authorised waste disposal firm for the handling of the oil.

FCC Medio Ambiente organises the sorting and collection of waste generated at its headquarters. Through initiatives to raise employee awareness, such as placing information posters near vending machines and handing out a refuse collection protocol to cleaning staff, the

following recovery levels were reached across the regional central offices and FCC Medio Ambiente headquarters in 2007:

- Five tonnes of packaging, which marks a 124% increase on 2006.
- 40 tonnes of paper recovered for subsequent recycling, up 63% on 2006.
- 5.2 tonnes of hazardous waste collected (toners, used batteries, printer cartridges, fluorescent light tubes and spent electrical goods.).

WRG advocates raising public awareness as a way to meet its recycling commitments

WRG devotes part of its activities to offering advisory services to clients and small companies on how to best manage waste, promoting re-use and recycling and reducing reliance on landfill sites. WRG is part of the “re3” initiative,

created 25 years ago to achieve the following objectives through various means (including public awareness):

- Waste deposited in landfill sites at no more than 75% of 1995 levels by 2010, 50% of 1995 levels by 2013 and 35% of 1995 levels by 2020.
- Recycling of at least 40% of total waste by 2010.



The FCC headquarters' Green Centre



The FCC Group Corporate Responsibility Master Plan, approved by the board of directors in January 2007, includes the “Green Centre” action plan. This plan sets out FCC’s commitment to implement environmental best practices in all of the Groups offices, including headquarters in Madrid, one of the most important of the Group’s buildings. In 2007 considerable progress was made on the “green headquarters” corporate plan.

Amongst the first initiatives implemented in 2007 was the installation of presence sensors in all of the building’s 54 toilets, to avoid lights being left on for longer than necessary and therefore reduce unnecessary energy consumption.

The second area reviewed was the issue of waste generated in the building. As the building is used for administrative purposes, the main bulk of waste generated is paper and cardboard. Sorting, collaboration with waste management firms that also offer recycling and an information campaign designed to raise awareness amongst employees are just some of the measures that have been implemented through the following main initiatives:

- Identification and quantification of the waste generated in the building.
- Choosing and signing contracts with waste management firms which can regularly collect and recycle waste (paper, cardboard, toner, packaging, batteries, fluorescent light bulbs and electrical and electronic equipment).
- Provision of containers for sorting waste.
- Information campaign including brand creation, labelling and posters around the work place.
- Preparation of a written protocol, accessible to all building users via the Company intranet, that defines the waste disposal procedures to be followed as well as which departments to contact for further information or suggestions.

The protocol itself is subject to regular review to ensure that it is being correctly implemented and to assess to what extent its targets are being achieved. The waste management company authorised by the Madrid region for the collection and handling of all waste (except toners and packaging) is FCC Ámbito, a company created by the Group to manage industrial waste.

As the plan was implemented in late 2007, initial results will not be available for review until 2008. During the first quarter of 2008 initiatives designed to reduce water consumption will be implemented as part of the "Green Centre" action plan.



Biodiversity

The protection and improvement of biodiversity is a result of FCC's management of protected areas owned by the Group or under its influence, as well as projects undertaken by the Group to clean up contaminated land.

This section highlights the steps taken by FCC during 2007 to restore landscapes and protect biodiversity.

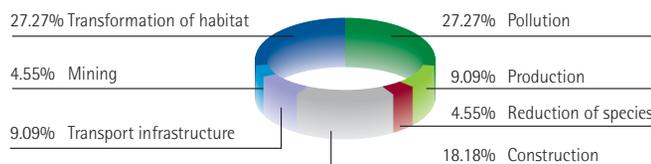
Land owned, leased or managed by FCC within or adjacent to protected areas or non-protected areas considered of special interest due to their biodiversity (m²)

Cement	913,304.00
Real Estate	587,000.00 ⁽¹⁾
Services	450,000.00
Total	1,950,386.00

(1) Land owned by Realia adjacent to a protected area in the municipality of San Roque (Cadiz).

* There is no quantification of protected land affected by construction, although 82 works on or adjacent to protected areas have been identified.

FCC actions with an impact on biodiversity



Impact of cement activity on biodiversity, and steps taken to mitigate these effects

Of all FCC activity, the greatest impact on biodiversity is caused by the cement division through quarrying, use of space and industrial processes (blasting, crushing and transport), which alter both habitats and ecosystems.

In order to minimise the environmental impact of operations, land recovery schemes are implemented to return land in so far as possible to its original state. These schemes are used both in the Company's marlstone quarries where the raw material used to make cement is extracted, as well as in the Group's aggregate quarries and gravel pits.

El Alto factory

In March 2007, the Group completed the section of the cycle path linking Arganda del Rey with Morata de Tajuña in Madrid. This 3 km-long section crosses the old Tajuña rail track and is located on land owned by Cementos Portland Valderrivas.

Lemona factory

In 2000 a restoration plan was implemented at the Monte Murguía quarry and during 2006, large landfill areas were prepared for restoration to begin. At level 130 of the quarry, due to the substrates and topsoil in place after the aforementioned process, hydroseeding and plantations were carried out on an extensive south-facing area on a slight incline.



Zudaire mini power station (Navarre)

The Cementos Portland Valderrivas mini power station in Zudaire (Navarre), Spain operates in a protected area rich in biodiversity. It is located in the nature reserve at the source of the Urederra river and in the Urbasa y Andía national park. The area of the river is insignificant compared to the total protected area because it runs in a straight line and due to the nature of the activity (electricity obtained through two generators), the potential environmental effects of the mini power station are deemed insignificant.

In the United States a total of 913,304 m² of protected wetlands are managed.

Construction: Impacts and solutions

As the majority of this division's activities are carried out on greenfield sites, the risk of environmental impact of possible spills on the land and surface or ground water could be relevant. To prevent accidental discharge or spillage during works, FCC Construcción stores hazardous substances and waste in drum pallets, and waterproofs land where machinery is maintained and handled. In 2007, 96 spillages were recorded, with a total volume of 9.4 m³.

During 2007, the construction division carried out 82 works on protected land or sites adjacent to areas considered high in biodiversity value, broken down as follows:

- Works on natural parks or protected areas: 14.
- Works affecting natural waterways on protected land: 9.
- Works affecting listed or protected vegetation: 12.

- Works affecting listed or protected animal species: 10.
- Works on land listed as relevant: 37.

The following actions have been planned and implemented to manage these possible impacts on biodiversity:

- Physical protection of wildlife.
- Relocation or adaptation of planning to life cycles.
- Relocation of nests or individual animals.

The following habitats were protected and restored by FCC Construcción in Spain during 2007:

- Habitats restored: 49.77km².
- Habitats protected: 29.89km².



Canero Viaduct. Cantábrico motorway, Querusas - Otur section



Biodiversity protection by the construction division: Initiatives at the Bahía de Cádiz Natural Park

Seville-Cadiz high-speed train line, Jerez Airport-Cadiz stretch, El Puerto de Santa María subsection

This subsection spans some 1,800 m of the Bahía de Cádiz Natural Park and 4,200 m of the surrounding area. Many birds fly through this national park and other nearby wetlands when migrating to Africa and some also choose to settle here during winter. The works also cross the path of two rivers, and consequently marine species which may be affected by the works, including fish, amphibians and mammals, represent an extremely important factor to be considered. One emblematic species of particular importance is the chameleon (*Chamaeleo chamaeleon*), found in pine forests such as Coto de la Isleta which lie in the path of the works. The chameleon is currently an endangered species, and is protected under Royal Decree 3181 of 30 December 1980.

In light of the aforementioned issues, extreme precaution was taken during land clearance to avoid compounding the situation further. Clearance time was also limited, preventing work from taking place during mating and egg-laying season (July to October). During this work great care has been taken to protect the surrounding environment, such as restricting the use of heavy machinery and increasing the use of manual methods.

The lower sections of each plant were monitored closely wherever possible as chameleons prefer to hide amongst the roots of shrubs and bushes. Around 10 chameleons were found and handed over to the park rangers, before being taken to the local wildlife recovery centre or released into other pine forests in the Bahía de Cádiz Natural Park following the centre's instructions.



FCC waste management: WRG

The environmental aspects of landfills which may have a direct impact on biodiversity are as follows:

- Emission of gases that harm vegetation.
- Pollutants discharged into water supply systems, affecting marine species or water quality.
- Particles that escape into the atmosphere, affecting the quality of the air or habitats.

The most common avoidable impact is the build-up of solid waste matter on riverbeds, caused by lack of surface water drainage or failure to properly contain solid waste. There are very few impacts that cannot be reversed, and the majority respond to mitigating measures, although a small number of operations do have a long-term impact on land and different species.

In 2007 WRG recorded five significant spills, mainly leachate and solid waste leaked by landfills. Two of these spills contaminated an adjacent river, whilst another affected a nearby lake.

Risks associated with spills may be combated through risk assessments and specific engineering design. Controlling and monitoring spills is carried out internally through daily checks that follow the internal "emergency situation prevention" procedure. If a significant spill is detected at an installation, it is reported to the Environmental Agency along with the measures taken to eradicate the possible impact. If the impact is long-term, a follow-up report is submitted to the Environmental Agency every 2 to 4 years as part of the Site Protection and Monitoring Programme (SPMP).

In 2007, WRG initiatives have been implemented across a total of 41 hectares to protect different animal species, the most noteworthy of which are badgers, great crested newts, vipers and water moles. These species were mainly transferred to other habitats so that work could be carried out. Restoring landfills has had a very positive impact on biodiversity, and restoration plans have been designed to not only improve these effects, but also to include the habitats of the identified species within the local biodiversity action plan.

In 2007, 98.2 hectares were restored in four different regions in the United Kingdom, where 36,535 trees, 1074 metres of hedge and 93 hectares of grass were planted.

FCC Ámbito and its commitment to preventing and repairing environmental impacts

The Company has industrial waste treatment plants in industrial parks and landfills located in rural areas, but never protected areas. These activities require an environmental impact assessment before they can operate, and are never authorised if they constitute a risk to protected areas.

If required by legislation, each installation must undergo an environmental impact study in accordance with the legal provisions regarding environmental impact assessment (Royal Decree 1302/1986, Royal Decree 1181/1988, Royal-Decree Law 9/2000 and Law 6/2001). This activity generates a positive impact on the environment as it allows waste created by industry to be appropriately managed, avoiding adverse environmental impacts.

None of the industrial waste management activities carried out by the company have required land restoration. The industrial waste management division also has a department engaged in land decontamination, which uses different techniques that are chosen according to the area affected, its geology or the type of pollutants, inter alia.

	2005	2006	2007
Decontaminated land – on-site treatment	70,360.00 m ³	83,110.00 m ³	54,000.00 m ³
Decontaminated land – on-site treatment	0 m ³	7,575.00 m ³	7,775.00 m ³
Land excavated and managed as waste	57,175.00 Tm	15,271.12 Tm	96,053.4 Tm
Pollutant extracted in its pure state	64.54 Tm	46.06 Tm	58.18 Tm
Polluted water extracted	42,078.00 Tm	63,761.40 Tm	39,886 Tm



Case study. "Restoration of the Medina del Campo Lakes, Valladolid"

Aqualia has contributed to the restoration of the Medina del Campo lakes, an area of high biodiversity value, through a sustainable project based on the treatment and reuse of water to improve the local habitat and ecosystem. This initiative aims to achieve a larger number of species, as well as increasing population.

Since the Company began to manage the wastewater treatment plant in the summer of 2004, various improvements have been made to installations to boost the performance of purification systems and water treatment capacity, and to reduce process times. As a result of this work, the pollution of organic matter has been gradually reduced, resulting in a considerable improvement in the quality of water of the Zapardiel river and the habitat and living conditions of fauna in the surrounding environment.

To maintain the water level of the lakes, Aqualia has installed a water catch basin

located just before the river which allows treated water to be diverted into the two lakes. Given that the increase in the number of birds is proportional to the lakes' water level, one of the wastewater treatment plant's functions is to maintain optimal water levels in both lakes through the aforementioned systems.

In recent years there has been a significant increase in the presence of birds colonising the lakes, including nesting birds such as mallards, grebes and coots, and migratory birds, mainly including species of black-winged stilt and egret. Islands suitable for nesting and artificial floating nests have been created for these species, where they are protected from predators. Aqualia has also contributed to repopulating fish species in the lakes and has carried out tunnelling work for the high voltage line around the lakes.

To provide information on the project's progress, Aqualia plans to organise open

days at the wastewater treatment plant and lakes. The company also intends to roll out an information campaign aimed at reduction at source and the correct management of oils and fats derived from domestic and industrial sources.

Aqualia will regularly report on the progress of the project and the actions carried out.



Sustainable construction

FCC has three business areas that can contribute value to sustainable construction: Real Estate, Construction and Cement. Management from each of these areas is currently carrying out different initiatives to promote and improve sustainable construction.

The FCC Group participates in the main forums and national and international initiatives to promote development in the field of sustainable construction and eco-design for building works, through the private sector and public policies

Realia developments in the real estate field

Prior to building on land deemed suitable for development, Realia performs an environmental feasibility study which considers all environmental issues and their impact. To reduce energy consumption by homes and minimise the impact of CO₂ emissions and the consumption of natural resources, different solutions are applied such as the use of renewable energy, improved insulation and development designs that encourage the use of natural lighting and adequate ventilation.

According to a Worldwatch Institute report, buildings consume 60% of resources extracted from the ground and their use in building works generates half of total waste and pollution.

Realia is aware of its responsibility in this respect and, therefore, pays special attention to ensure that the materials selected for use in its developments comply with sustainability criteria, creating safe and comfortable homes. Correct planning of the entire process also permits significant reductions and higher recycling potential for waste generated.

FCC Construcción Arfrisol project: bioclimatic design and the use of alternative energy sources in administrative buildings

FCC Construcción has continued to develop the Arfrisol project mentioned in the 2006 Corporate Social Responsibility Report, concerning bioclimatic design and the use of alternative renewable energy sources in administrative buildings. This project will be completed in 2010.

FCC Construcción is participating in the construction of the Barredo Foundation bioclimatic building in Asturias, which will use only 10-20% of conventional energy compared to traditional buildings, thus reducing CO₂ emissions.

The strategic PSE-ARFRISOL project is a unique scientific-technological initiative approved by the 2004-2007 R+D+I National Plan, subsidised by the Spanish Ministry of Education and Science and co-financed by ERDF Funds, the Energy Efficiency and Renewable Energy Network (EREN) of the Regional Council of Castilla y Leon and the Plan for Science, Technology and Innovation in Asturias. Between 2005 and 2008 Euros 602,270 has been invested in the Arfrisol project, including a subsidy of Euros 52,492 and a loan of Euros 398,999.



Housing in Almería

FCC Construcción's participation in the "Sustainable construction" publication endorsed by the Entorno Foundation



Fundación Entorno

Consejo Empresarial Español para el Desarrollo Sostenible

"We create value. Incentives for sustainable construction", is the first result of the sustainable development work group established by the Entorno-BSCD España Foundation, of which FCC Construcción is a member together with nine other companies belonging to all stages of the construction cycle (resources and equipment, planning, execution, development, construction, and use and demolition of infrastructures and buildings). This report analyses the economic, environmental and social challenges posed by construction, as well as proposing initiatives and market incentives to foster the creation of sustainable value.

The companies advocate the adoption of a three-fold approach to construction -economic, environmental and social- which should be applied to all stages of the life cycle and integrate all players involved in the value chain. The report details the challenges faced by the current sustainable development model and proposes a wide range of measures and incentives aimed at the public and private sectors, some of which already have an effect on the international construction market. The goal of these initiatives is to promote the creation of sustainable value based on the six lines of action: urban zoning, existing buildings (refurbishment), energy, use of resources and environmental impact, sustainable mobility and quality of life.

The publication also describes 13 success stories concerning the companies forming part of the sustainable construction work group, which show how the incorporation of environmental and social criteria provides a competitive advantage for businesses. The FCC Construcción case studies included are as follows: commitment to health and safety in the workplace; the integration of persons with disabilities; and the sharing of good environmental practices and the environmental management system with society through environmental reporting, an initiative which was recognised in the sustainability and corporate social responsibility category of the Garrigues-Expansión CIIS 2007 Environmental Awards.

FCC Construcción's participation in the E2B JTI European Initiative: Joint Initiative on Energy Efficient Buildings

FCC Construcción participates in the E2B JTI (Joint Technology Initiative on Energy Efficient Buildings), a European multi-sectoral initiative led by the construction sector to further the global objective of "creating, implementing and optimising buildings and districts with sufficient technical, economic and social potential to significantly reduce energy consumption and CO₂ emissions from existing and new buildings throughout the European Union."

E2B JTI is an essential initiative in the fight against climate change, which will contribute to compliance with the Kyoto and Bali objectives. FCC Construcción forms part of the core group of this initiative, which aims to speed up research into key technologies and will achieve competitive industrial development in the fields of energy efficient services and products.

Other sustainable construction work groups in which this FCC division participates include:

- ISO/TC 59/SC 17 committee and its Spanish mirror committee AEN/CTN198 on sustainability in the construction field.
- AEN/CTN 198 sub-committee – Sustainability in Construction SC2: Civil works – presided over by FCC Construcción.
- CEN/TC 350 Committee - Sustainability of Construction Works – part of the "Environmental Performance of Buildings, Building Life Cycle Description, Product Level" and "Task Group Framework" work groups.
- "Work Group ISO/TC 59/SC 17/ WG 5: Building construction / Sustainability in building construction / Civil Engineering Works". New international work group directly coordinated by FCC Construcción.



Telefónica Communications City. Las Tablas. Madrid

the people who make our project possible

FCC considers the personal development of its employees key to achieving its business objectives

Growth of the Group increases diversity while efforts towards integration generate stability

The leadership and involvement of the Group's senior management encourage a common culture based on commitment to the entity and to the success of our activities

96,000
employees-average
Group headcount
in 2007

3,572 more
jobs for 2007

9.85
hours of training
per employee

FCC's growth stems from the experience, talent and energy of its people. The Group therefore promotes the professional careers of its personnel and focuses on their personal wellbeing, while channelling and accompanying each employee's efforts to contribute to the Group's business achievements.

Our team has grown and become increasingly diverse throughout 2007. FCC now employs 96,137 people in over 50 countries.

Growing through diversification while maintaining stability requires commitment to integration. CSR and communication hold the keys to harmonisation and solid cultural, management and compliance bases.

The newly-developed intranet is increasing opportunities for personal and professional development among FCC employees. This tool has been designed as a community platform to provide information on the structure



of the organisation, the activity of each business and common areas such as internal regulations and training. It also enables the latest general information such as press releases and stock exchange trends to be posted, as well as offering a space for interactive communication.

The corporate social responsibility initiatives we have implemented are also helping to unite our large and diverse team. The progress report on commitments undertaken through the Global Compact, the green centre roll-out and the corporate integrity initiatives currently being developed are just some of the steps taken in 2007 towards our goal of sharing responsibility with the professionals who contribute their talent and efforts to ensuring the Group's continuous growth.



Attracting and retaining talent

FCC's human resources policy aims to boost an internal environment of productivity, safety, instruction, training, personal satisfaction and integration within the Company. Retaining and developing the Company's human capital is an essential task for the Group, since its people are the key to FCC's competitiveness and differentiation. These principles are based on the Universal Declaration of Human Rights, the principles of the Global Compact and the International Labour Organization, as well as OECD recommendations.

FCC aims to be considered one of the best places to work in all the sectors and countries in which it operates. The Group plans to achieve this goal by creating a range of possibilities for professional development and a working

environment that favours personal and professional evolution of the team worldwide, while also prioritising safety as a differentiating factor of the Group's working methodology.

The FCC Group's human resources policy is implemented by Human Resources and Media Department, which reports directly to the Managing Director of the Group.

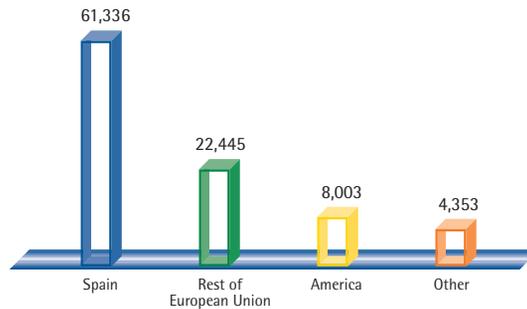
The immediate human resources challenges faced by FCC are to continue implementation of the new employee professional development plan, to complete the integration of the human resources policy and to boost initiatives for compliance with the Equal Opportunities Law.

Stable and quality employment

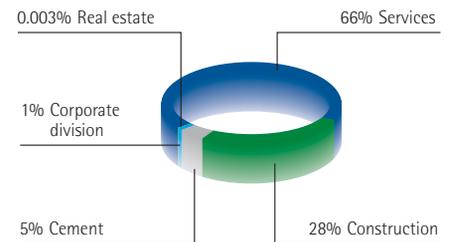
FCC represents stability and quality in the workplace. In 2007, the Group employed 96,137 people in 46 countries, with 64% of employees located in Spain. The total average headcount in 2007 amounted to 96,000 employees of increasingly diverse profiles, due to our ongoing international expansion. Men account for 79.5% of personnel and the remaining 20.5% are women.



Headcount by geographical area



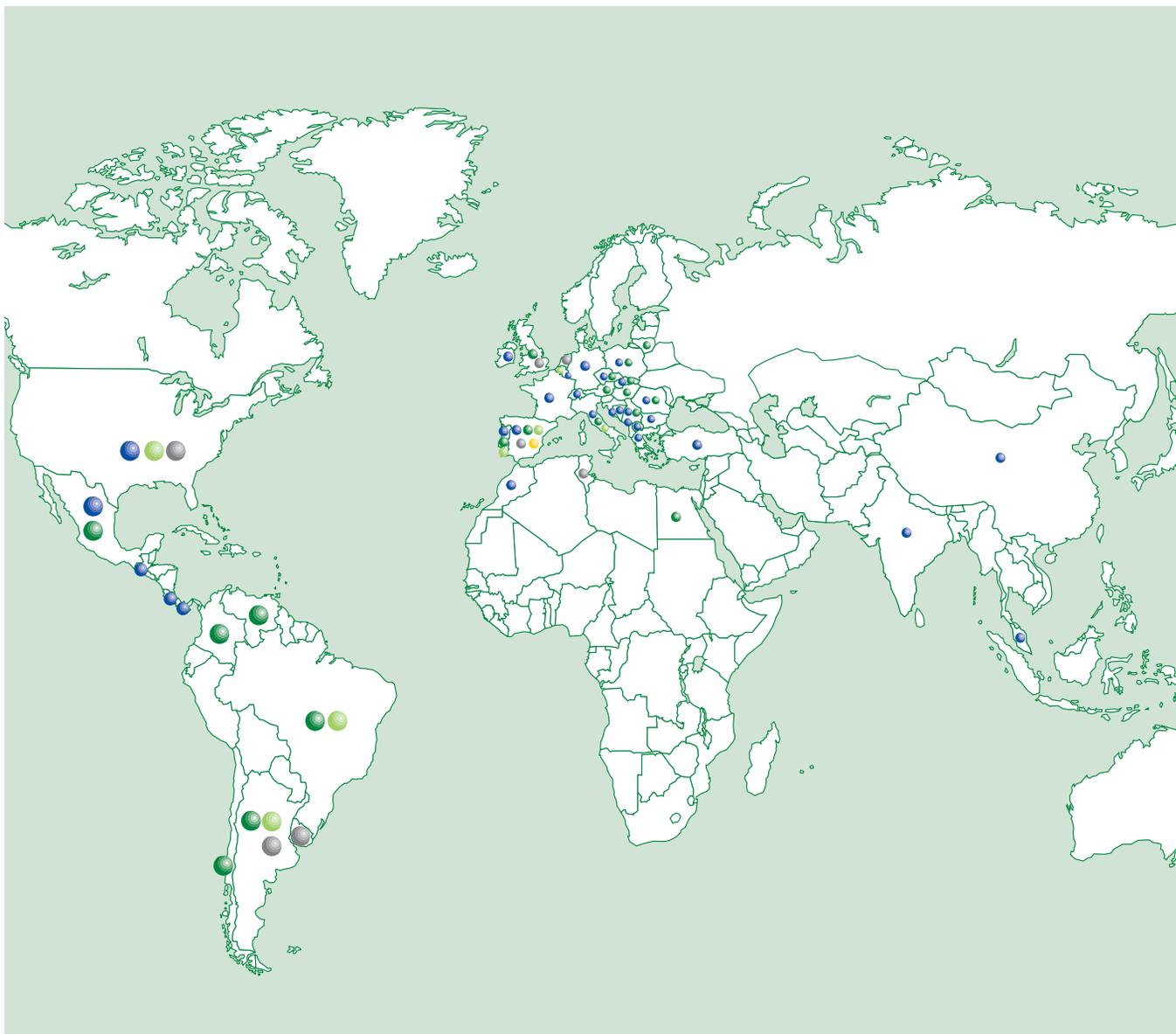
Headcount by sector of activity



Managerial and technical posts are filled by members of the local communities in which FCC operates. If no candidate with the required profile is found, other sources are used. In 2007 local recruitment accounted for 66% of all new employees, for all professional categories.

The Group created 3,572 more new jobs in 2007 compared to 2006, an increase of 3.8% based on the total annual headcount. This rise reflects the Group's organic growth, as no relevant acquisitions were made in 2007.

FCC Group job creation	2005	2006	2007
Total headcount	67,562	92,565	96,137
Annual variation %	6.23%	37%	3.8%



Diversity and equality

The FCC Group promotes equal employment opportunities as part of its human resources policy, recruiting and promoting its employees on the basis of their qualifications, skills and abilities.

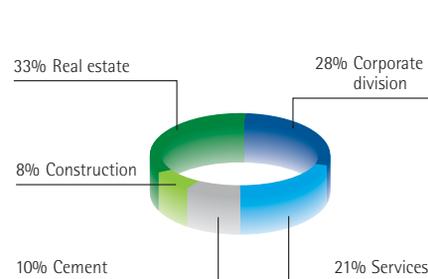
The principle of equal remuneration for men and women is implicit in FCC's collective bargaining agreements, as are objectivity and equal opportunities for promotion within the group.

2,070 promotions were made in 2007, from a total of 55,044 employees registered in the Group's payroll management system.

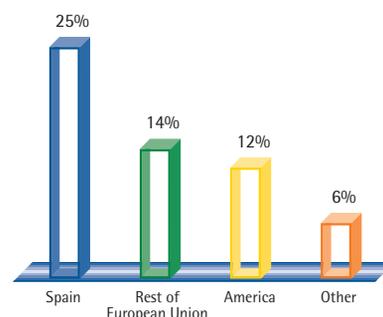
11.3% of category 1 employees, which comprise senior management and management, departmental managers, service and site managers, are women, a figure which should be considered within the context of the sector in which FCC operates.



FCC female personnel by activity sector



FCC female personnel (% of total)



Headcount by gender and category

Organisation	Indicators	2007		Total 2007
		Male	Female	
FCC	Category 1	2,796.00	357.00	3,153.00
	Category 2	5,238.00	1,731.00	6,969.00
	Category 3	11,562.00	6,526.00	18,088.00
	Category 4	56,823.00	11,104.00	67,927.00
	Total		76,419.00	19,718.00

FCC Group professional categories

- Category 1.** Includes groups 0 and 1: senior management and management; departmental managers; service and site managers.
- Category 2.** Includes groups 2, 3 and 4: university graduates; section managers; business managers; workshop managers and qualified personnel.
- Category 3.** Includes groups 5, 6 and 7: technical and administrative assistants and middle management.
- Category 4.** Includes group 8: workers and subordinates.



FCC against discrimination

FCC personnel come from a wide range of backgrounds due to globalisation of the business and evolution in the sectors in which the Group operates. As an international group, FCC must manage this diversity and maintain a working environment that is free of race, gender or religious discrimination, and of any behaviour that constitutes personal harassment. All employees should be treated fairly and with respect by their superiors, subordinates and colleagues.



In 2007 four cases of discrimination were detected: one in the Construction division and three in the Services area. These cases were duly analysed and resolved in accordance with the FCC Group protocol for the prevention of professional and sexual harassment in the workplace. This protocol is published on the corporate intranet and is freely accessible to all employees.

FCC against domestic violence

FCC supports the Spanish Ministry of Work and Social Affairs campaign undertaken by the Secretary General for Equality Policies to promote awareness of domestic violence, and encourages employment of women as a way to overcome this social problem.



On the International Day for the Elimination of Violence against Women established by the United Nations General Assembly, FCC published the logo for this campaign on its website and intranet.

The FCC Plan for disabled Family members

FCC is committed to recruiting disabled persons and has implemented the Family Plan, directed at disabled family members of employees. The plan encompasses various initiatives aimed at integrating disabled employees into the workplace, and forms part of the collaboration agreement entered into by FCC and the Adecco Foundation.

This collaboration is part of the Group's corporate social responsibility

The Family Plan benefits 137 disabled family members

policy and encompasses the organisation of information and career guidance initiatives, as well as employment programmes and itineraries for the future incorporation of disabled people into the workplace.

The project, implemented by Human Resources and Media Department, is strictly confidential, and both this area and the Adecco Foundation itself deal personally with all employee requests.

At the date of this report the plan benefits 137 people, who may be direct dependent family members (children, spouses and parents of working age) with a registered disability equal to or greater than 33%. Training initiatives have been put into place for these people, with a clear focus on developing their social skills and attitudes and helping them integrate into the workplace, as well as providing them with information, orientation and advice on how to find a job. Other initiatives have been undertaken for those people



who cannot be employed, to help with their personal development, and the Adecco Foundation offers alternative programmes and leisure activities for children, focused on developing social and relation-forming abilities.

The Foundation arranges an interview for people interested in the plan, and evaluations and diagnoses are carried out before an accompaniment plan is prepared. This plan is used to carry out the activities deemed necessary to help integrate those involved, based on their individual situation and considering the expectations and requirements of each particular family.

Collaboration towards the integration of people with disabilities into the workforce: Pilot scheme in FCC Medio Ambiente's Levante branch

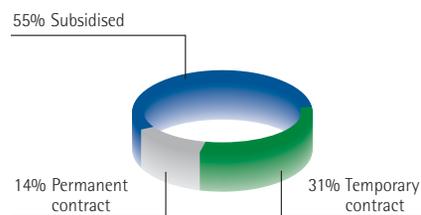
FCC's Levante branch is currently carrying out a pilot collaboration scheme to integrate people with disabilities into the workplace. The programme is based on subcontracting cleaning services from Ceepilsa, a company which is part of the Once corporation and only employs disabled personnel.

The services subcontracted are for cleaning vehicles assigned to the branch, and the programme is being implemented gradually, currently employing five employees with a disability grade of between 35% and 65%.

Employment stability

Once again this year information on the Group's workforce, broken down by contract type, shows growth in employment quality with a 16.85% rise in permanent contracts, with temporary recruitment falling by 18.5%.

Employees by contract type



FCC Group	2005	2006	2007
Permanent contracts	12,502	25,588	29,900
Temporary contracts	8,939	17,045	13,890
Subsidised*	46,121	49,932	52,347
Total	67,562	92,565	96,137

* Employees whose working relationship with FCC is based on the continuity of administrative or commercial contract for which they render services.

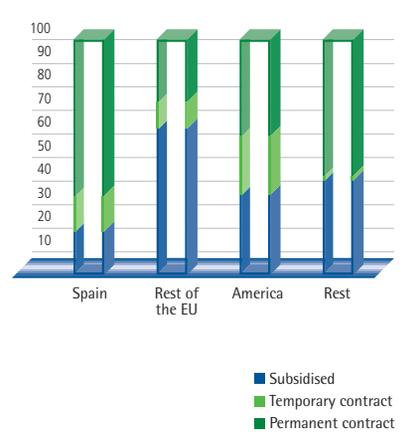


Permanent employees represent 89% of personnel in the cement division, 61% in construction and 85% of the real estate workforce. Subsidised employees are predominant in the services sector, due to the specific nature of this area of activity.

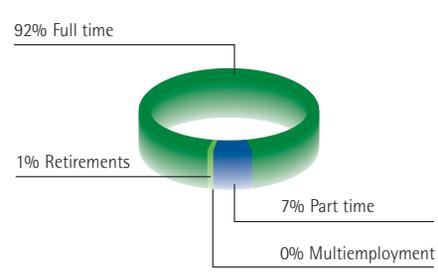
The average age of the FCC workforce in 2007 is 40.27 years, with an average length of service of 6.58 years.

88,897 of the 96,137 people employed by FCC in 2007 work full time, representing 92% of the total workforce and 7.6% up on 2006.

Contract type by geographical area



Headcount by working hours



Organisation	Full time	Part time	Multiemployment	Retirements
Cement	4,853.00	96.00	43.50	31.50
Construction	25,655.00	1,184.00	45.00	185.24
Corporate division	335.00	20.00	3.00	2.00
Real estate	270.00	5.00	–	1.00
Services	57,784.00	5,935.00	105.85	546.17
Total	88,897.00	7,240.00	197.35	765.91

Voluntary turnover in 2007 was 9,252 employees, 9.6% of the total.

In recognition of employee loyalty and collaboration, every year FCC organises an institutional event to pay tribute to all those who have been with the Group for 25 and 40 years. The event is presided

over by the Group's principal shareholder, Ms. Esther Koplowitz, as well as the Chairman and Managing Director.

Remuneration and other benefits

In 2007 group personnel expenditure on wages, salaries and other similar costs totalled Euros 3,093,509 thousand.

FCC offers its personnel a social benefits programme to improve their wellbeing and quality of life, as well as encouraging their commitment to and integration into the Group. Investment in this programme totalled Euros 1.080 million in 2007, providing medical care, disability cover and subsidised loans.



Social benefit	Total cost (millions of euros)	Cost paid by the company (%)	Cost paid by the employee (%)
Healthcare	0.630	50	50
Disability cover	0.080	100	0
Subsidised loans	0.010	20, 30 or 40	80, 70 or 60
Travel and accident insurance	0.360	100	0
Total Group FCC	1.080	N/A	N/A

These improvements have been implemented for the consolidated Group companies in Spain, and are applicable to management, technicians, administrative staff and subordinates for all areas, as well as construction area managers, who have been with the Group for at least a year and have a permanent contract. Travel and accident insurance is an improvement that has been introduced for consolidated Group companies in Spain, and is applicable to management, technicians, administrative staff and subordinates for all areas, as well as construction area managers, with a permanent contract.



In terms of the balance between work and personal life, and as required by its collective labour agreements FCC has introduced measures for maternity care that go beyond the legal requirements. These include voluntary and temporary suspension of contracts following childbirth, functional mobility enabling pregnant women to transfer to posts more suitable for their condition, a reduction in the working day for baby feeding and childcare leave. Certain flexi-time has also been introduced, allowing employees a half-hour timeframe at the start or the end of the day.

As part of its human resources policy, the FCC Group promotes fair and balanced remuneration of its employees. This remuneration model meets equality, transparency and recognition criteria, and the Group's average salary is twice as high as the minimum interprofessional salary for Spain, as well as exceeding the minimum salaries in the rest of the countries in which we operate.

Training

2006 scope: national

2007 scope: whole FCC Group

FCC invests in developing and training talent to encourage excellence in all its activities, thereby increasing satisfaction among the people employed by the Group. Ongoing professional training of Group employees is organised through annual training plans, which are prepared by the various areas in line with the requirements identified. In 2007 this

development and constant progress in the implementation of training plans resulted in a 118% increase in training investment, as well as a rise of more than 36,000 employees benefiting from a total of 890,511 hours of training.



In 2007 the
FCC Group invested
Euros 17.167 million
in training

90,438 employees
benefited from
training activities

Number of participants by professional category

	Total number of participants	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2007	90,438	4,456	11,094	20,977	53,911
Total FCC Group 2006	54,042	1,642	5,470	8,823	38,107
Total FCC Group 2005	47,151	1,284	4,870	11,122	29,875

Number of participants per area of activity

	Total number of participants		Category 1		Category 2		Category 3		Category 4	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Medio Ambiente	27,098	23,919	397	218	2,038	578	2,426	1,233	22,237	21,890
Ámbito	1,571	1,930	32	79	200	337	316	447	1,023	1,067
Aqualia	8,690	6,235	1,000	554	1,209	562	1,918	795	4,563	4,324
Versia	19,979	13,762	243	108	634	443	6,857	4,246	12,245	8,965
Proactiva	13,340	n/a	730	n/a	991	n/a	3,387	n/a	8,232	n/a
Construction	12,556	4,977	1,466	364	4,118	2,838	4,214	1,049	2,758	726
Cement	6,345	2,899	439	–	1,580	–	1,511	–	2,815	–
Real estate	57	n/a	22	n/a	23	n/a	12	n/a	–	n/a
Corporate areas	802	320	127	124	301	134	336	57	38	5

Note: Environment, Aqualia, Versia, Ámbito and Proactiva comprise the Services area.

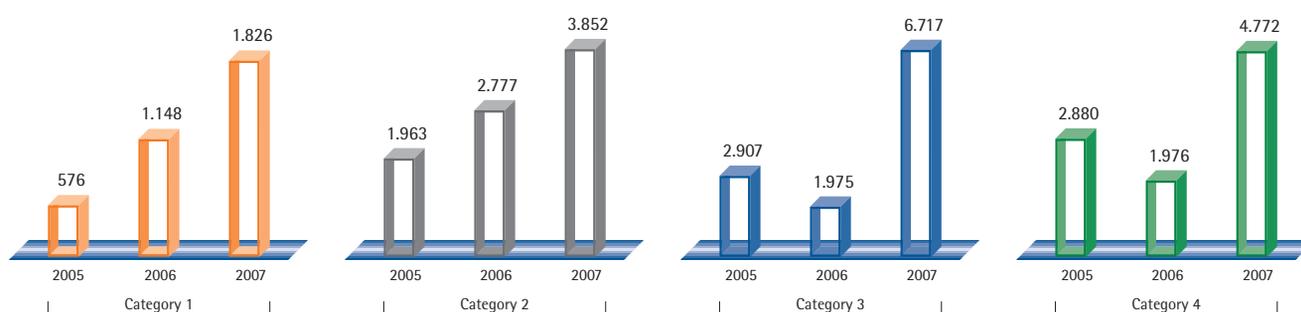
Training hours per FCC Group

	Total number of participants	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2007	890,511	80,088	172,619	296,621	341,182
Total FCC Group 2006	468,523	34,674	105,353	121,341	207,154
Total FCC Group 2005	460,993	12,554	47,614	108,739	292,086

Training hours per area of activity

	Total number of training hours		Category 1		Category 2		Category 3		Category 4	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Medio Ambiente	176,975	100,172	9,999	3,948	28,637	8,054	35,903	13,824	102,435	74,344
Ámbito	9,237	17,665	488	601	1,812	6,023	2,871	4,512	4,065	6,529
Aqualia	68,377	34,762	15,780	–	12,643	–	19,037	–	20,917	–
Versia	218,049	168,892	4,661	3,200	16,196	9,436	105,535	62,250	91,656	94,000
Proactiva	125,084	n/a	8,402	n/a	13,611	n/a	38,199	n/a	64,872	n/a
Construction	193,490	99,129	23,369	8,195	68,544	55,577	63,431	22,716	38,145	12,640
Cement	75,079	33,359	12,324	5,858	21,059	11,387	22,748	10,049	18,947	6,063
Real estate	1,654	n/a	999	n/a	444	n/a	211	n/a	–	n/a
Corporate areas	22,565	14,544	4,064	5,873	9,672	6,723	8,685	1,854	144	93

Training expenses per category (thousands of euros)



Professional categories within the FCC Group

Category 1. Includes groups 0 and 1: senior management and management; departmental managers; service and site managers.

Category 2. Includes groups 2, 3 and 4: university graduates; section managers; business managers; workshop managers and qualified personnel.

Category 3. Includes groups 5, 6 and 7: technical and administrative assistants and middle management.

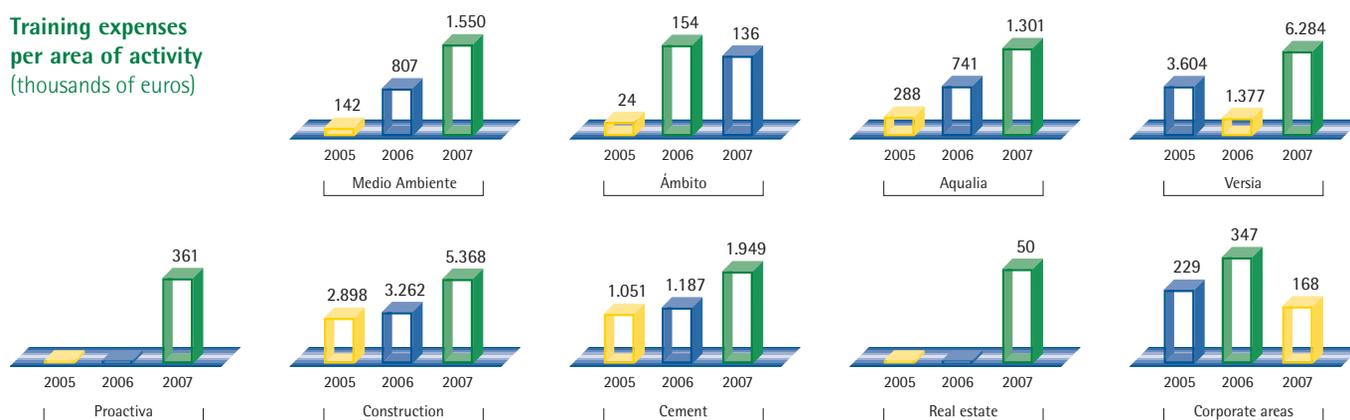
Category 4. Includes Group 8: workers and subordinates.

Investment in training increased for all professional categories in 2007, with the most significant activity focusing on reinforcing the skills of lower level employees, including technical and administrative assistants and middle management in addition to workers and subordinates

Training expenses per area of activity

	Total training expenses		Category 1		Category 2		Category 3		Category 4	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Medio Ambiente	1,549,533	806,915	121,287	66,833	464,848	89,852	295,501	139,520	667,897	510,710
Ámbito	135,730	153,911	8,136	6,361	44,769	58,974	36,202	46,916	46,623	41,660
Aqualia	1,301,419	741,346	475,475	207,615	235,592	165,318	351,797	149,352	238,555	219,060
Versia	6,283,530	1,376,816	89,578	111,928	164,662	143,727	3,544,815	409,076	2,484,475	712,085
Proactiva	361,237	n/a	48,697	n/a	52,625	n/a	96,542	n/a	163,373	n/a
Construction	5,367,868	3,262,184	652,556	286,940	2,180,220	1,878,869	1,792,874	816,432	742,218	279,942
Cement	1,949,488	1,186,688	355,586	288,247	618,962	306,950	549,563	378,697	425,376	212,794
Real estate	50,134	n/a	32,284	n/a	12,093	n/a	5,757	n/a	–	n/a
Corporate areas	167,825	347,480	42,885	179,603	77,921	133,367	43,919	34,511	3,100	–

Training expenses per area of activity (thousands of euros)



In 2007 Medio Ambiente increased investment in training by 92%, Aqualia, by 75% and Versia, by 356%, while the construction and cement areas both reported a 64.5% rise

Training by subject matter

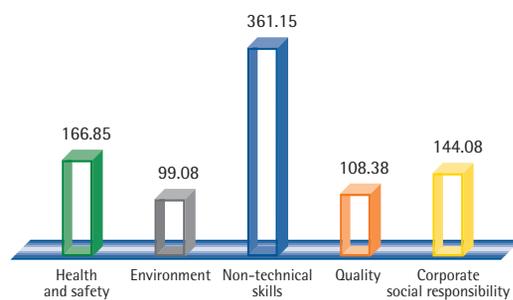
Participants

	Total number of participants		Category 1		Category 2		Category 3		Category 4	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Health and safety	33,016	38,413	360	236	1,461	1,613	5,233	4,615	26,762	31,947
Environment	1,798	1,163	63	78	387	317	545	129	803	639
Non-technical skills	539	292	142	90	168	146	110	56	119	–
Quality	1,190	n/a	296	n/a	209	n/a	160	n/a	525	n/a
CSR	35	n/a	30	n/a	5	n/a	–	n/a	–	n/a

Training hours

	Total number of training hours		Number of training hours per employee		Type of training activity	
	2007	2006	2007	2006	2007	2006
Health and safety	203,831.95	234,232	6.03	6.10	Mixta	Mixta
Environment	12,359.00	7,229	6.87	6.25	Presencial	Presencial
Non-technical skills	15,186.00	5,509	28.17	18.93	Presencial	Presencial
Quality	13,400.00	n/a	11.26	n/a	Presencial	Presencial
CSR	827.00	n/a	23.63	n/a	Presencial	Presencial

Average training duration



Health and safety training

In 2007 the Group's different areas continued to strengthen their health and safety training, in response not only with the Group's responsibilities in this area, but also with those it has voluntarily assumed with its sub-contractors. Chapter 5 of this report, "Safety, our responsibility", describes the approach and most relevant initiatives and indicators concerning this issue.

Corporate social responsibility training

Training in corporate social responsibility constitutes one of the strategic components of the FCC Group's corporate social responsibility Master Plan. Action is taken within the framework of FCC's corporate training and communication program to publicise the Group's corporate social responsibility policy. These initiatives include the following:

First corporate social responsibility training day

In the first six months of 2007 the Group's Corporate Social Responsibility Management organised the first corporate meeting to offer training in corporate social responsibility and provide an opportunity for the different areas of the Group to share their experiences in this field.

The training day at the Picasso Tower was a response to the Master Plan's CSR training and communication objective to promote this area of concern effectively throughout the Organisation.

Chaired by the General Secretary of the FCC Group, the participants included managers and representatives from all the Group's business areas, as well as the Company's corporate management, all of whom are involved to some extent in the field of corporate social responsibility within FCC.

Talks and round tables

Two experts from a consultancy firm gave talks on "new corporate social responsibility challenges for the sector", "eco-efficiency" and "combating climate change", all of which are objectives of the Group's corporate social responsibility Master Plan. The talk on "Dialogue and cooperation with stakeholders" looked at best practices for cultivating good relations with stakeholders.

A round table was then organised to offer an external perspective on different CSR areas. Transparency International expounded its vision of "Ethical corporate conduct", and WWF/ADENA gave a presentation on "Environmental impacts: water management". The Fundación Laboral de la Construcción (Labour Foundation for the Construction Industry) spoke on "The importance of safety and risk prevention in the workplace," and finally, the Fundación Empresa y Sociedad considered the question of "Immigration and employment in the sector".

The event was rounded off with a group discussion where the participants were divided into work groups and invited to share their views with respect on the strengths and weaknesses of FCC's commitment to society. The conclusions of this exercise were the need to continue work on extending FCC policies to subcontracted companies, international activities and new acquisitions; to establish performance indicators within the Company that are transparent and clear to society, especially with regard to health and safety; to promote R+D+I; to encourage reporting and benchmarking between company divisions; and to establish an ethical framework and reinforce Group culture.

Employees from all the work centres in Madrid, Valencia and Barcelona were informed of FCC's corporate social responsibility policy during the company volunteer communication training days led by the Group's General Secretary.



Attracting talent: FCC'S commitment to collaboration with universities

The FCC corporate social responsibility Master Plan approved by the board of directors aims to create synergies with the main Spanish universities, enabling FCC to attract the best talent.

The Group has always had collaboration agreements with Spanish universities and education institutes which, during the period covered by this report, include support for numerous master's degrees, seminars, summer courses and university associations. These include the masters in ground mechanics and engineering, masters in tunnelling and underground works, an agreement with the ITER consortium, the first masters in hospital architecture, XVII Road Institute EFCC programme for the 2007-2008 academic

year, a summer course entitled Corporate social responsibility in Spain: situation and challenges. "Water and sustainability," Association of Friends of the Higher Technical Institute of Industrial Engineers, Association of Friends of the University of Navarre, collaboration with the Business Institute of Madrid in the development of the III advanced course in corporate social responsibility and the I Corporate Governance Forum.

The programme for dialogue and cooperation with universities established in the Company's CSR Master Plan underpins FCC's desire to maintain lasting relationships with Spanish universities. In 2007, the Group established collaboration agreements with the polytechnic

universities of Madrid and Valencia and the Universidad Rey Juan Carlos de Madrid. Aqualia has already established a cooperation agreement with this university, while Flightcare, in collaboration with Aena, has sponsored a course at the university on ground operations.

As a result of the Group's policy for attracting talent, the number of university graduates (9,685) among the Group's workforce has once again increased in 2007.

University graduates by area of activity

Organisation	University graduates
Cement	1,070
Construction	5,290
Corporate division	191
Real estate	124
Services	3,010
Total	9,685

University graduates per area of activity



Barcelona Faculty of Geography and History

Labour environment

Freedom of association

FCC respects employees' freedom of association and guarantees their right to collective bargaining through employee representatives and trade unions. In accordance with prevailing legislation in each country where the Group operates. Representatives and trade unions are authorised to negotiate collective bargaining agreements, which are then subject to negotiation in line with general principles of good faith.

The FCC Group provides notice boards for trade unions and credit hours for trade union representatives to recruit members and give information. The Group also assists in the election of employee representatives by collaborating with the persons legally entitled to call elections, and also provides areas for

elected representative units and any trade union sections they establish. The regular meetings between FCC and trade unions are a forum for constant open dialogue.

Information concerning changes in the organisation is provided as foreseen by prevailing legislation and collective bargaining agreements, and the minimum notice period for changes of this nature is four weeks.

All FCC employees in Spain are covered by general collective bargaining, based on their sector of activity and in accordance with the workers' statute. In 2007, 52.17% of employees were covered by company or work centre collective bargaining agreement.

In 2007, 77.81% of employees were legally represented by unions. The number of employees represented by unions is linked to factors not related to FCC, such as trade union election calendars. The FCC Group collaborates with unions to ensure that these processes run smoothly.

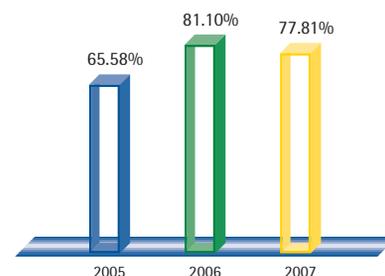
The Group provides staff representatives, management committee members and union representatives with the information they require in line with their employee representation functions, with a view to improving working conditions and employee expectations.

At the end of 2007, 340 company or work centre collective agreements were in force for FCC Group employees in Spain, covering 27,296 employees. A further 51 collective agreements are under consideration, which would affect 4,704 employees.

A total of 481 days were lost through strikes in 2007, down 84% on the figure for 2006.



% of FCC employees represented by trade unions



Internal communication

Intranet

The Group introduced its new corporate intranet, FCCnet, in 2007, which reinforced the objective of making this platform the virtual point of contact for all Group employees.



FCCnet also represents a step forward in the Group's commitment to equipping FCC with the technological tools it needs to perform its everyday activities. FCC's efforts in this respect are wide-ranging and ensure that the Group remains at the forefront of new technologies.

The lengthy implementation process for the new intranet began after an extensive collaboration project between all the corporate and business areas, with a view to bringing together the needs of internal stakeholders. The outcome of this project, led by the FCC IT systems and technologies division, is a more modern and functional design that makes the intranet more flexible and user-friendly. The innovative layout includes new sections designed for employees that also serve as a point of access to the different areas and businesses through a single technological application. This development will assist the Group in dealing with future challenges and adaptations.

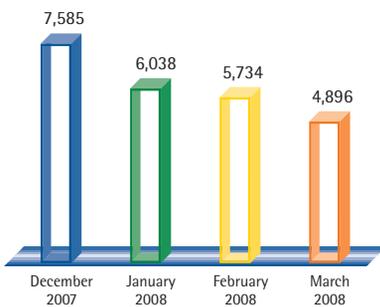
FCCnet has made a significant contribution to the roll-out of specific corporate social responsibility programmes by providing a direct collaboration channel or, on occasion, an information and communication channel for employees.

These programmes include:

- **2006 CSR report:** publication of the corporate social responsibility report.
- **FCC Group ethical framework:** notification of contents of the ethical framework.
- **Corporate Social Responsibility Master Plan:** summary of the CSR Master Plan.
- **United Nations Global Compact:** notification of FCC's adherence to the Global Compact and summary of the ten principles of this compact.
- **In action 2007:** list of the most significant initiatives and achievements in the field of corporate social responsibility in 2007.
- **Internal communication channel:** information on the internal whistleblowing process, and publication of an online form to be filled out and submitted via intranet.
- **Waste management procedure:** notification of the procedures to be followed by Group head offices earmarked to become green centres.
- **Volunteer programme:** information on the programme objectives, and publication of a pre-registration newsletter for the volunteer programme.
- **Protocol for the prevention of labour and sexual harassment** within the FCC Group.

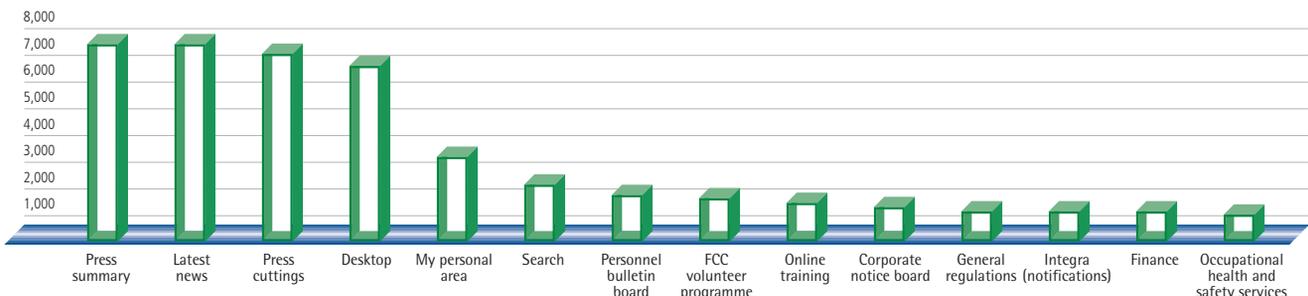
New intranet statistics

Daily hits



Areas with most hits

February 2008





we are part of the community

FCC feels part of the societies in which it is present and dedicates time, knowledge and economic resources to fulfil this aspiration and commitment

The creation of the FCC Foundation will catalyse our commitment to collaborate with local entities in the socioeconomic development of the environments in which we operate

<p>9 million euros earmarked for social action initiatives</p>	<p>30,000 references in social media</p>	<p>213 meetings with investors</p>
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Proximity to the community

The FCC Group's commitment to society received an enormous boost in 2007 through the creation of the FCC Foundation, which will catalyse our vocation to collaborate with local entities in the socioeconomic development of the environments in which we operate.

FCC's Corporate Social Responsibility Department has initiated a new means of promoting relations with its stakeholders: "Stakeholder Dialogues". To come closer to them and hear their opinions on FCC, we have held meetings with representatives of social entities specialised in areas such as CSR, non-governmental development organisations, journalists and universities.

As our dialogue with the community is geared towards actively listening to the social environment and sharing our knowledge, during the period covered by this report FCC has participated in numerous forums and initiatives, including joining the Social Business Club (Club de Excelencia en Sostenibilidad) and supporting the United Nations Global Compact.

FCC and its stakeholders: dialogue and collaboration

FCC and its stakeholders: "stakeholder dialogues" platform

FCC's stakeholders

As a starting point in the preparation of its Corporate Social Responsibility Master Plan (2007-2008), as approved by the Board of Directors, the FCC Group has designed its own stakeholder structure.



FCC has launched "Stakeholder Dialogues", a relationship-building and knowledge-sharing platform between the Group and its stakeholders

"Stakeholder Dialogues" platform

To better understand the expectations of its stakeholders, FCC's Corporate Social Responsibility Department has created a knowledge-sharing platform called "Stakeholder Dialogues".

As well as providing a means of on-line communication through its website (www.fcc.es/fcc/corp/esp/rc_dg.htm), this platform has organised a number of meetings with organisations such as Ecología y Desarrollo, CSR Chair of the University of Salamanca, Actualidad Económica, Observatorio de Responsabilidad Social Corporativa (CSR monitoring group), Hermes Analysts, Karibú, Observatorio de la Responsabilidad Social de las Empresas (corporate CSR monitoring group), UGT, CCOO (Spanish trade unions), Intermon Oxfam, Club de Excelencia en Sostenibilidad (Social Business Club), Instituto de Empresa, Euromoney (UK), Media Responsable, Responsables.biz, Chandra Foundation, Adecco Foundation, etc.

Communication between FCC and its stakeholders

FCC has always relied on absolute transparency in informing both our internal and external stakeholders of our social responsibility goals and achievements.

FCC and its Communications Department

Reporting to the General Secretary, the Communications Department is responsible for relations between the Group, and all of its companies, and the media. It also deals with internal communications. Its responsibilities include the following:

- Act as spokesperson for the Group.
- Distribute press summaries and information concerning the Group on an internal level.
- Prepare the Information Bulletin, which is distributed both internally and externally.
- Develop internal communication tools.
- Draft and distribute press releases.
- Set up interviews.
- Coordinate press conferences and presentations.

- Publish technical articles and reports in the media.
- Develop communication plans for crisis situations.
- Draft the annual report.
- Update web content.

This year the department has organised five press conferences and drafted more than 100 press releases, presenting FCC in more than 30,000 social media references.

Relations between FCC and shareholders, investors and analysts

Communications and relations with shareholders, investors and analysts is an important responsibility for FCC that is undertaken through several channels. The Stock Market and Investor Relations Department provides clear, regular and complete historical information on the Company to this stakeholder group, including quarterly results and details of major acquisitions made as part of the 2005-2008 Strategic Plan. It endeavours to organise at least one meeting every six months. In 2007 six trips were made outside of Spain (USA, UK, France, Denmark, Germany and Sweden) and two trips within Spain (Barcelona and the Basque Country). A total of 213 meetings were held, 78% of which were for investors, 15% for analysts and 7% in relation to sales.

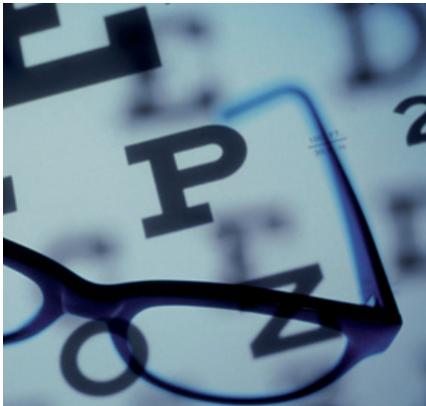


External communications channels

“Accessible” website: www.fcc.es

An average of 2,715 users visit the FCC Group website every day

More than merely complying with the requirement to have and update a website, FCC offers its stakeholders a powerful, dynamic communications tool that has been recognised by experts as one of the best websites created by Ibex 35 companies.



The FCC website is compliant with the W3C consortium's Web Accessibility Initiative (WAI), designed to help make the website accessible to people with disabilities

Visitors FCC website 2007

Average number of visitors per day 2,715



FCC Group websites

As part of its policy of informative transparency, the different FCC business areas have their own websites.

Business area	URL link	Business area	URL link	Business area	URL link
	www.fcc.es		www.aqualia-infraestructuras.es		www.megaplas.com
	www.asa-group.com		www.flightcare.es		www.rrc.pt
	www.serviciositv.es		www.fccenvironmental.com		www.obralia.com
	www.fcclogistica.com		www.fccco.es		www.myscr.com
	www.cemusa.com		www.alpine.at		www.selfhor.es
	www.smvak.cz		www.bbrpte.com		www.valderrivas.es
	www.ambitofcc.com		www.prefabricadosdelta.com		www.realiabusiness.com
	www.detren.com		www.iso-co.com		www.per-gestora.com
	www.wrg.co.uk		www.proser.es		www.espelsa.com
	www.aqualia.es				

FCC bulletin

The bimonthly FCC Bulletin has become a powerful communications medium for the different Group activities with over 12,000 copies published in Spanish and English.

In action, a WRG publication

The UK FCC Group company Waste Recycling Group (WRG) publishes "In Action", a bulletin designed for WRG customers. This dynamic publication informs WRG stakeholders of the different activities carried out by this leading UK company.

FCC Construcción bulletin

FCC Construcción publishes its own bulletin which is distributed to stakeholders via the website.



FCC bulletin
"in action" a Waste Recycling Group publication
FCC Construcción bulletin

FCC and its employees: the corporate intranet

As mentioned previously, FCC has provided its employees with a useful working tool which also informs them of the Group's social responsibility achievements: the corporate intranet.

Employee surveys

As part of the preparation of the FCC Code of Ethics and in collaboration with Merco Personas, the Group surveyed more than 400 employees to obtain their perception of FCC's mission, outlook and values and their overall level of satisfaction.

FCC's socially responsible communications

The different FCC communication channels feature a specific section with information on FCC's socially responsible commitments and activities in this area:

The FCC website incorporates a corporate social responsibility area with different sections on FCC's social responsibility activities.

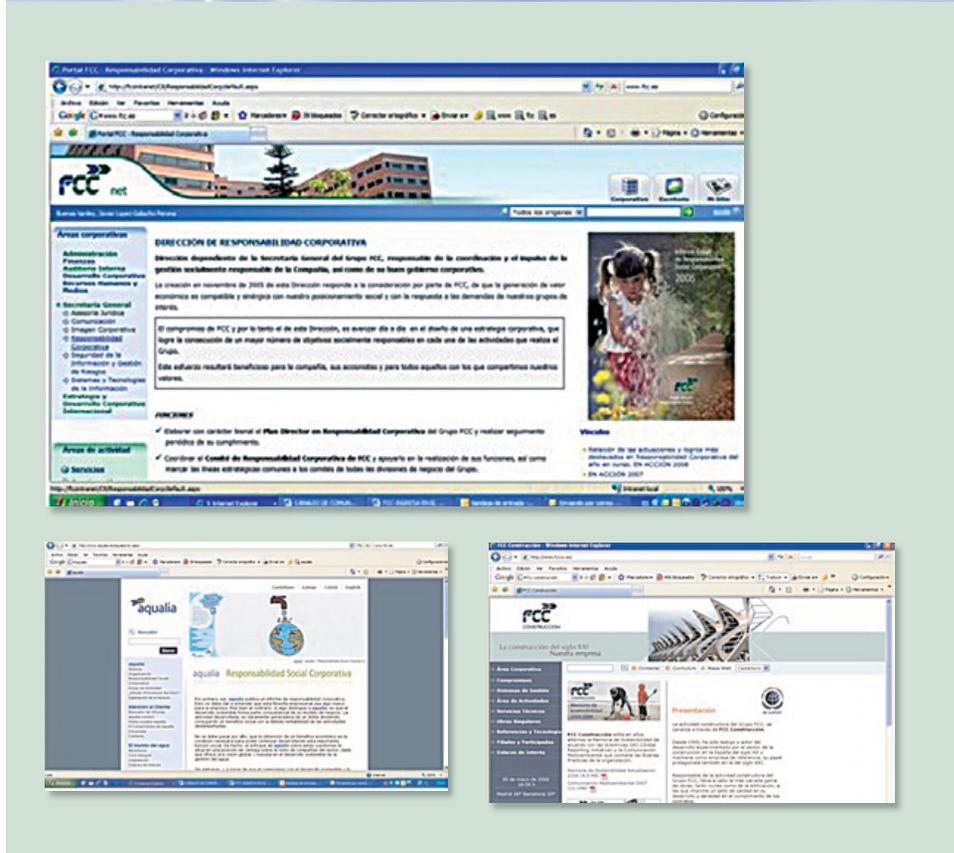
The FCC Bulletin features a section in each issue that informs of socially responsible activities carried out by FCC.



CSR in FCC net: FCC's corporate intranet features a section on the corporate social responsibility department, its functions and activities, as well as related information available to group personnel.

CSR area information

In accordance with its development plan, the different FCC areas have website sections containing information on their CSR activities. Of particular note are the areas relating to FCC Construcción and Aqualia. Stakeholders can find information on the different sites relating to CSR performance and sustainability for the different areas of the Group.



FCC and its CSR reports: an example in Europe

As part of its Corporate Social Responsibility Master Plan, the different business areas of the FCC Group have committed to regularly publishing their progress in this field. This is an innovation in Europe and is an example of FCC's commitment to sustainability and corporate social responsibility.



FCC areas and stakeholders

Cements



CEMENTOS
PORTLAND
VALDERRIVAS

www.valderrivas.es

Identified stakeholders

- Shareholders
- Customers
- Employees
- Suppliers and contractors
- Community, public entities and society
- Future generations

Description

Thirteen two-hour question and answer sessions were held in the areas of Spain in which we have significant presence. 83 Cementos Portland Valderrivas employees participated in seven of these sessions and 71 members of public entities and civil organisations in six sessions.

Cementos Portland Valderrivas held 13 in-depth sessions with internal stakeholders and representatives of public entities and civil organisations

Construction



www.fccco.es

Identified stakeholders

- Employees
- FCC Group
- Suppliers
- Trade unions
- Customers
- Public and political entities
- Media
- Society

Description

Website mailbox and customer satisfaction survey.

Main topics raised through these channels:

- Integration of disadvantaged groups.
- Ethics in business.
- Residents' problems.
- Deterioration of the environment.
- Fight against climate change.
- Health and safety.
- Support for public policies.
- Budget limitations.

These topics have been included in the FCC Construcción sustainability report through a guide that classifies the social concerns of stakeholders and how these are addressed by the company.

FCC Construcción has included a guide in its sustainability report that classifies the social concerns of stakeholders and how these are addressed by the company



Services



www.ambitofcc.com

Identified stakeholders

Stakeholders are considered to be all persons, entities or groups that may be affected by our activities. They are identified by the FCC ámbito Corporate Social Responsibility Committee.

Description

Specific procedures have not been defined for stakeholder participation but communication channels exist through meetings with public administration and trade unions and those established in the integrated quality and environmental system.



www.aqualia.es

www.aqualia-infraestructuras.es

Identified stakeholders

Stakeholders are related to our activity or have an effect on it.

Description

Stakeholders are included in communications, in the "Marketing Forum", in summer courses we sponsor, in congresses and sector-related conferences, and consultations concerning their specialised areas. Participation in organised events is recorded and they are asked to submit their opinion on relevant subjects of interest for inclusion in the report. We have permanent contact with the press and media in general and quarterly contact with consumers and ecologists.

Aqualia maintains quarterly contact with consumers and ecologists





www.asa-group.com

Identified stakeholders

- Investors
- Customers, suppliers and contractors, regulators
- Administration, local community
- FCC Group
- Subsidiaries
- Government and associations
- The media

Description

The main topics of interest and concerns that have arisen through consultation with stakeholders are:

- Environmental issues.
- Impacts on the community.
- Acquisition of new companies.
- Application of waste management regulations.

The frequency with which stakeholders participate is as follows:

- Investors: daily.
- FCC Group: monthly.
- Subsidiaries: monthly.
- Government and associations: annually.
- Media: daily.
- Customers: daily.
- Suppliers and contractors: daily.
- Regulators: quarterly.
- Administration: quarterly.
- Local community: annually.

As a result of these consultation sessions, ASA has implemented actions plan such as higher monitoring of dumping operations, opening of new waste separation and recycling centres, enhanced treatment and reutilisation of waste instead of dumping or incinerating it, higher number of environmental courses in schools, etc. A total of 57 community operations have been carried out in eight countries.





www.fcc.es

Identified stakeholders

- Public customers
- Suppliers
- Associations
- Private customers
- Administration
- Subcontractors
- Employees

Description

FCC Medio Ambiente carried out an analysis of expectations in matters of sustainability in collaboration with these stakeholders.

During the preparation of this report, a new survey was prepared in April 2008 to measure stakeholders' perceptions and assessment of the progress made in relation to the 2006/08 commitments included in the CSR report.

The main topics of interest and concerns that have arisen through consultation with stakeholders are:

- Quality of service.
- Costs.
- Respect for the environment.
- Safety and reliability.
- Compliance.
- Transparency.

Estos temas se han convertido en compromisos a cumplir en un plazo de dos años (2006/08).

FCC Medio Ambiente carried out an analysis of expectations in matters of sustainability in collaboration with its stakeholders. In the first quarter of 2008, stakeholders are assessing the progress made in relation to the 2006/08 commitments included in the CSR report





www.wrg.co.uk

Identified stakeholders

Description

Stakeholders are identified through a number of different processes.

Procedures involving the participation of stakeholders:

In relation to the development of new installations or substantial changes in existing ones, consultation processes are established with regard to regulations. These processes include local residents, town councils, regulators, emergency services and NGOs.

- Invitations to respond to certain publications, press releases, development proposals, etc.
- Invitations to participate in meetings to assess the impacts of our installations, development proposals, etc.
- Meetings with regulators.
- Meetings with trade unions.

Among the main stakeholders consulted proactively in relation to service compliance matters are regulatory authorities such as the EA, HSE, planning authorities and local authorities such as the EHO. Some contacts require data relating to corporate social responsibility from customers, main contractors and partners. Participation committees are also set up with community residents.

The main topics of interest and concerns that have arisen through consultation with stakeholders are:

- Development of the business in accordance with legal requirements (licences and permits), potential risks and impacts.
- The regulatory authorities regularly inspect installations and issue reports identifying any issues of non-compliance detected. WRG proposes action plans to rectify these matters.
- Quality of service (KPIs) and resolution of complaints.
- Carbon footprint of service provided.

There is permanent communication with the different levels of government, including agencies such as DEFRA, responsible for new legislation and its impact on businesses.

In its CR report, WRG publishes the KPIs deriving from the measures agreed and discussed with Green Alliance and which reflect aspects of our business that are relevant to stakeholders and their environmental concerns. The latest development is the publication of proposals to calculate WRG's carbon footprint in response to customer concerns.

In general, WRG establishes and identifies its stakeholders through ISO 14001 EMS follow-up meetings and those of the Risk Committee.

The frequency of stakeholder participation varies depending on the matters dealt with. Our centres generally participate in liaison groups on a quarterly basis. These groups include public authorities, regulators and, occasionally, customers. Regulators visit our installations monthly for meetings or inspections. There are interactive groups for employees throughout the organisation that meet on a monthly basis to discuss key topics, developments in relevant projects and specific matters of interest. Employees may pose questions to groups at both executive and local levels. WRG organises an annual employee management conference to which it invites stakeholder delegates to discuss strategic points or matters of interest. The latest conferences included presentations by key shareholders and the Instituto Profesional de Industria (Institute of Industry).

All complaints received in relation to our installations are duly analysed and dealt with and the corresponding corrective or preventive measures are taken and recorded. Examples of these measures include changes in the routes taken by waste collection vehicles and the creation of permanent information groups with representatives from the local community.

In its CR report, WRG publishes the performance indicators deriving from the measures agreed and discussed with Green Alliance and which reflect aspects of the business that are relevant to stakeholders and their environmental concerns

Versia

Versia held a conference on training, information and awareness aimed at heads of relations with stakeholders and transparency of information, who are responsible for promoting awareness among the people in their charge



Parking

Identified stakeholders	Description
<ul style="list-style-type: none"> ■ Shareholders ■ Public administration ■ Customers ■ Public in general ■ Suppliers ■ Employees 	<p>The organisation held a conference on training, information and awareness aimed at heads of stakeholder relations, where they promoted awareness among the people in their charge.</p> <p>The aim is to establish a new approach with regard to stakeholders and social and environmental responsibilities and to ensure transparency in communications with all groups who have a legitimate interest in our activities.</p>



Conservation and systems

Identified stakeholders	Description
<ul style="list-style-type: none"> ■ Customers ■ Suppliers ■ Corporate committees ■ Occupational health and safety committees 	<p>Communications channels are to be determined in 2008-2009 by meetings, seminars, etc.</p> <p>Through health and safety committees there is fluid and regular dialogue with representatives of workers in the different centres with regard to salary issues, social matters and professional wellbeing (health and safety).</p>



Handling Belgium

www.flightcare.es

Identified stakeholders	Description
<ul style="list-style-type: none"> ■ Airlines ■ Suppliers ■ Airport authorities 	<p>To meet the expectations of its stakeholders, FCC has implemented the ISO 9001 Quality Management System in Brussels airport and in the coming months will implement the ISO 14001 Environmental Management System and the OHSAS 18001 Safety Management System.</p> <p>The frequency with which stakeholders participate is as follows:</p> <ul style="list-style-type: none"> ■ Airlines: annual survey and regular meetings. ■ Suppliers: annual evaluation and control of products supplied. ■ Airport authorities: regular meetings.



Handling Spain

www.flihtgcare.es

Identified stakeholders

- Airlines
- Passengers
- Suppliers
- Airport authorities

Description

To meet the expectations of its stakeholders, FC has implemented the ISO 9001 Quality Management System, the ISO 14001 Environmental Management System and the OHSAS 18001 Safety Management System in its installations.

The frequency with which stakeholders participate is as follows:

- Airlines: annual survey and regular meetings.
- Passengers: in accordance with Spanish legislation, all passengers have the right to make complaints or remarks in an official Complaints Book at each airport.
- Suppliers: annual evaluation and control of products supplied.
- Airport authorities: regular meetings.

Flightcare informs passengers of their rights. In accordance with European and Spanish legislation, all passengers have the right to make complaints or remarks in an official Complaints Book at each airport



Technical vehicle inspections

www.serviciositv.es

Identified stakeholders

Those which have some form of direct or indirect relationship with the activity carried out by ITV.

Description

In development phase.



www.fclogistica.com

Identified stakeholders

Based on our Quality System: customers and suppliers.

Description

The necessary relationship to guarantee the satisfaction of our customers with the services provided. Governed by principles of ethics and transparency.

Relations are regular. There is also a notice board on the website to post communications and send quality surveys.



www.cemusa.com

Identified stakeholders

Description

Town councils and advertising companies

Annual customer satisfaction surveys.

Complaints received.

Stakeholders participate annually.

When preparing bids, the company regularly consults stakeholders or related groups to establish communication channels that can help define proposals for services and equipment best suited to local needs, thus actively participating in the local economy.

Several surveys have been carried out with users of street furniture, including those in San Antonio (Texas, USA) and Salamanca (Spain). Cemusa regularly carries out satisfaction/ quality surveys in the town councils where their services are offered.

In the case of bicycle renting systems, Cemusa offers users and those interested in the service a website through which comments and suggestions can be channelled.

To promote its bicycle renting systems, CEMUSA offers users and people interested in the service a website through which comments and suggestions can be channelled





Industrial vehicle sales

Identified stakeholders

Customers and suppliers

Description

The main topics of interest and concerns that have arisen through consultation with stakeholders are:

- Quality.
- Environment (waste management).
- Health and safety.

Surveys are carried out annually, as are evaluations of suppliers. Customer participation is continuous through claims and commercial visits.



Transport passengers

Identified stakeholders

Three types of stakeholders have been identified:

The concessionary authority for the public service.

Town councils and other local entities whose interest and relationship with the business is daily and on-going as a result of the nature of the service contract.

The customers/users of the services, whether direct or through the different residents' associations in each city or area.

Description

Relations with all of these associations through regular meetings and communications of interest to users and/or the general public

Suppliers, through the different purchasing channels. Large investments are made in accordance with prevailing legislation concerning advertising, non-discrimination, transparency, etc. For smaller investments, preference is given to suppliers operating in the same city on the basis of price/quality/service.

The main topics of interest and concerns that have arisen through consultation with stakeholders are:

- Quality of public service.
- More regular and frequent suburban services.
- Improved quality and adaptation of suppliers to legal requirements.



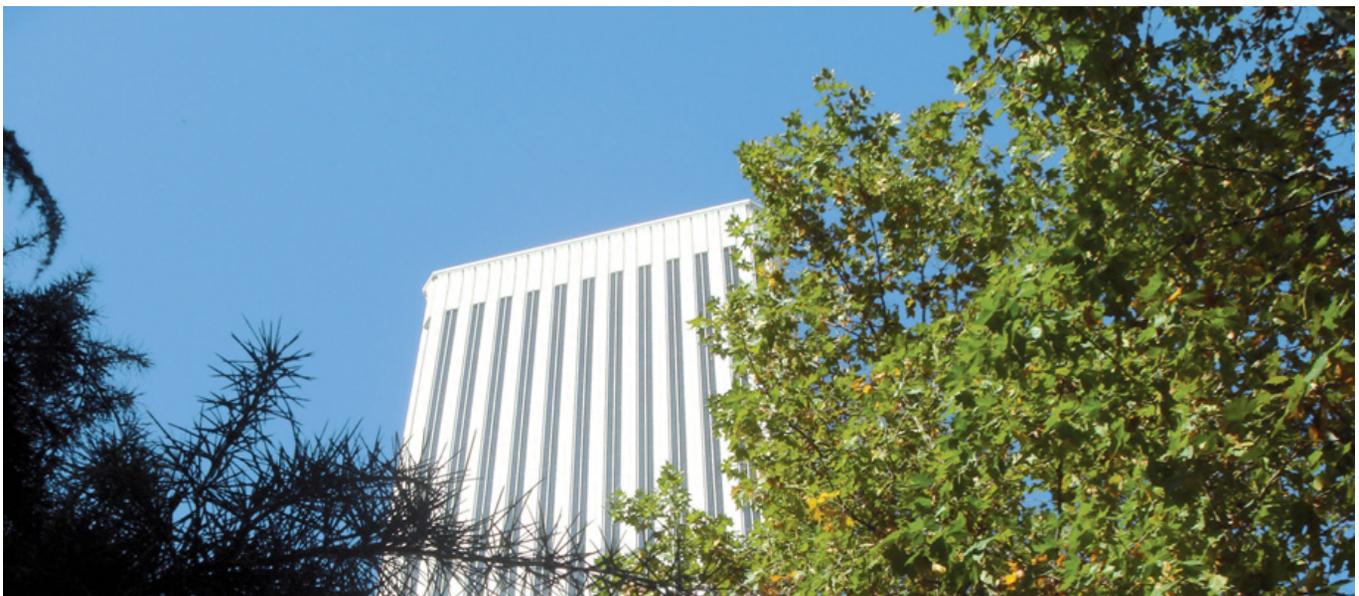


Torre Picasso

www.per-gestora.com

Identified stakeholders	Description
■ Public administration.	The concerns raised by stakeholders in relation to environmental matters such as energy consumption and raw materials are reflected in the continuous investment and improvement projects carried out by Torre Picasso in recent years. These initiatives include replacement and adaptation of air conditioning systems to meet Montreal Protocol standards through the use of ecological coolants (replacing those that are not) and a continuous search for solutions aimed at reducing energy consumption, such as the installation of a cooling tower water recycling system for watering landscaped areas, etc.
■ Spanish Cancer Association.	
■ Blood donor services through the Madrid city council.	
■ Architects' association of Madrid and engineers' associations that have requested visits to the building.	
■ Visits by different official bodies.	
■ The media reporting on the building.	

Torre Picasso has studied the concerns of stakeholders in terms of the environment, energy consumption and raw materials and, to meet these concerns, has undertaken investment projects and improvements in eco-efficient equipment in the emblematic Torre Picasso



FCC, present in CSR initiatives and forums

FCC and the United Nations Global Compact



Red Pacto Mundial
España

FCC joined the United Nations Global Compact initiative last year. FCC Construcción and Cementos Portland Valderrivas were already members and have published related progress reports. The Group and FCC Construcción are also members of Asepam (Global Compact Association of Spain).

In compliance with its commitment to spread the principles of the UN Global Compact, the Group has launched information campaigns among its employees and newly acquired international companies. At the end of 2008 FCC will present its first progress report on the ten principles of the UN Global Compact.

FCC joins the Sustainability Business Club



The FCC Group has joined the Sustainability Business Club (Club De Excelencia En Sostenibilidad), which was created by a group of large companies to support sustainable growth from an economic, social and environmental perspective. The Sustainability Business Club is supported by many key

companies that are leaders in the field of CSR, sharing responsible practices to contribute to the excellence of businesses and the progress of society.

Cementos Portland Valderrivas, member of wbcSD (World Business Council for Sustainable Development)



World Business Council for
Sustainable Development

Cementos Portland Valderrivas is a member of the prestigious World Business Council for Sustainable Development (WBCSD), a leading worldwide business association that is defining an agenda of sustainable development, corporate competition and sustainable businesses.

FCC and the Entorno Foundation



Fundación Entorno

Consejo Empresarial Español para el
Desarrollo Sostenible

The FCC Group, through its construction and cement divisions, collaborates with the Entorno Foundation (Consejo Empresarial Español para el Desarrollo Sostenible (FE-BCSD España) - Spanish Business Committee for Sustainable Development). Their shared mission is to take on sustainable development challenges as a business opportunity. The Foundation has one hundred collaborators and associated companies and more than 7,000 annual beneficiaries.

Cementos Portland Valderrivas joined this initiative in 2007. It celebrated this by organising a public act at the Escuela de Ingenieros de Minas in Madrid, one of the speakers being the Member of Parliament, Ramón Jáuregui, formerly a driving force of the Congress subcommittee on corporate social responsibility and currently a member of the cabinet committee in this area.

FCC and the CEOE. Social Responsibility Commission

FCC forms part of the commission created by the CEOE (Spanish Confederation of Business Organisations) to study the current situation and future perspectives of CSR in Spain, and its

application to the business world. The commission is presided over by the General Corporate Director of Investor Relations at Cementos Portland Valderrivas.



Associations of which FCC Group companies are members

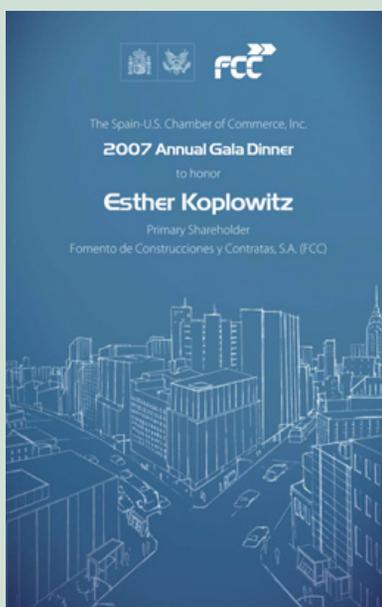
Area	Full name of the asociación	Acronym	Scope	Member company	Relevant details
Corporate	Confederación Española de Asociaciones Empresariales	CEOE	National	Fomento de Construcciones y Contratas, S.A.	
Construction	Asociación de Empresas de Obras Públicas de Ámbito Nacional	SEOPAN	National	Fomento de Construcciones y Contratas, S.A.	
Construction	Asociación de Empresas de la Construcción de Madrid	AECOM	Regional	FCC Construcción, S.A.	
Construction	Asociación de Empresas de Conservación y Explotación de Infraestructuras	ACEX	National	Mantenimiento de Infraestructuras, S.A.	
FCC Medio Ambiente	Asociación de Empresas de Limpieza Pública	ASELIP	National	Fomento de Construcciones y Contratas, S.A.	
FCC Medio Ambiente	Asociación Española de Empresas de Parques y Jardines	ASEJA	National	Fomento de Construcciones y Contratas, S.A.	
FCC Medio Ambiente	Asociación Profesional de Empresas de Limpieza	ASPEL	National	Fomento de Construcciones y Contratas, S.A.	
Construction	Asociación Española de Rótulos Luminosos y Empresas Afines	ASERLUZ	National	Megaplas, S.A.	
Construction	Asociación de Empresarios de Arganda del Rey y su Comarca	ASEARCO	National	Megaplas, S.A.	
Versia	Asociación Nacional de Empresas de Estacionamiento Regulado de Superficie	ANERE	National	Estacionamientos y Servicios, S.A.	
Versia	Asociación Empresas de Servicios de Asistencia en Tierra en Aeropuertos	ASEATA	National	Flightcare, S.A.	
Cements	Fundación Laboral Andaluza del Cemento y el Medio Ambiente	FLACEMA	Andalusia	Cementos Portland Valderrivas, S.A.	The Chairperson is a Group representative
Cements	Agrupación de Fabricantes del Cemento de Andalucía	AFCA	Andalusia	Cementos Portland Valderrivas, S.A.	
Cements	Fundación Laboral del Cemento y Medio Ambiente	CEMA	National	Cementos Portland Valderrivas, S.A.	
Cements	Agrupación de Fabricantes del Cemento de España	OFICEMEN	National	Cementos Portland Valderrivas, S.A.	
Cements	Asociación Nacional Española de Fabricantes de Hormigón Preparado	ANEFHOP	National	HYMPSA-Hormigones Uniland (Grupo CPV)	The Chairperson is a Group representative
Cements	Comité Gestión Andalucía de Fabricantes de Hormigón Preparado	ANEFHOP	Andalusia	HYMPSA	
Cements	Comité Gestión Navarra de Fabricantes de Hormigón Preparado	ANEFHOP	Navarre	HYMPSA	
Cements	Comité Gestión Madrid y Castilla-León de Fabricantes Hormigón Preparado	ANEFHOP	Regional (various)	HYMPSA	
Cements	Comité Gestión País Vasco, de Fabricantes de Hormigón Preparado	ANEFHOP	Basque Country	LEMONA (Grupo CPV)	
Cements	Comité Técnico País Vasco, Navarra y La Rioja de Fabricantes de Hormigón Preparado	ANEFHOP	Regional (various)	Grupo CPV	The Chairperson is a Group representative

Area	Full name of the asociación	Acronym	Scope	Member company	Relevant details
Cements	Comité Gestión Cataluña-Aragón de Fabricantes Hormig. Preparado	ANEFHOP	Catalonia	Hormigones Uniland	
Cements	Asociación de Fabricantes de Mortero	AFAM	National	PREBESEC	The Chairperson is a Group representative
Cements	Gremio de Áridos de Cataluña	GREMDARITS	Catalonia	Áridos Uniland	
FCC Ámbito	Asociación de Empresas Gestoras de Residuos y Recursos Especiales	ASEGRE	National	Fomento de Construcciones y Contratas, S.A.	
FCC Ámbito	Asociación de Aerosolistas de España	AEDA	National	Fomento de Construcciones y Contratas, S.A.	
FCC Ámbito	Asociación de Refrigerantes de España	ANEFRYC	National	Fomento de Construcciones y Contratas, S.A.	
FCC Ámbito	Asociación de Frigoristas de España	ASOFRIÓ	National	Fomento de Construcciones y Contratas, S.A.	
FCC Ámbito	Asociación de Industrias Tratadoras de Residuos Especiales de Cataluña	ACITRE	Catalonia	Fomento de Construcciones y Contratas, S.A.	
FCC Ámbito	Asociación de Empresas de Limpiezas Industriales Mecanizadas	ASELIME	National	Fomento de Construcciones y Contratas, S.A.	

FCC recognition

Throughout 2007 FCC has received numerous awards and recognitions for its work as a socially responsible company. We would like to take the opportunity to thank all those who have contributed to these awards and recognitions, some of which are described below.

Esther Koplowitz, Business Leader of the Year Award 2007. The Spain – U.S. Chamber of Commerce paid tribute to Esther Koplowitz, the first woman to receive this prestigious award



Esther Koplowitz was elected Business Leader of the Year by the Spain – U.S. Chamber of Commerce. The award was presented at a gala dinner at New York's Waldorf Astoria hotel attended by over 700 people. Collecting the award on behalf of Esther Koplowitz, Mr. Marcelino Oreja, Chairman of FCC at that time, highlighted her two primary interests: business and service to the community through the foundation that bears her name, which focuses on helping the needy and supporting medical research.

FCC, European leader in CSR

The prestigious British financial magazine, Euromoney, selected FCC as a pioneer in Europe in promoting and implementing corporate social responsibility within its organisation, together with other relevant European companies.

According to Euromoney, Esther Koplowitz, the chairwoman of the Strategy Committee and FCC's principal shareholder, was the driving force in the change in strategic direction of the Company, from construction to high-margin business, which has led to increased profits and share prices. The sectors of activity in which the Group operates provide challenges in the implementation of corporate social responsibility and the reduction of contaminating gases, and FCC has shown its determination in applying them to the entire group. The Company has also undertaken to provide services that produce benefits to society.



FCC, Garrigues Environmental Award

In November the minister for the environment presented the X Environmental Awards given out each year by financial newspaper Expansión and the Garrigues legal firm, in collaboration with the legal editorial group Wolters Kluwert through CISS.

In this tenth edition of the awards, FCC was recognised in the category of sustainability and corporate social responsibility in acknowledgment of its commitment to sustainable development and the initiative set in motion in 2000 to publish a biennial environmental report. This award was collected by FCC's Secretary General and Chairman of the Corporate Social Responsibility Committee.

FCC Construcción publishes this report, which describes all of the company's environmental activities, with a view to sharing its environmental management knowledge. Approximately 5,000 copies of the report are issued in Spanish, Catalan and English and are distributed among public administrations, customers, employees, commercial partners, journalists, students and the general public. The report is also available in electronic format on the FCC Construcción website. In each new publication the company strives towards progress and, in this light, the 2007 environmental report includes case studies on good practices applied to its works.

FCC received the same award in 2003 for a project presented by FCC Medio Ambiente and developed in collaboration with the University of Huelva, which defined environmental variables and indicators in solid urban waste (SUW) treatment processes.

FCC website, best among Ibox 35 companies

The FCC website has been considered best IBEX 35 website in a study carried out by the Make communications agency. The study did not take into account aesthetic factors but rather concentrated on objective parameters such as screen resolution, internal search engine, site map, value quotation, availability of different font sizes, web standards (HTML, CSS and WAI), syndication of RSS content, page weight, browsability and accessibility. The website is available in Spanish and English, and each language site contains approximately 250 pages, 300 news items, 250 FCC images, 18 bulletins issued once every two months and 320 PDF documents (regulations, reports, presentations, shareholders' meetings and results).

The FCC website is compliant with the W3C consortium's Web Accessibility Initiative (WAI), designed to help make the site accessible to people with disabilities. Browsing pages is done through the home page, with a maximum depth of three clicks, in accordance with CNMV and WAI norms.



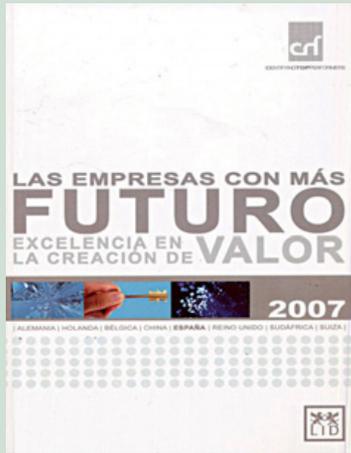
FCC, awarded for its IT upgrades

The weekly magazine Computing gave FCC the first 2007 Computing Price in the "Business Continuity" category in recognition for the Company's efforts in upgrading its technological infrastructures to obtain greater efficiency criteria in management and security and high availability of critical corporate applications.

ComputerWorld award in the Chief Information Officer (CIO) category

ComputerWorld, the prestigious magazine specializing in IT sciences, awarded the director of FCC's Information Systems and Technologies Department, its annual prize in recognition of the Company's constant efforts in innovation and its commitment to promoting information and communication technologies.

FCC, recognised as a company with a future for its strategy, quality and innovation (CRF 2007)



In times of economic growth, stakeholders want to know which companies have a solid basis with which to continue competing. This objective is the basis for the book "Companies with a future. Excellence in the creation of value" published by CRF, in which FCC is recognised for its strategy, quality and innovation.

FCC Ámbito given Eco-responsible company Award 2007

An important recognition awarded to Gemasur, part of FCC ámbito, for the third time by the Federación Andaluza de Ciencias Ambientales (Andalusian Federation of Environmental Sciences), coinciding with the II Andalusian Congress on Sustainable Development and the VI Andalusian Congress on Environmental Sciences held in Cadiz on 12, 13 and 14 April.

Aqualia elected Water Company of the Year

The award was given by Global Water Intelligence (GWI), one of the leading international magazines in the industry, for Aqualia's capacity to grow in the highly-competitive international market by exporting its very successful business model from Spain. GWI also noted the speed with which Aqualia has adapted to the new international scenario.

Customer Service Leadership of the Year Award

Aqualia, FCC's subsidiary specialised in end-to-end water management has been awarded the Customer Service Leadership of the Year Award by prestigious UK consulting firm Frost & Sullivan as part of its annual Best Practices Programme aimed at recognising corporate excellence on an international level. This award is internationally recognised by investors, users and the media.

The panel of judges valued Aqualia's strategy based on the principles of efficiency, proximity to customers and brand recognition as well as its commitment to service quality standards as reflected in water supply, facilities and water controls. The company has been awarded the ISO 9001 and ISO 14001 quality certificates and has constantly demonstrated its commitment to the environment and sustainable development.



ÖGUT Environmental Award

The Austrian Society for the Environment and Technology (ÖGUT), in its 22nd edition, awarded its annual prizes for the most outstanding sustainable projects. This year ASA won the prize in the category "Austrian Environmental Technologies for Central, Southern and Eastern Europe" for the opening of a modern and pioneering waste treatment facility at Arad (Romania), a town with a population of more than 170,000.

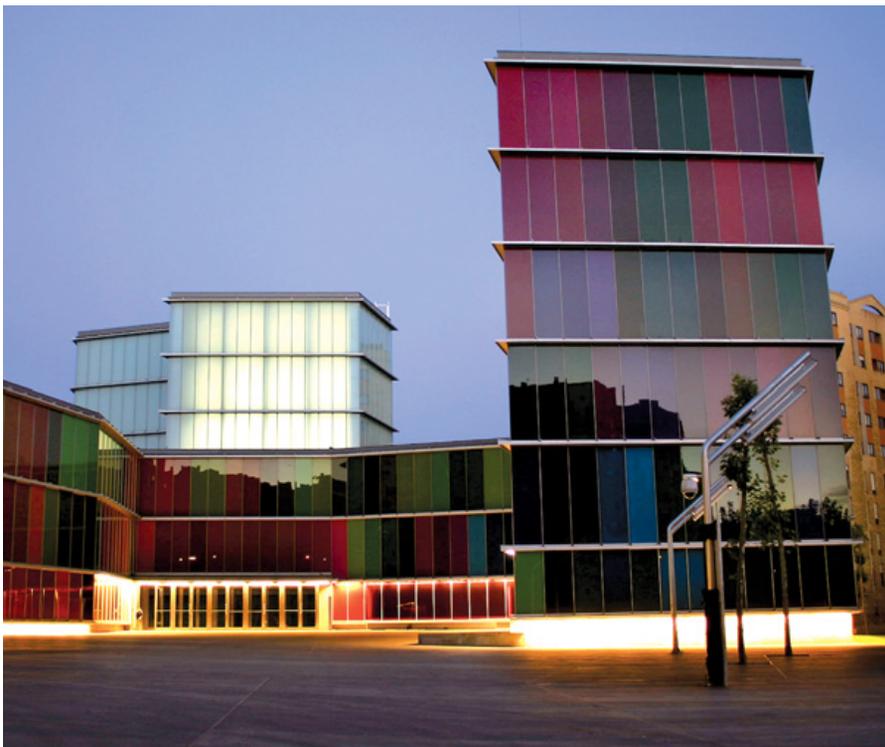
FCC wins COEC Corporate Excellence Award

The Confederación Comarcal de Empresarios de Cartagena (COEC) Corporate Excellence awards aim to single out the corporate work of companies contributing to the economic development of the entire Cartagena region. The FCC Environment branch in Cartagena-Almería was presented with this award in the social commitment category for the efforts carried out by its parks and gardens division.

The panel of judges highlighted FCC's commitment to society, which is reflected in its hiring of socially excluded people and those with physical and intellectual disabilities, who account for 20% of the gardening division workforce. This prize is a reward for the labour-integration work carried out in collaboration with Asus and Prolam, which are constantly striving to improve the quality of life of the disabled.

ISMS Forum Spain wins SIC Magazine prize

The Spanish Association for the Promotion of Information Security, ISMS Forum Spain, of which FCC is a founding member and currently presides over the association's governing body, was awarded one of the prizes given each year by SIC Magazine for creating an open associative framework for promoting the development, knowledge and culture of information security in Spain.



León Museum of Contemporary Art wins European Union award (FCC Construcción)

The European Union Prize for Contemporary Architecture -Mies Van der Rohe Award- was presented to the León Museum of Contemporary Art (Musac), designed by architects Emilio Tuñón and Luis Moreno Mansilla and built by FCC Construcción. This is the most prestigious contemporary architecture award in the European Union. MUSAC, which received the award for its conceptual, technical and construction quality, was inaugurated in April 2005 and has established itself as a benchmark artistic institution in Spain.



International Puente de Alacántara Award

The prize was awarded to the Terminal T4 project at Madrid Barajas airport by the Fundación San Benito Alacántara.

The City of Barcelona Award

Barcelona city council recognised the Illa Londres project that comprised a primary school, a nursery and apartments for young people.

The Foro Civitas Nova Award

Prize for architecture and sustainable urbanisation awarded to the Toyo Almería development project.

Annual Deal of the Year Award

The Euromoney Group elected Global Via for the San José-Caldera road concession as Deal of the Year in the Latin America category in their international magazine, Project Finance.

National Quality Prize for Public Housing

The Ministry of Housing awarded this prize to the San Jerónimo building designed by architects Francisco Javier Terrados Cepeda and Fernando Suárez Corchete and built by FCC for the Seville Municipal Housing Department. The building has 68 subsidised rental apartments.

The panel of judges highlighted the project's architectural features, which replicate the landscape of Seville's neighbourhoods, its accessibility and features ensuring the sustainability of the building.

The Qualitas Prize

The Fiat group awarded Megaplus, an FCC Construcción subsidiary with the Qualitas Prize for quality and service excellence.

Cemusa garners Art Commission of the City of New York award

The Art Commission of the City of New York, in the 25th edition of its prestigious Design Awards, has selected several urban design projects, including the Cemusa-designed city furniture.

On this occasion, Cemusa won a prize for the prototypes of its city furniture for New York, designed by Grimshaw Architects with the active collaboration of the Company's Corporate Technical Department for a project put out to tender by the City Hall for the installation and maintenance of city furniture and advertising.

La Gaceta de los Negocios award

The economic newspaper La Gaceta de los Negocios presented Realia with its "Best Real Estate Developments in Spain" award for its Hacienda del Sol development on the Costa del Sol.

FCC always committed to society

The FCC Foundation, a boost to FCC's social mission

FCC has always been committed to the development of the communities in which it operates. The Company has traditionally worked in close collaboration with numerous public and private entities in the tertiary sector due to its firm belief that it is not possible for its businesses to succeed in failing societies.

Its vision of social cooperation responds to the causes of the most underprivileged members of society, the poor, needy and disabled people. Nevertheless, FCC is equally aware that it must collaborate with other areas of society such as culture or raising awareness.

Consequently, the Group established the FCC Foundation to channel all social action, sponsorship, charity work and corporate social responsibility activities in general it wishes to conduct in the future. The Foundation will be fully up and running during 2008.

The FCC Foundations general objectives are as follows:

- Promote art, culture and education.
- Promote and develop research in any fields, as well as disseminate technology and support the information society in order to strengthen scientific knowledge.
- Encourage social equality, social support, and the integration of the most underprivileged classes, immigrants, the elderly, and individuals at risk of exclusion for physical, social or economic reasons. Improve the population's social conditions and health and promote and develop any activities that improve the quality of life for people in Spain and those countries that lack basic products and services.
- Promote, protect, restore and disseminate Spanish and foreign historical, cultural and artistic heritage.
- Protect the environment.

Cooperation: FCC's social commitment

During the period covered by this report, FCC has contributed over Euros 9 million to the social initiatives or activities outlined below. The WRG Foundation has also earmarked funds for projects to improve the quality of life for individuals, totalling Euros 18 million in 2006.

FCC supports medical research and the fight against disease

The Group has provided support to numerous groups and associations that fight disease or help to alleviate its effects, such as: the Association for Children with Cancer (AFANOC), the Spanish Association against Cancer (AECC), The Children's Oncological Association of the Madrid Autonomous Region (ASION), Riadway for Africa, the San Juan de Dios Foundation, the Apsuria Foundation, Payasoshospital, the Theodora Foundation, and the Centre for Cardiovascular Research (CNIC).

FCC collaborates with associations that support disabled groups

The FCC Group has continuously provided support to associations that work to integrate disabled people by collaborating in projects or providing funding to the following organisations: the Spanish Amiotrophic Lateral Sclerosis Association (ADELA), The El Despertar Association and the Nido Foundation, the AFIM Foundation (support, training and integration of the disabled), the APADEMA Association (Association for the Promotion and Support of Mentally-disabled Adults), the Adecco Foundation, Asprona in Albacete, the Concerto Foundation, AMIAB (Association for the Disabled in Albacete), Centre for the recovery of the physically disabled of the Institute for the Elderly and Social Services (IMSERSO)

(C.R.M.F.) in Salamanca, the Red Cross (Cruz Roja), the Federation of Associations of the Physically Disabled of the Madrid Autonomous Region (FAMMA-Cocemfe Madrid), TIRGI, CERCA, CREAMA, AUPA, Recursos Solidaris, the Engrunes Foundation, the Formació i Treball Foundation (training and employment), L'Arca del Maresme, ASCODEL (Association against Long-term Unemployment), Lasarte-Oria Town Council, Rentería Town Council, the ECOM Foundation, the Association of the Mentally Disabled of La Sabor. A collaborative agreement has also been signed with the Albacete City Council, the Castilla-La Mancha Health and Social Foundation for the Integration of the Mentally Ill into Society and the Workplace (FISLEM), FCC, S.A. and other local companies. The Group has also worked with the Catalan Department of Justice and Reus Town Council to participate in the community service programme for petty criminals.

FCC supports education and young people

The Group has also collaborated in social initiatives that support underprivileged students, funds for grants, or education in general such as: the Promete Foundation for extremely-gifted underprivileged students, Proclade Bética which works to promote child education, the European Observatory on Children's Television (OETI), the Deporte Joven Foundation, the Celta de Vigo Children's Campus, the Guardia Civil Foundation, opening the Torre Picasso building to the public during the open day for emblematic buildings in Madrid, etc.

FCC and social development. The Spanish Confederation of Business Organisations' (CEOE) Cooperation for Development Project

The Proactiva Medio Ambiente case study

As a result of the Group's commitment to improving the quality of life and social development of the communities in which it operates, it provides support to projects in this area collaborating with entities, including: the Cidob Foundation, the OCDE Forum, the Codespa Foundation, Fundación por la libertad, Mensajeros por la Paz, Action Against Hunger (ACF), Comunidad Misionera de Santiago Apóstol, Teléfono de la Esperanza, the Vicente Ferrer Foundation, the Foundation against Drug Addiction, Aldeas Infantiles SOS

de España, Ayuda en Acción, Asociación Nacional de Amigos de los Animales ANAA, Calcuta Ondoan ONG, the Pequeño Deseo Foundation, the Banc dels Aliments Foundation, Solidaridad Internacional Cooperación Internacional ONG, or the Nastic al Mon Foundation.

FCC also participates in two working groups incorporated by the Cooperation for Development Committee of the CEOE which work to represent the business community's single agreed position on international cooperation for development. These working groups are:

- Strategy for the Promotion of the Business and Economic Framework.
- Multilateral Strategy.



The Proactiva Medio Ambiente case study

The social actions aimed at benefiting the communities in which the FCC Group operates include the activities performed by Proactiva in the areas surrounding sanitary landfills and informal waste recoverers.

Proactiva manages 18 landfills in the region, several of which are located near to underprivileged areas. Consequently, a plan has been set in motion to help these communities.

PROACTIVA
MEDIO AMBIENTE



Landfill. Argentina

The Doña Juana landfill (serving the population of Bogotá and considered to be one of the largest in the world) is surrounded by several shanty towns (known as "los Mochuelos"). Consequently, part of the company's policy and contractual obligations is to implement a social cohesion plan. Measures taken include hiring workers from these shanty towns, organising educational programmes for this population on, for example, the use of computers, and running campaigns to educate women and help them integrate into the labour market. Proactiva has also opened a public library in this area and periodically organises breakfasts for the leaders of these shanty towns and the managers of the landfill to develop a policy of transparency, dialogue and proximity to the landfill's neighbours.

Informal waste recovery activities have increased significantly across Latin America and are often performed under unsafe conditions in countries such as Colombia, Argentina and Venezuela. Consequently, Proactiva has set in motion several initiatives to improve the lives of the individuals performing these activities, which is often the only source of income for many families.

At the Presidente del Valle del Cauca landfill (Cali, Colombia) and the Bonanza landfill in Caracas (Venezuela), plans have been initiated to provide support to the informal waste recoverers working at these sites. In Cali, in addition to organising the work of these recoverers into cooperatives, medical attention, vaccination programmes to prevent diseases and psychological support is provided. Recoverers are also educated to provide them with new opportunities for integration into society and help them find employment. 20 recoverers are now formally employed by Proactiva at the Valle del Cauca landfill.

A plant has been built to process waste for recycling at the Querétaro landfill in Mexico. With regards recruitment, priority has been given to women who, in many cases, are the family breadwinners.



Landfill in Querétaro. Mexico.



FCC cares for the environment

The Group has closely collaborated with and provided considerable funding to environmental education projects, primarily through its services area (FCC Medio Ambiente, Aqualia, or Ámbito). Historically, FCC and its services area has been responsible for organising and funding drawing competitions to improve children's awareness of water use, developing agreements with universities and schools, holding open days, arranging visits for school children, arranging exhibitions, awarding prizes, etc. since it considers that environmental education is one of the fundamental areas for younger generations.

FCC and the Soria 21 Forum

This year FCC participated in the latest edition of this outstanding sustainability forum in Spain entitled "Population and Sustainable Development". FCC has also taken part in the round table on "Infrastructures, Transport, Energy, Urban Development and Water – Impact on the Population" at which Aqualia's services management director was a speaker.

FCC supports fair trade

At their head offices in Madrid, FCC and its subsidiary Cementos Portland

Valderrivas organised several events in conjunction with Intermón-Oxfam aimed at promoting awareness of fair trade. Prior to opening fair trade markets at both centres offering a wide range of fair trade products, Intermón gave a talk on this alternative trade system. Subsequently, employees were given the opportunity to purchase these products, the proceeds from which were collected by Intermón.

FCC has also installed vending machines in its head offices which dispense fair trade products such as coffee. According to Gedemasa, 210 kilos of this type of coffee have been consumed.

FCC sponsors and promotes culture

The Group believes that companies that encourage a love of culture and scientific research promote progress. During the period, FCC has sponsored events and organisations such as: the Perelada Music Festival, the Oviedo Opera - Campoamor de Oviedo Theatre Foundation, the Albacete Cultural Programme and its unique Teatro Circo (1887), the only theatre of its kind in Spain, Museo Patio Herreriano, el Palau de la Música Catalana, the Pro Real Academia Foundation, the Amigos del Museo del Prado Foundation, the Foundation of Social Studies (Fundación de Estudios



Sociológicos), the Centre for Ecological Initiatives (Centro de iniciativas ecológicas), the Cadiz Festival of South American Theatre, the Vienna Festival of Spanish Music, the CIDOB Foundation, the Prince of Asturias Foundation, the Pro Real Academia Española Foundation, the Andalusian Foundation of Cement and the Environment (Fundación Laboral Andaluza del Cemento y del Medio Ambiente), the Canary Islands Opera Festival Foundation, etc.

FCC supports local communities: the Cementos Portland case study

Although FCC acts in all areas of its business to promote the social development of the communities in which it operates, its commitment of its cement line of business is particularly noteworthy. Cementos Portland Valderrivas is especially involved in the communities in which its plants are located. It makes significant annual donations to the University of Navarra, Unicef Navarra, the Red Cross, and Festivales de Navarra, among others. It also collaborates with Euroforum (Madrid) and several local councils and chambers of commerce such as those of Morata de Tajuña, Estremera, Carabaña, Chinchón, Hontoria, Valdelaguna, Aranjuez, Alcalá de Guadaíra, Venta de Baños, Tariego, Magaz and Cevico, as well as offering support to residential homes for the elderly, retiree centres, and several education and special education associations. Several local councils have benefited from contributions of cement and concrete for certain infrastructure public works. CPV also sponsors amateur and professional sports events and teams in these communities, the most noteworthy of which is one of Spain's most successful basketball teams, Portland San Antonio de Navarra.



FCC supports world heritage: the Royal Foundation of Toledo

The Royal Foundation of Toledo is a private cultural institution, the objective of which is to conserve and revitalise the historic city of Toledo by conducting activities aimed at promoting it as a place to live, as well as protecting, researching and publicising its heritage. Its mission also includes conserving and promoting the works of the sculptor Victorio Macho. FCC achieves these objectives through urban development activities, the restoration of cultural assets, research projects, exhibitions, publications, training courses, working meetings, conferences, and special attention to the convent cloisters and its heritage.

FCC sponsors the Foundation for Financial Studies (FEF)

FCC sponsors the FEF, a financial markets study centre. The Foundation dedicates its efforts and resources to independent investigation, training and issue of opinions and is committed to working in favour of economic freedom based on transparency, efficiency and ethics.

The FEF is comprised of a substantial group of companies, such as FCC, and institutions that represent a significant part of Spanish society, and economic and financial sectors. Consequently, the FEF is one of the main thought leaders of the Spanish finance sector.

FCC supports the Spain-Latin America Cooperation Programme: the Carolina Foundation and the Ibero-American General Secretariat (SEGIB)

The FCC Group has sponsored the Carolina Foundation for some years. This Foundation was created to promote cultural relations and cooperation in the field of education and science between Spain and the countries comprising the Ibero-American Community of Nations, as well as with other countries with special historical, cultural and geographical links.

FCC actively contributes to the development of social responsibility policies in Latin American countries through participation in the Carolina Foundation Workshop on public private partnerships for the development of Latin America, such as the "Value chains" programme of the Ibero-American General Secretariat.



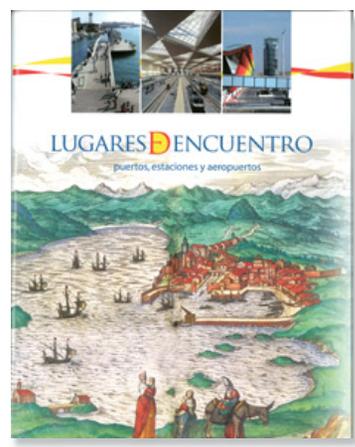
FCC and Madrid 2016

In line with its policy of sponsoring sporting activities, the Group has decided to support Madrid's bid to host the 2016 Olympic Games, making FCC the sponsor of choice.

FCC has published its new book entitled "Meeting points. Ports, stations and airports"

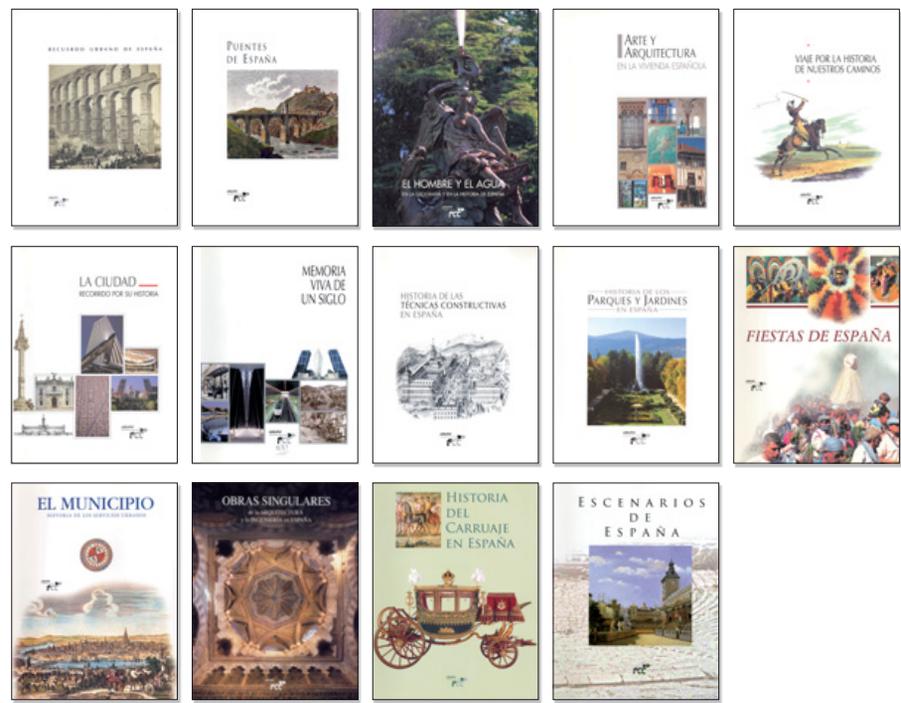
FCC has published a new book entitled "Meeting points. Ports, stations and airports," which, as in previous years, was carried out by Cinterco and coordinated by the corporate image department. Over ten renowned authors participated in this fifteenth book published by FCC, which provides historical background information on ports and meeting points in Spain, from ancient times to Roman Hispania to the present time. The book also includes a wide variety of images of ports, train stations and airports. The book was donated to the Spanish Royal Academy of Engineering.

This new book will form part of the collection of informative and scientific works published by FCC in collaboration with prominent academics, lecturers, writers, historians, architects and engineers. These works are widely consulted in universities and by academics.



FCC has donated its book entitled "Escenarios de España" to the National Museum of Theatre

Corporate social responsibility management at FCC visited the National Museum of Theatre, based in Almagro (Ciudad Real), to present a copy of its book called "Escenarios de España" which had been specially bound for the occasion. This donation falls within FCC's commitment to social responsibility and aims to increase the funds in this museum, a guardian of Spain's rich heritage in theatre. The museum sent a letter of thanks to Esther Koplowitz and Rafael Montes, FCC's current Chairman.



"FCC Volunteers". FCC announced its corporate volunteer programme

This year one of the Group's most striking corporate social responsibility projects has been the "FCC volunteers" programme presented to employees. The programme will first be brought into line with the goals of the Esther Koplowitz Foundation, which has worked tirelessly for the most underprivileged groups in Spain for many years.

The programme, unveiled in Madrid, Valencia and Barcelona, evolved from the idea of sharing the values, concerns and aspirations of the communities in which FCC operates. The project will be steered by corporate social responsibility management, in collaboration with the FCC Foundation, which will cover any expenses incurred, insurance, professional advisory services and the required training. An on-line platform will be created for this purpose to manage and promote leisure activities and socialising amongst volunteers.

Initially, volunteers will concentrate on requirements such as companionship at the homes for the elderly started up by the Esther Koplowitz Foundation in Madrid (Collado Villalba), Valencia and Barcelona. Given the significance of the Esther Koplowitz Foundation activities, it is appropriate that FCC start its corporate volunteer programme by reinforcing the Foundation's work to help the most underprivileged in society.



Home for the elderly, Barcelona



Home for the elderly, Valencia



Home for the elderly: Nuestra Casa de Collado Villalba

Case study: WREN (Waste Recycling Group Foundation)

Improving people's lives

The purpose of WREN is to ensure that the Waste Recycling Group's funds have the greatest possible impact on improving the quality of people's lives. Its policy rests on two core pillars:

- To use advisory groups in most areas to support the decision-making process and,
- to ensure that tax generated on its operational areas is recovered through grants.

WREN was founded in 1997 in order to give back part of taxpayers' money in local areas, using the invaluable experience and know-how of local people to channel funds both transparently and democratically to the most necessary areas. This initiative has given stakeholders maximum benefits in terms of community, cultural heritage, conservation, biodiversity, youth, volunteers, etc.

2006 Grants*

Community and regeneration projects

WREN donated more than £10 million to 414 projects. The main projects are as follows:

- wo playgrounds in Flintham (£49,000). An area with one of the most dangerous main roads in the UK, splitting the community in half.
- 62 hectares of playgrounds across a former mining area (coal) with an important mining museum in Pooley Country Park (£23,452).
- Canal junction for the waterways in the river Thames and river Abingdon (the main waterways in the south of England) increasing its potential as a tourist and leisure spot (£50,000).

- The first ice-rink in Burdiehouse Burn Valley, south Edinburgh (£25,000) requested by young people in this area.

Conservation projects and the environment

WREN distributed more than £1,000,000 between 65 projects.

- Conwy nature reserve (£67, 760).
- Cheshire Bluebell Biodiversity Action Plan (£18,800).
- Gibraltar Point Wildlife Trust in Skegness, on the east coast. National nature reserve spanning 1,000 acres. (£125,000).
- Wildfowl and Wetlands Trust in the Norfolk nature reserve. Construction of a two-storey building with educational purposes, incorporating a sustainable design (£50,000).

Heritage projects

WREN awarded nearly £1,000,000 to 43 projects.

- Stained-glass window at the Lincoln cathedral (£137,750). Maintenance and protection of the medieval stained-glass window (double glazing) which survived the destruction caused by Henry VIII and his reform.
- Dragon room: a trade room (cloth) during 1430. It is a unique medieval legacy and one of the most important historical buildings in Norwich and Norfolk (£50,000).
- Ripon cathedral. Restoration works on one of the oldest cathedrals in the country.
- San Asaph cathedral in Denbighshire dating back to XIII century and possibly the oldest and smallest cathedral in Great Britain. Restoration work (£35,000).



- The Stotfold windmill is located on the river Ivel in Bedford. It is famous for having the widest millstone with which to grind wheat in Great Britain and is 1000 years old. Restoration work (£25,250).

WRG awards, "Challenges in the community"

On 9 May 2006 Jim Meredith, WRG chairman, and Gwyneth Dunwoody, MP, awarded the following funds in the House of Commons:

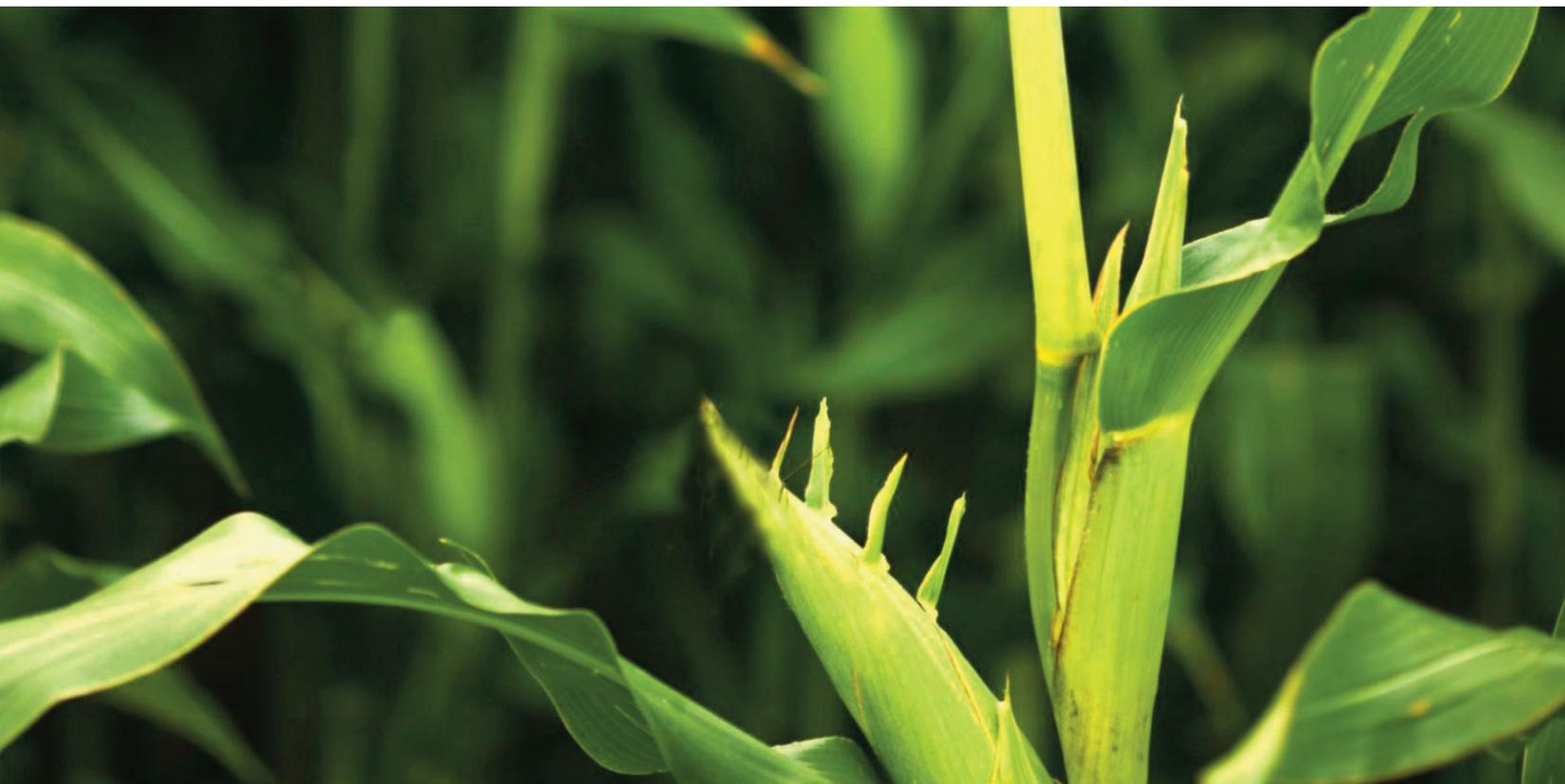
- High Ongar village hall, Essex, £250,000.
- Weir Deals centre, Lancashire, £250,000.
- Normanton on Soar Jubilee Field Village Hall, Nottinghamshire, £200,000.
- Thorpe Hesley Holy Trinity Community Building, South Yorkshire, £175,000.
- St. Mark's Church Community Centre in Bedfordshire, £125,000.

For more information go to: www.wren.org.uk

* 2007 grants during the 2007 tax year will be audited and published during the first quarter of 2008.



committed to
our responsibility



Letter from the independent
external inspector



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Verification Report

A los lectores de este Informe

Introducción

Hemos sido requeridos por el Grupo FCC (en adelante FCC) para revisar la información relativa a las prácticas ambientales y sociales correspondientes al ejercicio 2007 contenida en su Informe de Responsabilidad Corporativa 2007(en adelante el Informe), cuya elaboración, incluida la decisión acerca de los asuntos que trata, es responsabilidad de la Dirección de FCC.

Alcance

En el Informe se describen los esfuerzos y avances realizados por FCC en la consecución de un desarrollo más sostenible. Nuestra responsabilidad ha sido la de revisar el mencionado Informe, comprobar la aplicación de la Guía de Global Reporting Initiative Versión 3 (GRI G3) de acuerdo al nivel de autodeclaración de la compañía y ofrecer a los lectores del mismo un nivel de aseguramiento limitado de acuerdo con lo establecido por la norma ISAE 3000 (International Standard for Assurance Engagements) sobre:

- Que los datos cuantitativos relativos a los indicadores GRI G3 se han obtenido de manera fiable.
- Que las informaciones de carácter cualitativo relativas a los indicadores GRI G3 se encuentran adecuadamente soportadas por documentación interna o de terceros.
- La aplicación de la Guía de GRI G3 para el nivel de aplicación A+ cuya auto declaración ha recibido la confirmación de Global Reporting Initiative.

Criterios para realizar la revisión

Hemos realizado nuestro trabajo de acuerdo con la norma ISAE 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, desarrollada por International Auditing and Assurance Standards Board (IAASB). Entre otras cuestiones esta norma requiere que:

- El equipo que realiza el trabajo posea conocimientos específicos, habilidades y competencias profesionales necesarias para entender y revisar la información incluida en el Informe, y que los miembros del mismo cumplan los requerimientos del Código de Ética Profesional de la Federación Internacional de Expertos Contables (IFAC) para asegurar su independencia.
- Cuando se provea de un aseguramiento limitado de la información, que es de un nivel de profundidad menor que el aseguramiento razonable, se utilice una conclusión limitada al trabajo realizado.

En nuestra revisión se han seguido los principios y criterios de verificación de la información incluidos en la Guía de GRI G3 por ser los aplicados por FCC y cuyo entendimiento y aplicación se hallan descritos en el capítulo denominado "Proceso de elaboración del Informe de Responsabilidad Corporativa".

Trabajo realizado

Hemos revisado la fiabilidad de los datos y otras informaciones contenidas en el Informe de acuerdo con el alcance descrito, basándonos en la realización de las siguientes actividades:

- Entrevistas con los responsables de los sistemas que proveen la información incluida en el Informe.
- Revisión de los sistemas utilizados para generar, agregar y facilitar los datos.
- Análisis del alcance y presentación de la información que se ofrece.
- Revisión por muestreo de los cálculos realizados a nivel corporativo y la consistencia de los mismos.
- Revisión de que otras informaciones contenidas en el Informe se encuentran adecuadamente soportadas por documentos internos o de terceros.

Conclusiones

Basados en los trabajos descritos anteriormente, no hemos observado circunstancias que nos indiquen que los datos recogidos en el Informe no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones ni omisiones significativas.

KPMG ASESORES, S.L.



Julián Martín Blasco

23 de mayo de 2008

main G3 indicators of the Global Reporting Initiative

G3 Global Reporting Initiative Index + COP

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EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	GC8	454-455; 443-446
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	GC8	FCC does not generate products. All areas encourage reuse of materials
Compliance		
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	GC8	432
Transport		
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		431



G3	Global Compact	Report page
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Social

Disclosure on management approach

Society performance indicators

1. Labour practices and decent work		
The people who make our project possible.		456-457
Attracting and retaining talent.		457-459
Diversity and equality.		460-462
Employment stability.		462-463
Remuneration and other benefits.		464
Training.		465-470
Labour environment.		471
Internal communication.		472
Safety, our responsibility.		407-421
• Employment		
LA1 Total workforce by employment type, employment contract, and region.		462-463
LA2 Total number and rate of employee turnover by age group, gender, and region.		463
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		464
• Labour/Management Relations		
LA4 Percentage of employees covered by collective bargaining agreements.	GC3	471
LA5 Minimum notice period(s) regarding significant organisational changes, including whether it is specified in collective agreements.	GC3	472
• Occupational health and safety		
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		407-411
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		415
LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.		415-416
• Training and education		
LA10 Average hours of training per year per employee by employee category.		465-469
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		465-469
LA12 Percentage of employees receiving regular performance and career development reviews.		460-463

G3	Global Compact	Report page
<ul style="list-style-type: none"> • Diversity and equal opportunities 		
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	GC6	367-368; 284-285
LA14 Ratio of basic salary of men to women by employee category.		360; 460-461
<h2>2. Human Rights</h2>		
Tools to ensure FCC's integrity: Code of ethical conduct and internal communication channel.		370
Basic principles of behaviour.		359-361
FCC and the Global Compact.		360-361
<ul style="list-style-type: none"> • Investment and procurement practices 		
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	GC1-GC2	360-361
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	GC1-GC2	360-361
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		468-469
<ul style="list-style-type: none"> • Non-discrimination 		
HR4 Total number of incidents of discrimination and actions taken.	GC1-GC6	468-469; 370
<ul style="list-style-type: none"> • Freedom of association and collective bargaining 		
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	GC3	468-469; 471
<ul style="list-style-type: none"> • Child labour 		
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	GC5	468-469
<ul style="list-style-type: none"> • Forced and compulsory labour 		
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	GC4	468-469
<h2>3. Society</h2>		
We are part of the community.		473-505
Health and safety culture.		415-421
Corporate social responsibility training.		468-469
Corporate social responsibility management structure.		361-372
<ul style="list-style-type: none"> • Community 		
SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		382-386; 480-489



G3	Global Compact	Report page
• Corruption		
SO2 Percentage and total number of business units analyzed for risks related to corruption.	GC10	370; 385
SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures.	GC10	370; 385
SO4 Actions taken in response to incidents of corruption.	GC10	370
• Public policy		
SO5 Public policy positions and participation in public policy development and lobbying.		388-391; 407-411; 454-455; 490-492
• Compliance		
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		421
4. Product responsibility		
The value of quality: customers and users.		382-383
Health and safety culture.		415-421
• Customer health and safety		
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		382-383
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.		415-421
• Products and service labelling		
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		382-383
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by types of outcomes.		415-421
• Marketing communications		
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		382-383
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by types of outcomes.		415-421
• Compliance		
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		415-421

GRI certification



On 22 May 2008 this report received an A+ rating from the Global Reporting Initiative (GRI) institution.

This qualification recognises that the document has been prepared following the information principles and requirements of the "Sustainability Reporting Guidelines" in the current version at the time of publication.

For more information on GRI and the requirements for A+ see:

<http://www.globalreporting.org>>www.globalreporting.org

your opinion is important: dialogue with stakeholders

This report aims to show our stakeholders in a balanced and reasonable fashion how the company tackles the most significant challenges regarding its activities.

Any suggestions or comments regarding this report may be sent by letter to:

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Corporate Social Responsibility Department

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Teléfono: +34 91 343 71 81

Or via email to:

rcorporativa@fcc.es

The current progress of FCC's Corporate Social Responsibility Master Plan can be viewed on our web page at www.fcc.es in the section entitled Corporate Responsibility. Any comments and requests can be sent via the link Diálogos Gdl.



Questionnaire on this report for stakeholders

The Corporate Social Responsibility department trusts that the information contained in the third edition of the Corporate Social Responsibility report has proved useful to our stakeholders.

We would be grateful if you could give us your opinion on this report including your criticisms and suggestions.

Please indicate your mark for each of the aspects of the 2007 Corporate Social Responsibility report, bearing in mind that 1 represents "uninteresting or inappropriate" and 5 represents "very interesting or very appropriate". There is also a section for you to include any other comments or suggestions that can help us to improve the report.

Please send us the completed questionnaire via post or email.

1 Please identify yourself with one of the following groups

Shareholders	<input type="checkbox"/>	Media	<input type="checkbox"/>
Employees	<input type="checkbox"/>	Suppliers/Contractors	<input type="checkbox"/>
Companies	<input type="checkbox"/>	Public administration	<input type="checkbox"/>
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Social	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
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Economic	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
Social	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
Environmental	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

Comments/suggestions:

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8 Global evaluation of the CSR 2007 Report

Global evaluation	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
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Comments/suggestions:

Our objective is to continue to develop our relationships with stakeholders and to increase transparency by publishing the relevant reports on the company, going beyond regulatory publications.

Thank you for your participation

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Baldomero Falcones Jaquotot

Environment and Water

Chairman of FCC Servicios José Luis de la Torre Sánchez

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CEO	Rudolf Platzer	Legal Affairs	Steven Hardman
CFO	Björn Mittendorfer	Technical Manager	Andy Ryan
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Andalucía West Civil Work	Jaime Freyre de Andrade Calonge	Cataluña Civil Work II	Francisco Diéguez Lorenzo
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Madrid Construction III	Francisco Javier Córdoba Donado Enrique Díaz Valdés (Deputy Manager)	Castilla y León Building	Florentino Rodríguez Palazuelos
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Technical Manager	Fernando Arrechea Veramendi	Galicia	Juan Sanmartín Ferreiro
Zone III	Francisco Vallejo Gómez	North	Javier Hidalgo González
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Tenerife	Pablo López Marzo		
Zone V	Teodoro Velázquez Rodríguez		
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Valencia Civil Work	Rafael Catalá Reig		
Balearic Islands	Miguel Ángel Rodríguez Rodríguez		
Murcia	Juan Antonio López Cánovas		

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Mexico	Pedro Diftel Zarco Carneiro Chaves		

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Pinturas Jaque, S.L	Fernando Martín Barrios	Internacional Tecair, S.A. and Eurman, S.A.	Daniel Emilio Candil Menes
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Corporate Internal Audit Manager	José Ignacio Domínguez Hernández	Corporate Technical Manager	Pablo Espeso Martínez
Corporate Manager of Cementos Portland Valderrivas España	Ángel Luis Heras Aguado		

Real Estate

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Development	Tomás Marín Zarza		

Torre Picasso

Corporate Manager	Guillermo Alcaide García
-------------------	--------------------------

Administration

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Administrative Coordination	Alberto Farré Ramos	Economic Control	Juan José Drago Masía

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Finance. Finance Manager	Manuel Somoza Serrano	Financing	José Manuel Carrasco Delgado
	Esther Alcocer Koplowitz (Assistant)	Afigesa	Luis Mora Callejas
	Alicia Alcocer Koplowitz (Assistant)	Asiris, S.A.	Miguel Ángel Jabal Madrid

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General Secretary **Felipe B. García Pérez**

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Barcelona Legal Affairs Office	Esteban Correa Arlés	Information Security and Risk Management	Gianluca D'Antonio
Construction	Nicolás Ossorio Martín	Communications	Francisco Javier Hernández Fernández
Services	Alfonso Goncer Coca	Corporate Image	Antonio de Lorenzo Vázquez
Versia	Juan de los Ríos Jimeno		

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Emilio Hermida Alberti (Assistant Manager)

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Training	Carlos Cobián Babé	Occupational Safety (Services)	Juan Carlos Sáez de Rus
International	José María Merino Matesanz	Screening	Ciro Martín Muñoz
Industrial Relations	Luis Suarez Zarcos	Medical Services	Rafael Echevarría de Rada
		Central General Services	José María Martí Maqueda

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Deputy Manager, Internal Audits,
Domestic Area

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Deputy Manager, Internal Audits,
International Area

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International Corporate Strategy and Development

Assistant Corporate Manager

Gèrard Ries

International Corporate Development
Manager

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