



The FCC Group's areas of activity

31	Services
55	Construction
95	Cement
109	Real Estate
117	Other sectors



Services

- 31 Turnover
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Split-compartment solid urban waste collection lorry, Madrid





Street cleaning. Water jet. Zaragoza



Sabadell purifying plant (SPA). Barcelona

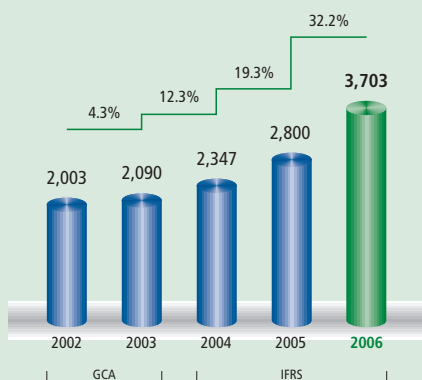
Public service management is, like construction, one of FCC's oldest activities, since it dates back to 1911 when FCC first began maintaining the Barcelona sewer network. The range of services FCC provides for society is very wide and increasingly complex, so they are grouped into two major categories. In the first category are environmental services such as city sanitation (urban waste collection and treatment, street cleaning, building cleaning and maintenance of parks, gardens and sewer systems), water management and industrial waste treatment.

In the second category are the services for which Versia is responsible: airport handling, conservation and systems, passenger transport, vehicle inspection, parking facilities, logistics, urban furniture and advertising and industrial vehicle sales.

In 2006 all these activities brought in 39% of the Group's turnover and 43.6% of the consolidated Ebitda. As of 31 December the services backlog was worth 22,667 million euros, 49% more than on the same date the year before.

Turnover

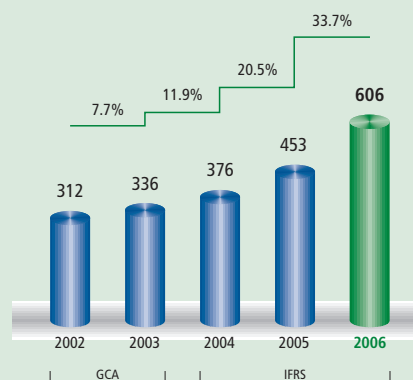
Millions of euros



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

Gross operating profit (Ebitda)

Millions of euros



City sanitation

Turnover:
1,960 million euros

Analysis of the sector

In the last fiscal year 287 city sanitation contracts were put out to bid, slightly fewer than the number bid on in 2005 (329). Even so, the joint annual consignment in connection with these tenders was 670 million euros, which represents a 12% increase over the preceding fiscal year. This increase was due to the fact that the tenders included contracts in major cities such as Madrid and Vitoria and contracts related with the construction of solid urban waste treatment centres requiring heavy investments.

The activity registered in the subsectors of building cleaning and maintenance and park and garden maintenance and upkeep, where bids were submitted on contracts valued at 400 million euros annually, was 45% less than was registered the preceding fiscal year, due fundamentally to a reduction of park and garden cleaning and maintenance tenders, which are usually worth more per year than building cleaning contracts. In building cleaning contracts there were 386 tenders, also fewer than the preceding fiscal year.

The forecasts for 2007 are lower than those of this fiscal year, fundamentally because autonomous communities and local governments will be holding elections and historically that slows down the tendering process.

FCC's activity



FCC renders these services in over 5,000 cities and towns in Europe, Africa and Latin America. In Europe and Africa it does so directly or through subsidiaries, while in Latin America it provides services through Proactiva Medioambiente, a company owned in equal shares by FCC and the French firm Veolia Environnement.

In 2006 FCC gave city sanitation a big boost with two significant investments:

- It acquired Waste Recycling Group (WRG), a leading urban waste treatment company in the United Kingdom, a country where FCC has been providing sanitation services for the last 15 years.
- It closed a deal to acquire the Austrian environmental services firm ASA, which has offices in Austria, the Czech Republic, Slovakia, Hungary, Poland and Romania.



Waste treatment plant. Jundiz. Vitoria

In Spain FCC provides services for a population of close to 26 million people in 3,400 cities and towns.

During 2006 FCC won 2,619 million euros' worth of new contracts in Spain and abroad. Below are some of the foremost new contracts:

■ **Anglesey** (United Kingdom). Elimination of the urban waste of the 70,000 inhabitants of this island located northwest of Wales, for five years.

■ **Barueri** (Brazil). Urban refuse collection, street cleaning and park and garden maintenance.

■ **Benicarló** (Castellón). Street cleaning and refuse collection for eight years. Benicarló has 22,550 inhabitants and has been experiencing strong growth in recent years.

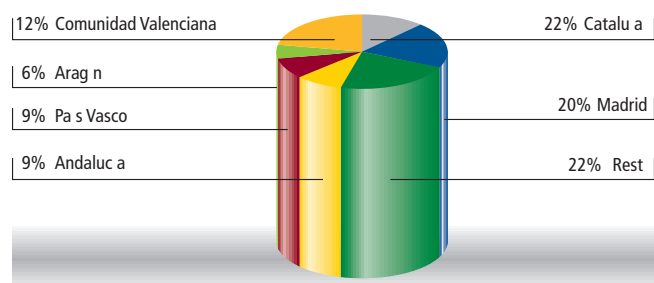
■ **Bratislava** (Slovakia). Treatment of waste from the Slovnaft oil refinery, for a five-year period. The contract includes: waste shipping, treatment and elimination, classification, operation of landfills and a weighbridge on Slovnaft's premises, rental of technical equipment and administrative support.

■ **Conwy County Borough Council and Denbighshire County Council** (United Kingdom). Waste elimination in a landfill and management of a transfer plant for four years. There are 120,000 people in the population covered.

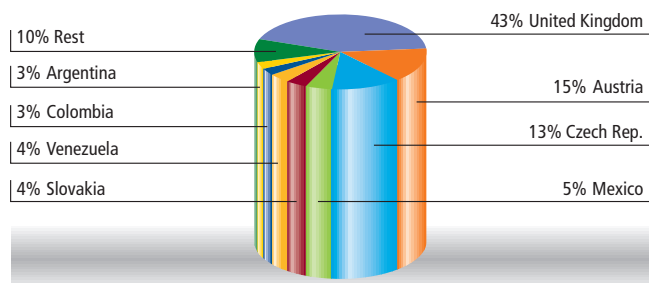
■ **Cuenca**. Urban waste collection and transport for the next 10 years. Special vehicles will be used to get to the narrow streets in the city's historical quarter.

Geographical area

Contracts in Spain

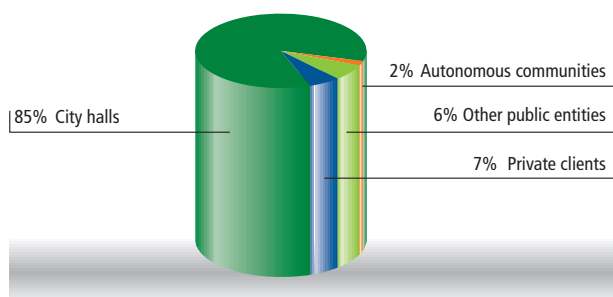


Contracts abroad



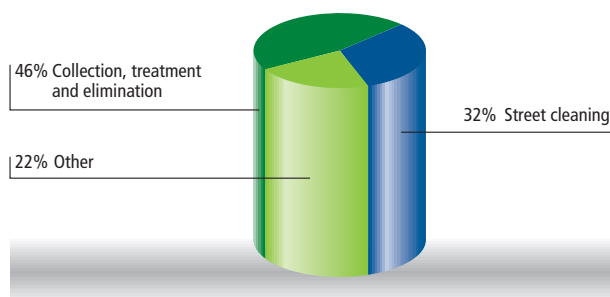
Breakdown by client type

Contracts in Spain



Breakdown by service type

Contracts in Spain



■ **Dartford** (United Kingdom). Design, construction, financing and 25 years' management of a new transfer station that will include a civic amenity site where citizens can dump waste.

■ **Fuengirola** (Málaga). Street cleaning for the next 10 years, with mechanical and human sweepers, mechanical and combined jet-spraying and swabbing of avenues and squares with specialised machinery.

■ **L'Anoia** (Barcelona). Selective collection at the 31 cities and towns in this district, which has 88,000 inhabitants all told.

■ **Las Palmas de Gran Canaria**. Full-service beach and coast maintenance inside the municipal limits, plus spa management, for the next five years.

■ **Madrid**. Refuse collection service for the next nine years from the central Madrid districts of Centro, Arganzuela, Retiro, Salamanca, Chamartín, Tetuán and Chamberí, plus some zones of the Fuencarral-El Pardo and Moncloa districts. Since FCC already won the tender to collect refuse in the outlying districts in 2002, it is now rendering refuse collection service for the entire city and has been doing so, as the winning bidder at tender after tender, uninterruptedly since 1940.

■ **Mataró** (Barcelona). City sanitation (refuse collection and street cleaning) for this city of 112,000 for the next eight years, in addition to beach cleaning.

■ **Morelia** (Mexico). Final disposal of the solid urban waste of the capital of the state of Michoacán. The contract is for 15 years. A population of approximately 700,000 inhabitants will be covered and 600 MT of waste will be treated daily.

■ **Naucalpán de Juárez** (Mexico). Concession of the sanitary landfill for this city, located in the urban outskirts of México D.F. The contract is for 20 years, it will cover 1,200,000 people and 1,100 MT of waste will be treated daily.

■ **Querétaro** (Mexico). Fifteen-year renewal of the concession for management of the city's sanitary landfill. The population covered is a total of 800,000 inhabitants who generate 650 MT of waste daily.

■ **Reading, bracknell Forest and Wokingham** (United Kingdom). Twenty-five years' management of the urban waste of these three counties located west of London, with an estimated population of 500,000 people who produce 220,000 MT of waste per year. This is WRG's first major contract since the company was acquired by FCC. The contract is worth 893 million euros.

■ **Salamanca**. City cleaning and urban waste collection for the next 12 years. All lorries are driven by engines that run on compressed natural gas. FCC has been rendering these services in Salamanca since 1972.

■ **San Felipe** (Chile). Solid urban waste collection and transport, plus manual sweeping of the city's streets, for seven years.



Solid urban waste collection. Oviedo



Street cleaning. San Sebastián

■ **San Sebastián.** City street cleaning for an eight-year period. Measures will be taken to use non-drinking water to spray the streets.

■ **Santa Cruz** (Argentina). Contract to build, install and operate a biopathogenic waste treatment plant and for the collection, transport, treatment and final disposal of biopathogenic waste for the entire province of Santa Cruz. The contract is for 10 years.

■ **Teruel.** Selective collection in the city and surrounding districts, and transport for paper/cardboard and light recyclable packaging. The award is for a four-year period.

■ **Torrent** (Valencia). Refuse collection, street cleaning and management of the ecopark of this city of 80,000, located in the Valencia metropolitan area. The concession period is a total of 16 years.

■ **Tudela** (Navarra). Refuse collection and management of the treatment plant for the Tudela district, which has a population of 84,000 inhabitants.

■ **Tuxtla-Gutiérrez** (Mexico). Contract for full-service city cleaning for a 20-year period. The population covered has a total of 491,000 people.

■ **Valencia.** Preparation of a solid urban waste dump and subsequent operation for 23 years.

■ **Vitoria.** Solid urban waste collection and street cleaning for the capital of Alava (225,000 inhabitants) for the next eight years, using 181 vehicles equipped with the newest in technical

advances. With this contract FCC now performs city sanitation services for all three capitals of the autonomous community of País Vasco, Bilbao, San Sebastián and Vitoria.

■ **West Wiltshire** (United Kingdom). Refuse collection for the next seven years in the English cities of Trowbridge, Bradford-on-Avon, Melksham, Warminster and Westbury, which together have a population of 128,000 inhabitants.

■ **Zilina** (Slovakia). Waste management service at the KIA automobile plant for five years. The waste produced at a neighbouring facility by Mobis, one of KIA's main suppliers, will also be included.



Technological innovation

Hybrid collector/compactor

One of the hottest objectives in the field of automobile technology is the electric vehicle, internationally dubbed the ZEV because it has zero pollution emissions.

For many years now FCC has been using electric collection lorries. These lorries have been successful in a limited way but their features have always been far inferior to what was available at the time in vehicles with combustion motors, because of both the state of battery technology and the state of electric traction as applied to vehicles that consume high levels of energy. These drawbacks prevented electric lorries from offering a performance equivalent to that of diesel-driven lorries.

Electric collection vehicles were used in Barcelona in the eighties, electric vehicles have been collecting uncompacted refuse from the centre of Toledo for ten years and since 2000 FCC has even been using small vehicles reserved for highly restricted hybrid applications. In all these cases the solutions have been clean but not profitable or terribly reliable. Experience has done its job teaching what should be done in the future design of a collection vehicle with all-electric traction and features equivalent to those of diesel vehicles.

Since July 2006 the first electrical collector/compactor whose performance is similar to that of an equivalent diesel or natural gas-driven vehicle has been working daily. It took four years of research with major European battery makers, electric traction companies and makers of chassis and bodies, led by FCC, to produce this collector/compactor.

The vehicle is designed so that all the collection work is done in the electric mode; that is, with zero polluting emissions and the minimum possible sound emission, employing the most advanced technology in the field. The vehicle charges its batteries by running its diesel (biodiesel) engine coupled directly to a generator when it makes its waste unloading runs, and so it has full autonomy throughout the entire working day. Consequently, it is an electrical vehicle when it is collecting refuse and a hybrid when it is transporting its cargo. It can work three shifts a day, because while performing its waste transport runs it can very soon recover the energy it has spent in the electric mode.

Battery power generation is guaranteed, because the energy recovered is quickly stored in latest-generation nickel metal hydride batteries custom-made for this vehicle, thanks to the technology used for traction and power generation, which is similar to the technology employed in high-speed railways.

The vehicle has been created to operate in hard-to-reach areas. Hence, its dimensions are exceptionally small to ensure that it can squeeze down narrow streets and still remain manoeuvrable.

There are 7 cubic metres of space inside the body, which is equipped with a multi-use recipient elevator suitable for multiple collection tasks, door-to-door collection of conventional (non-recyclable) refuse, recyclable packaging and even paper and cardboard. Because it works as a satellite vehicle, it has got a system for lifting its refuse bin with a hydraulic scissor mechanism to transfer its load to the



Hybrid collector/compactor

mother lorry. It is capable of compacting waste to 550-600 kilograms/cubic metre, with a legal load capacity of 3,600 to 4,000 kilograms. The exceptionally neat dimensions of the unit are a total length of just 6.5 metres and a maximum width of just 1.8 metres. The vehicle's axles and cab are made to fit these special measurements.

Given the innovative nature of the vehicle and the technology it features, the collector/compactor has been certified under the European Eureka project. It is not available on the market, since it has been created by FCC for the company's exclusive use.



Cement factory fuel

Work continued this year on a project that was begun in late 2005 to prepare a substitute for the traditional fuels used in cement factories (gas, coke, etc.) with the material rejected by organic waste treatment plants. To do this, the rejected material must be prepared physically and chemically. Its organic components must be deactivated and its moisture content reduced to meet the composition and presentation standards set for cement furnace fuels.

FCC technicians studied the possibility of accelerating the process of deactivating the organic components contained in the rejected material and reducing the odour load generated during that process by inoculating the material with two types of reagents (a fermentation accelerator and a deodorant). The study was conducted jointly with the supplier of the reagents and an exclusivity agreement has been signed with the supplier.

Biomethane plants

The methanization process currently being installed at the Las Dehesas biomethane plant in Madrid is similar to the process that is employed at several Spanish facilities that have been in operation for more than two years.

In the summer of 2005 several incidents occurred at different plants that are currently in operation, making it necessary to empty one of the reactors in order to



effect repairs. It is estimated that the reactor will have to remain out of order for more than a year.

The incidents at those plants damaged the reactor's structure and caused leaks of both liquid and gas, affecting process safety.

As a consequence of these incidents, FCC has opted to introduce corrective measures at the Las Dehesas biomethane plant to prevent similar damage from ever occurring. These measures are aimed at ensuring process safety and availability.

The measures that have been taken consist basically in the following:

- Reinforcing the structure of the reactors.
- Increasing the number of accesses to the reactor interior in order to facilitate the various maintenance tasks.
- Improving the process control system.
- Revising the hypotheses underlying the structural calculation to forestall any future incidents.

These measures have resulted in an increase in the quantity of steel per reactor, from 96,950 kilograms to 211,209 kilograms, and an increase of slab thickness (from 250 millimetres to 300 millimetres) and the thickness of the central wall (from 520 millimetres to 1,000 millimetres).

In addition, to facilitate cleaning and maintenance inside reactors, a large number of openings and accesses have been added that are larger than those proposed initially by the technology expert, so that in the event of an

emergency cranes and machinery can gain access to the reactor interior in order to empty it.

The sample number has been increased to four per reactor, to keep tighter control over the digestion characteristics in each zone of the reactor. There are also now more level meters, a total of three per reactor, to prevent any differences in the level of digested matter inside the reactor.

Another safety measure and process improvement has been to place biogas injectors in the narrowed area between the outer wall and the reactor wall, since this is one of the most critical zones of the reactor interior.



Solid urban waste treatment plant. Tudela. Navarra

Water management

Turnover:
712 million euros

Analysis of the sector

In 2006 the Spanish water management sector continued to feel the influence of the transposition of the European Union Framework Directive (EUFD), something that will become increasingly accentuated in the upcoming years and is requiring all the stakeholders working in the sector, public and private alike, to make more of a commitment to sustainable growth and resource management efficiency. In addition the EUFD asks for greater transparency in the relationship with consumers.

However, the framework is very demanding, and at the same time it is in the middle of a process of change, so it is going to continue offering fresh business opportunities. Fundamentally opportunities will be generated by the need to build new infrastructures, often financed by private initiative, and by the legal obligation to run increasingly complex, specialised services associated with the full water cycle.

In this framework Aqualia's approach, which is to include in its offer public water service management, water treatment plant design and construction, hydraulic infrastructure concessions, irrigation infrastructure maintenance and operation and solutions for water use in industry, is sure to guarantee a successful future.

The international water management market is presenting a magnificent opportunity for Aqualia to export the model it has been implementing in recent years in Spain, which has enabled it to consolidate its position as one of the leading companies in the private management sector. The search for sustainable business growth has led Aqualia to intensify its efforts in the area of public water service management in the markets of Italy, Portugal, the Czech Republic and the new and soon-to-be members of the European Union. However, for the implementation of hydraulic works concession projects, especially the seawater desalination market, no geographical restraints have been set. All that matters is the technical, economic and legal feasibility of each possible contract.

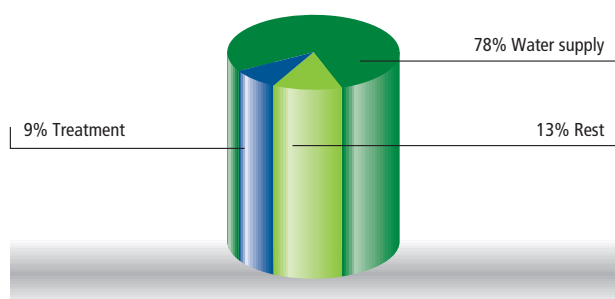


The FCC Group's activity

In 2006 the turnover of Aqualia, FCC's umbrella company in the full-service water management sector, was 24.8% higher than in 2005. This significant growth, which consolidates Aqualia's leadership position in the domestic market, applies to all the activities comprising the company's

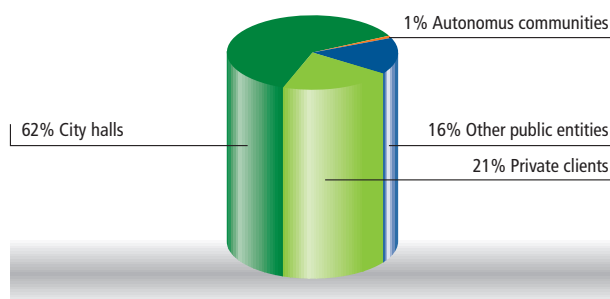
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain



service offer. The backlog contracted during 2006 is worth over 3,060 million euros, thanks to the award, renewal and acquisition of 242 contracts. As of 31 December 2006 the total backlog was worth 10,611 million euros, which represents a production coverage of 178.9 months.

In 2006 5.4% of Aqualia's turnover had come from the international sphere and it is anticipated that in 2007 the percentage will top 12%.

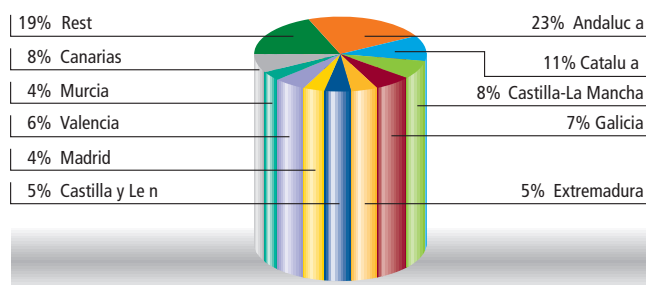
Public water service management, Aqualia's main activity, registered heavy bidding in 2006. As one result the city of Santander is now on Aqualia's list of references. At present the company is performing public water service management in almost 850 cities and towns throughout its geographical market, providing service to an equivalent population of nearly 13,000,000 inhabitants.

Because the company's commercial position in municipal and regional markets was already significant, one of Aqualia's strategic objectives for 2006 was to boost its presence among nationwide clients. Right now the company is providing hydraulic infrastructure maintenance and operation services to clients such as Aguas del Duero, Aguas del Júcar, Acuamed, Aguas de la Cuenca del Ebro and the Segura Hydrographic Confederation.

Aqualia seeks to provide excellence in service quality for all its clients and is always engaged in continuous improvement. Significant landmark achievements in this area in fiscal year 2006 included ENAC certification (under ISO 17025) of Aqualia's four main laboratories located in Ávila, Jerez de la Frontera, Lleida and Oviedo and the incorporation of

Geographical area

Contracts in Spain



practically all the water management contracts into Aqualia Contact, the customer service centre that offers round-the-clock telephone service.

Treatment plant design and construction, which is run under the SPA commercial name, and solutions for water use in industry, which are handled through Aqualia Industrial, registered considerable growth in a joint backlog worth over 61.8 million euros and a significant increase in market share in water management for private clients.

In irrigation infrastructure maintenance and operation, development and marketing have continued with respect to the SISGRE computer management application for irrigation communities. SISGRE is seen as a means of penetrating a market whose future development is promising.



Jablunkov wastewater treatment plant. Czech Republic



Wastewater treatment plant. Salamanca

As part of its international strategy, Aqualia acquired SmVaK, the third-largest water management company in the Czech Republic. SmVaK provides water supply service for Ostrava and the surrounding cities and towns, a total of over 1,200,000 inhabitants, with over 6,000 kilometres of pipes, 42 drinking water plants and 62 wastewater treatment plants.

Main contracts won in 2006

Water management

■ **Abrantes** (Portugal). Concession of the urban wastewater service for Abrantes for the next 25 years. This includes management of the manifold systems, the wastewater treatment station and pumping stations, plus execution of a sizeable investment plan.

■ **Santander** (Cantabria). Contract for full-service management of the city water supply service and sewer system for 25 years. The contract calls for the execution of an investment plan to guarantee the supply of water for the more-than 200,000 inhabitants who use the service.

■ **Vélez-Málaga** (Málaga). Extension of the term of the contract to manage the water supply and sewer service for Vélez Málaga, for a 17-year period. The contract covers a population of over 60,000 inhabitants with nine million cubic metres of water supplied per year.

Water treatment plant design and construction

■ **Bajo Almanzora** (Almería). Contract with Acumed to draw up the project and execute the works for the Bajo Almanzora desalination plant, for a flow of 60,000 cubic metres of water per day, obtained by reverse osmosis. This facility will make it possible to supply the water needed to eliminate current local irrigation shortfalls and even provide a firmer guarantee for the water demand.

■ **Valdepeñas** (Ciudad Real). Tender held by Aguas de Castilla-La Mancha for the design and works execution of the Valdepeñas wastewater treatment plant. Designed for a flow of 12,000 cubic metres per day and 28,000 equivalent inhabitants, the plant incorporates a tertiary treatment system.

Industrial water

■ **Sabón** (A Coruña). Construction of a processing water treatment plant for the high-pressure turbine and an effluent plant for the power station, which uses combined conventional and gas turbines.

■ **Soto de Ribera** (Asturias). Water treatment plant for the Soto IV power station, which uses combined conventional and gas turbines.

Industrial waste

Turnover:
163 million euros



Ámbito is the Spanish brand name that covers the FCC companies that specialise in innocuous and hazardous waste from different industrial activities, industrial cleaning and contaminated soil treatment.

The hefty 45% growth of turnover since 2006 has made it even clearer that Ámbito is the Spanish leader in industrial waste management.

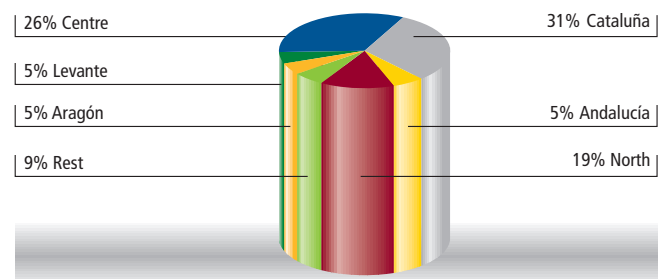
Ámbito now manages 45 plants, making it the business group that manages the most waste treatment facilities in Spain.

The total amount of waste managed was 1,795,000 MT, up 42.5% from the year before.

Sharp growth was experienced in non-hazardous waste treatment, especially the recovery of paper and cardboard, due not only to the incorporation of the Marepa group, but also to the division's excellent organic growth performance in that business area.

Geographical area

Contracts in Spain





Transfer plant in Montmeló. Barcelona



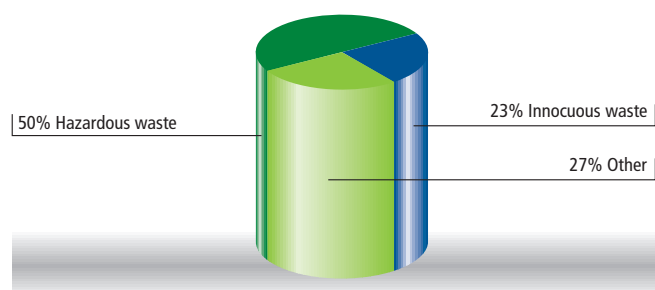
Cleaning up Algeciras Bay. Cádiz

The significant landmark events during the fiscal year were the following:

- Used tire management by SIGNUS (Sistema Integrado de Gestión de Neumáticos Usados) in the areas of Levante, Barcelona and Gran Canaria.
- Contract for management of Iberdrola's decommissioned transformers, for five years.
- Management of all waste from Aernnova Aerospace, for five years, at its 14 facilities in service throughout Spain.
- Award of the waste from Gamesa Eólica throughout Spain.
- Conclusion of the construction work on the Recilec facilities in Aznalcóllar (Cádiz). Recilec is an investee company of Ámbito that manages electrical and electronic waste in southern Spain.
- Contracts for the management of electrical and electronic waste for southern Spain, signed with the main full-service management systems, including Ecolec (major household appliances), Ecotic and Ecoasimelec (consumer electronics) and Ambilamp (fluorescent lamps and discharge lamps).
- Contract for management of waste from all the ports in País Vasco.

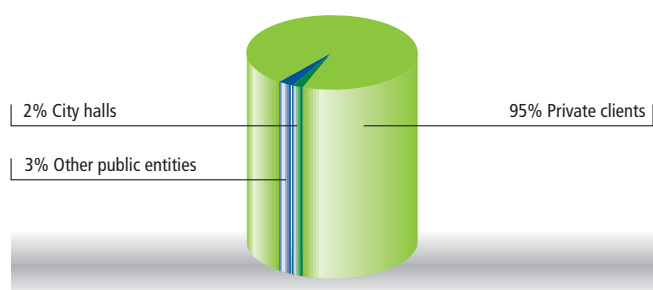
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain



Versia

The following activities are dependent upon FCC Versia, S.A.:

- Logistics ■ Handling ■ Urban furniture ■ Parking facilities ■ Conservation and systems
- ITV vehicle inspection ■ Passenger transport ■ Industrial vehicle sales



Cemusa. Bus stop hoarding.
New York

Versia's turnover came to 867 million euros, 20% more than in the preceding fiscal year. This increase was due to the good performance of all areas, especially urban furniture, since Cemusa began management under its New York contract, and airport handling, with the acquisition on 1 October of Aeroporti di Roma Handling as part of FCC's Strategic Plan. The scope of Versia's activities was expanded as well with the incorporation as of 1 January of SVAT (industrial vehicle sales), which used to be classified as a member of FCC's "other activities".

The gross operating profit was 104 million euros, down 5.9%. The resulting drop in margins is due to the new business mix, where logistics makes a larger contribution, and the strong expansion of the urban furniture business, with a number of long-term concessions whose operation is just beginning.



Transport. Besòs tram. Barcelona



Logistics. Long-distance shipping fleet

Logistics

Turnover:
333.7 million euros

FCC Logística renders services in Spain and Portugal through its business units, which are structured into either logistics operations or geographical areas. The business units serve companies in a number of economic sectors; their clients may be found in the auto industry, the food industry, the household item/perfume industry, cosmetics, personal care items, home appliances, pharmaceuticals, the optical industry, telecommunications, conventional industry and technology.



One especially important accomplishment in 2006 was the integration of the companies acquired in 2005, giving rise to the biggest free-market company in the Iberian Peninsula's logistics sector. All the activities in the sector have now been unified under a single trademark, FCC Logística.

FCC Logística is a member of LOGICA, the Business Organisation of Logistics Operators doing business in Spain. In its commitment to help convey an image of trust, integrity and transparency for the logistics sector, FCC Logística has adhered to the Code of Good Practice. During 2006 it won the quality seal attesting to its compliance with the Code.

Last year a number of operations denoting FCC Logística's leadership in the various sectors where it does business were started up or underwent contract renewal. These operations are:

Affinity Pet Care	Pergo
Getronics	Campofrio
Meridional Solar	Leroy Merlyn
Varta Autobaterías	Robert Bosch
Diageo	Angelini Mass Market
Indo	Goodyear
Vodafone	Sara Lee
Amo Manufacturing	Frigicoll
Grupo Uralita	Makro
Red Bull	Securitas Direct
Amorin	Arbora & Ausonia
General Motors	Johnson & Johnson
	Telefónica



Logistics. Pharmaceuticals warehouse. Shelves for controlled-temperature picking

The process of infrastructure expansion, renewal and improvement has continued. The following new centres and facilities have gone into service:

■ **Carrefour Sevilla Centre.** Introduction of a bundle classifier in room-temperature operations.

■ **Makro Mercamadrid Centre.** Introduction of a bundle classifier in controlled-temperature operations.

■ **Multiclient A Coruña Centre.** Inauguration after change of previous facilities due to the integration of companies.

■ **Multiclient Alicante Centre.** Inauguration after change of previous facilities due to the integration of companies.

■ **Multiclient Azambuja Centre** (Portugal). Expansion and redesign of the layout of the promotion handling area, including equipment upgrade.

■ **Multiclient Vitoria Centre.** Inauguration after change of previous facilities due to the integration of companies.

■ **Pharmaceutical product centre in Azambuja** (Portugal). Construction of a positive cold storage room. Enlargement of the psychotropic drug area.

■ **Varta Autobaterías Guadalajara Centre.** Introduction of storage racks with 7,500 spaces, bringing the total storage capacity to 21,000 pallets.



Logistics. Automatic battery labelling



Airport handling

Turnover:
184.6 million euros



Flightcare, S.L., is the FCC company that specialises in airport ramp, passenger and cargo handling.

During 2006 the company used two important events to consolidate its position as one of the foremost European handling agents:

■ In **Spain** Flightcare won seven new ramp handling licenses good for the next seven years at the Barcelona, Málaga, Alicante, Valencia, Fuerteventura, Jerez and Almería airports. In addition it offers cargo handling services in Madrid, Barcelona, Málaga, Valencia, Alicante, Lanzarote, Bilbao and Fuerteventura.

■ In **Italy** after acquiring 100% of ADRH (Aeroporti di Roma Handling), which performs services at Leonardo da Vinci (Fiumicino) and Giovanni Battista Pastine (Ciampino) airports, Flightcare is now the number-one independent handling operator in Rome and one of the main operators in the Italian market. It renders passenger and ramp handling services in Italy for close to 100 airlines, with over 150,000 movements per year. Altogether Flightcare holds a share of nearly 35% of the total market of the two Rome airports. With this acquisition Flightcare's turnover is expected to increase substantially.

One very important part of Flightcare's European network is the company's presence in Brussels, where Flightcare holds a market share of over 65%; the Brugges-Oostende and Liège airports complete the network.

Flightcare continues to expand over Europe, consolidating its presence in the handling market with ramp, passenger and cargo services at 15 airports for more than 200 airlines. In 2006 it handled over 51 million passengers, 325,000 flights and over 200,000 MT of cargo.



Bus stop hoardings. New York



Billboard. Milan

Urban furniture

Turnover:
118.8 million euros

Cemusa is the Group subsidiary that specialises in urban furniture and outdoor advertising. Its activity covers the design, manufacture, installation and maintenance of urban furniture as well as the operation of urban furniture as advertising structures.

To design urban furniture, Cemusa relies on designers and architects of acknowledged international prestige such as Nicholas Grimshaw, Richard Rogers, Patxi Mangado, Oscar Niemeyer, Giorgetto Giugiaro, Perry King and Santiago Miranda.

CEMUSA

The company has a long tradition in international activity. It currently has over 125,000 advertising structures and other items installed in over 160 cities and towns in eleven countries of Europe and America.

In 2005 New York City Hall selected Cemusa to install and manage the city's urban furniture for twenty years. This contract, which went into effect on 26 June 2006, is the world's most important engagement in this sector and a historic landmark for the company, with international repercussions. Cemusa will be installing, among other things, New York's bus stop hoardings, bookstalls and automatic public lavatories. This furniture will be used by the more than eight million inhabitants of the city. Thus the company has considerably reinforced its presence in the US market, which began in the cities of Miami, Florida, San Antonio, Texas, and Boston, Massachusetts.

This FCC subsidiary furthermore continued its process of consolidation in Italy by winning a new contract in the city of Milan, the country's foremost advertising market, to add to the contracts Cemusa already had in Genoa, Parma and Bologna.

In the Spanish market, last fiscal year Cemusa achieved contracts in Málaga for urban furniture installation, maintenance and operation for advertising purposes, for a fifteen-year period; the Port 2000 contract (Barcelona), good for five years; and an eight-year renewal of its contract to operate advertising spaces in the Donaire shopping centre in Valencia.



Towing service. Oviedo

Parking facilities

Turnover:
72.1 million euros



The Group's specialised companies manage approximately 141,000 regulated above-ground parking spaces and 11,700 spaces in underground car parks in approximately 90 cities. In 29 of those cities the Group also removes poorly parked vehicles.

The contracts awarded this year were:

Regulated above-ground parking

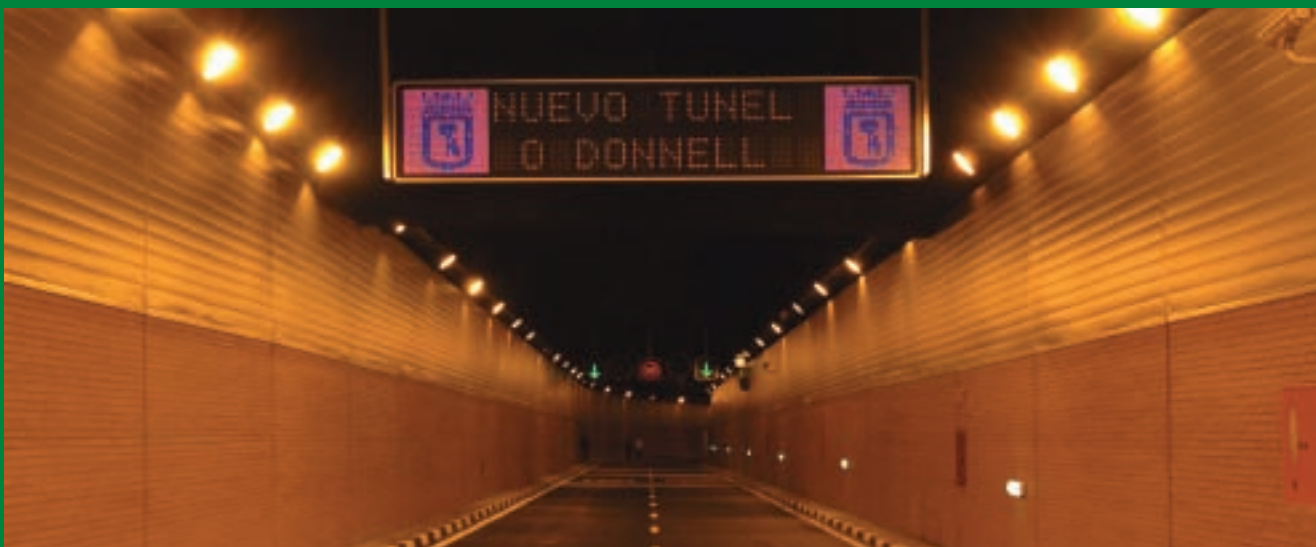
- Almuñécar** (Granada). 588 parking spaces for a two-year period.
- Benicarló** (Castellón). 458 parking spaces for two years.
- Gijón** (Asturias). 5,662 parking spaces for 15 years.
- Granollers** (Barcelona). 770 parking spaces for a 10-year period.
- Premià de Mar** (Barcelona). 175 parking spaces for five years.
- Priego de Córdoba** (Córdoba). 100 parking spaces for a four-year period.

Underground parking garages

- Gandía** (Valencia). 314 parking spaces for a three-month period.
- Gijón** (Asturias). 488 parking spaces. Eight-year extension of the current contract.

Vehicle towing and impoundment

- Ciudad Real**. For two years.
- Getxo** (Vizcaya). For two years.
- Gijón** (Asturias). For 15 years.
- Granollers** (Barcelona). For a seven-month period.



Traffic signals in O'Donnell tunnel. Madrid

Conservation and systems

Turnover:
57.6 million euros



Conservación y Sistemas, S.A., is a company in the business of designing, installing, maintaining and providing upkeep for urban infrastructure, and it specialises in rolling out high-tech turnkey systems. Its areas of activity are:

- City upkeep and services: sanitation, pavements, public hydrants, tunnels, water conduit leaks.
- Traffic management systems.
- Tunnel control systems.
- Remote surveillance and security systems.

Most significant activities and contract awards:

Traffic and shadow toll management systems

- Ibiza-San Antonio dual carriageway.
- Dual carriageway to Ibiza airport.
- Eix-Llobregat dual carriageway (Cedinsa).
- M-203 motorway from Arganda to Alcalá (Cintra).
- C-17 dual carriageway (Servei Català de Transít).
- AID system in Barcelona access roads (Servei Català de Transít).

Technical installations and tunnel control

- Bypass Sur tunnel and Puente de Praga bridge (Madrid Calle 30).
- Cartagena-Vera motorway tunnels (Aucosta).
- Gran Vía de Hospitalet tunnel.
- San Rafael tunnel in Ibiza.

City service upkeep

- Upkeep and maintenance of service galleries (Madrid city government).
- Irrigation system upkeep (Madrid city government).
- Pavement upkeep (Madrid city government).
- Upkeep of Madrid's water distribution system (Canal de Isabel II).

Works in public streets

- Development and pedestrian crossings (Alcobendas city government).
- Development inside the city (Fuenlabrada city government).
- Street improvement (Getafe city government).
- Barrio la Calera development (Pinto city government).
- Barrio Estoril development (Móstoles city government).
- Works for Canal de Isabel II, Iberdrola and Unión Fenosa.
- Renovation of Canal de Isabel II's pipelines.
- Civil works and ductwork for Iberdrola.
- Underground ductwork for Unión Fenosa.



Vehicle inspection station. Argentina



Vehicle inspection station. Madrid

ITV vehicle inspection

Turnover:
44.5 million euros

During 2006 over 2,100,000 technical inspections of vehicles were conducted in the 62 stations the FCC Group manages in Spain and Argentina. Both countries showed growth in their number of inspections with respect to 2005, the higher rate (over 22%) being that registered in Argentina, due fundamentally to the opening of four new stations.

Construction has begun on three new stations in Aragón and plans are to build two further stations in the same autonomous community, to open their doors sometime in 2007.

A centralised telephone service has also been made available for scheduling inspections in advance, and use of the web page (www.serviciositv.es) by vehicle owners to make appointments has been consolidated.



appointments
www.serviciositv.es



In-city transport service. Jerez de la Frontera. Cádiz

Passenger transport

Turnover:
31.3 million euros



FCC-Connex Corporación, S.L., is a company that is owned in equal shares by CGT Corporación General de Transportes, S.A., a company of the FCC Group, and by Veolia Transport, a subsidiary of Veolia Environnement. It specialises in in-city and intercity passenger transport by bus (Corporación Española de Transporte, S.A.- CTSA) and by tram and train (Detren Compañía General de Servicios Ferroviarios, S.L).

Railway activity was reinforced in 2006 with the extension of Barcelona tramline T3 and the opening of a new line, T5. Line T3 joins Barcelona with the district of Baix Llobregat, and a section has been extended to reach Sant Feliu de Llobregat from Sant Joan Despí. Line T5 joins Barcelona with Badalona along the Gran Vía. The new section departs from

Plaza de Les Glòries and the tram runs along a new underground layout. This enlargement of the system has consolidated the influence of trams on mobility in the Barcelona metropolitan area. The number of travellers has risen to almost 17 million, which means an increase of 30% over the preceding fiscal year.

In addition in 2006 this subsidiary made headway in its preparations to operate the future Parla tram, which is scheduled to roll out in 2007.

In passenger transport by road, CTSA operates the Madrid-Almería inter-city bus line and local and long-distance transport by bus along the Costa del Sol. CTSA provides in-city transport in the cities of Mataró, Terrassa, Ávila, Talavera de la Reina, Sanlúcar de Barrameda, Jerez de la Frontera, Marbella, Estepona, Torremolinos and Vila Real (Portugal). In 2006 it won the concession to run the city buses in Benalmádena, plus tour buses.

In 2006 the city governments of Jerez de la Frontera and Sanlúcar de Barrameda showed their support for the management provided by CTSA in recent years by each renewing its in-city transport concessions.

In addition the concession for Málaga airport's internal transport (AENA) was also renewed. The service consists in shuttling passengers between the long-term parking facility and the airport terminal.

During 2006 the 370 CTSA buses covered 27 million kilometres and carried more than 48 million passengers.



Street cleaning. Mollet del Vallès. Barcelona



Street cleaning. Ronda. Málaga

Industrial vehicle sales

Turnover:
24.2 million euros



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 2006 SVAT reinforced its national leadership in sales of compact urban sweepers. Machines throughout the size range were delivered in the main Spanish capitals: Madrid, Barcelona, Málaga, Valladolid, Tarragona, Vitoria, Córdoba, Segovia, Bilbao, Las Palmas, Cádiz, Ciudad Real, Melilla, Ávila, Zaragoza, Valencia, Oviedo, León and Pamplona.

Continuing in the technological vanguard of street cleaning, SVAT presented the national market with the first sweeper-scrubber that recycles water, an especially recommendable machine for pedestrian pavements that require a superior

standard of cleanliness. The first units are already in service in cities such as Barcelona, Valladolid, Ronda, Cádiz and Tarragona.

In coastal water cleaning services using vessels that collect floating waste, SVAT renewed its contract with Cataluña, where 43 vessels patrol during the summer season. In addition, it has continued with its coastal cleaning contract in the Balearic Islands (25 vessels) and it has exported two vessels to the tourist area of Mayacoba along Mexico's Caribbean coast.

Another activity to display growth was industrial cleaning with equipment that uses a combined vacuum/jet of high-pressure water. Tailor-made vehicles were delivered to clients that render service in industrial areas of Madrid and País Vasco.

Construction

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Navia relief road. Asturias





Velodrome. Palma de Mallorca



San José centre for the mentally disabled. Pamplona

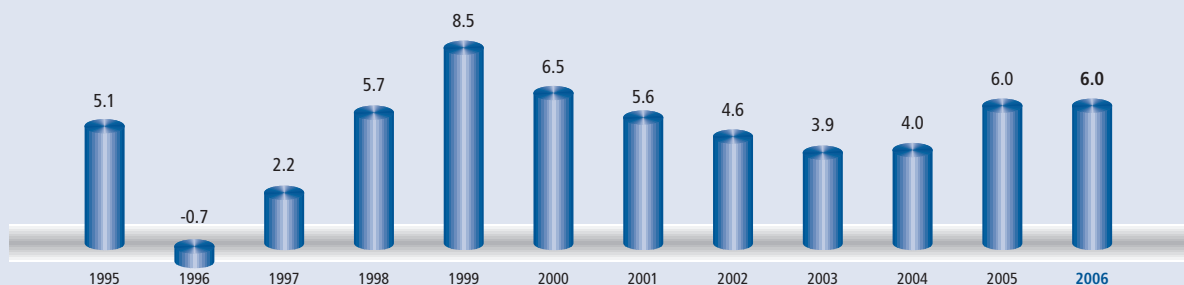
Analysis of the sector

For thirteen years the European construction sector has registered no declines in production, save for some slight stagnation between 2001 and 2003. Fiscal year 2006 set a new high in growth for this lengthy period, based on the performance of new construction, with but little variation in civil works, thus contradicting the old saying about the sector being cyclical.

In Spain the economy and the construction sector tend to walk hand in hand. The forecasts for both in 2006 were again surpassed, and despite the growth in interest rates, inflation and the foreign trade deficit (which was the second-highest foreign trade deficit registered in the countries of the developed world, taking two points off the GDP) the fiscal year can once more be considered brilliant.

Annual variation rates in construction activity

In constant terms



Source: Seopan



Offices of the Directorate-General of Traffic. Madrid

From the standpoint of supply, the construction sector remains the liveliest sector of the Spanish economy, with a total production of 185,200 million euros and a positive real variation of 6% with respect to 2005 (5.4% in building and 7.5% in civil works), 2.1 percentage points above the national economy in terms of gross domestic product. From the standpoint of demand, in the last ten years investment in construction has borne 54.0% of GDP growth.

Residential building is the construction industry's biggest subsector. It accounted for 36% of all building (eleven points more than residential building's share percentage in the European Union) and is positive on the whole, having grown by 8.5%, half a point less than in 2005. There were 585,000 finished homes, 11.5% more than in the fiscal year before.

The driving factors in the housing demand (population, economics and finance) have risen, due among other reasons to the formation of new households and economic growth, which was greater than anticipated at the start of the year. For the first time in recent years prices rose at a rate of less than two digits, although the financial effort involved in buying a home has increased since last year as a consequence of rising interest rates.

The sector's supply has gone up 18% with respect to 2005. Approval was secured for 864,000 new homes, almost a third of all the new units offered in Europe. Growth was therefore quite sharp, although it was caused in part by the effect of the entry in force of the Technical Building Code.

Non-residential building recovered slightly and accounted for 16% of all activity, up 1%. Building refurbishment and maintenance, which made for 24% of the total, grew 4% (the same as in 2005), due, as in years past, to the so-called "wealth effect" of the revaluation of real estate.

Civil works made up 24% of the sector's production as a whole, with an annual increase of 7.5%, one point below the rate in 2005. Regional administrations and the enthusiastic use of concession schemes were main factors in this subsector.

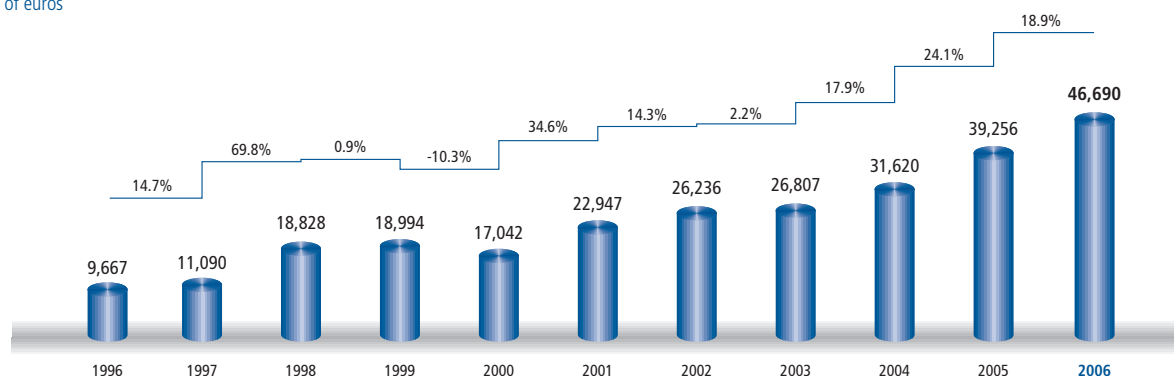
Spain holds the number-three position in the European Union construction market with 15.2% of the total, after Germany (18.3%) and France (15.7%).

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.

Government bidding as a whole was 46,690 million euros, up 18.9% over the preceding fiscal year, due to tenders conducted by autonomous communities (34.2%), the national government (33.8%) and local governments (32.1%). Tenders concentrated on roads and railways, social services, urban development, hydraulic works, etc. This means the rate of acceleration was around six points less than it was in 2005.

Evolution of public tenders

Millions of euros



Source: Seopan

At the end of the fiscal year construction employed a population of 2,542,900, which represents 12.9% of the Spanish working population, and the number of workers registered with Social Security had increased by 7.9%. Twenty-five percent of the employment created in Spain in 2005, 186,000 jobs, were created in the construction sector.

The forecasts for 2007 continue to be encouraging, although they point toward a somewhat more moderate trend than in 2006, with 4 to 5% overall production growth for the sector in constant terms. The expansion cycle that began in 1997 is expected to continue.

Growth of civil works activity at rates of better than 5% will be ensured. Projects will be started to renovate and maintain first-generation dual carriageways. The Agua Plan is accelerating. The Ministry of Development's real investments will be growing by 13.4%, based on the greater activity in road upkeep, road operation and SEITT (the state-owned land transport infrastructure company). The Ministry of the Environment will be increasing its investment by 12.1%, supported by water companies. Also, regional administrations will be boosting their infrastructure provision programmes.

If current conditions remain unchanged, the demand for residential housing can be relied upon to grow, the same as civil works, at rates similar to or slightly lower than those of 2006. The production figures of preceding years and longer payment terms will reduce the supply, adjusting it to better fit demand. The growth of housing prices will continue to

become more moderate until prices come to rest at between 5 and 6.5% in 2007, depending on how the residential supply and the factors shaping demand develop. It is reasonable to expect non-residential construction to grow between 1 and 2%.

The building refurbishment and maintenance subsector's share in the total investment in construction still lags far behind that of our closest neighbours. It was 24% in Spain and 36% in the EU in 2006, and its relative importance has shrunk in comparison with the preceding fiscal year. However, this activity will grow at around 4% and it has a considerable way to go in the medium term, probably at the cost of new residential construction.

The sector will continue into ever-deepening internationalisation through diversification, organic growth and acquisition of companies abroad, thanks to the potential generated during the lengthy expansion cycle we have experienced and the sector's technical ability. Concessions abroad will continue to be a source of high-quality backlog for companies in the sector.



FCC's activity



All the strings to FCC's construction activity are held by the company FCC Construcción, S.A., which in 2006 had a turnover of 4,395.3 million euros, 31.3% more than in the preceding fiscal year. Construction continues to be the area that has the biggest quantitative impact on the Group's overall turnover, accounting for 46.4%.

The gross operating result was 268.6 million euros, 40.3% more than in 2005.

During 2006 FCC Construcción won 4,441 million euros' worth of contracts and brought its construction backlog to 7,843 million euros. Thirty percent of this backlog is contracts abroad.

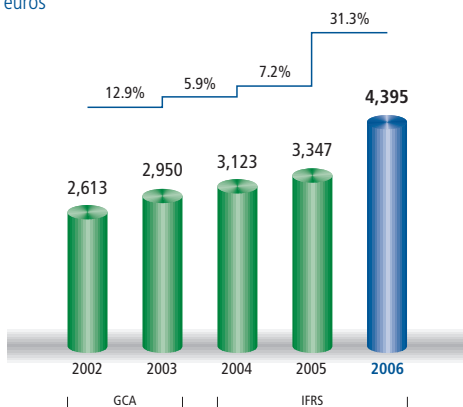
In the summer of 2006 FCC Construcción acquired 80% of the shares in Austria's second-largest construction firm, Alpine Mayreder Bau, which is a strong player in eastern European countries and has an annual turnover of more than 2,000 million euros. Since 15 November it has been fully consolidated into FCC's accounts.



El Corte Inglés shopping centre. Porto

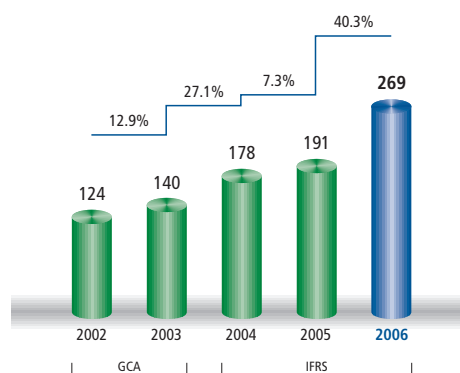
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros

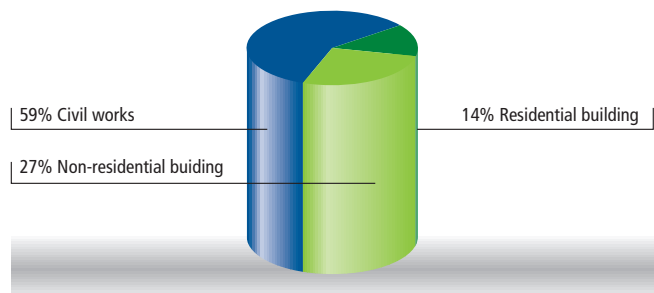


GCA: Data according to Spanish General Chart of Accounts rules

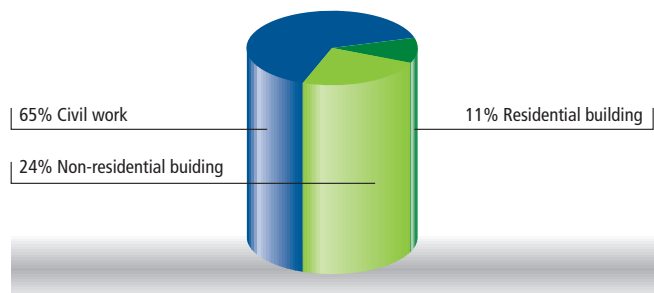
IFRS: Data according to International Financial Reporting Standards

Breakdown of client type

Turnover



Backlog



Motorways, dual carriageways and roads



Autovía de La Plata dual carriageway. Gerena-Camas section. Sevilla

For yet another year this was the subsector that contributed the greatest amount of production to the business as a whole.

These were its most significant new contracts:

■ **Design, financing, construction and operation of Austria's first toll motorway concession** in association with Austrian subsidiary Alpine Mayreder. The Y-shaped motorway is 51 kilometres long. The project includes building first a partial section of the A5 from Vienna towards the Czech Republic, between Eibesbrunn and Schrick, as well as extending Vienna's northeast ring road, off which the S1 and S2 high-speed roads will be built.

■ **Basarab viaduct in Bucharest (Romania).** This 1,900-metre-long viaduct will connect Titulescu Boulevard with Grozavesti Street. It crosses the Dambovitza River and the northern railway station's tracks, and it connects with the underground system at Basarab station.

■ **Autovía del Cantábrico (A-8) dual carriageway.** Section: Muros de Nalón-Las Dueñas (Asturias). The new section will be 8 kilometres long, including three double tunnels and six viaducts, the longest of which is 830 metres long with a maximum span of 153 metres.

■ **Autovía Mudéjar (A23) dual carriageway.** Section: Arguis-Alto de Monrepós (Huesca). An extra two lanes will be added to make the road a dual carriageway for 3.2 kilometres. One and a half kilometres of this section run through the Alto de Monrepós tunnel, so both the already-existing section and the new section will be one-way. The tunnel will be equipped



Dual carriageway from Miajadas to Vegas Altas. Badajoz

with ventilation, safety, surveillance, lighting, fire fighting, SOS, loudspeaker and communications facilities, which will be managed from a control centre. A concrete viaduct over the Flumen River is the other interesting feature of this project. It will be 65 metres long, with a central span of 46 metres, and trace a parabolic arc.

■ **Barranco de Santos road. Sections III and IV, in Santa Cruz de Tenerife.** Construction of this road in the Barranco de Santos ravine will be done in two sections, each about two kilometres long, to improve the city's road situation. In some areas the roadways will run along the bottom of the ravine, over a floodwater collector, and in other areas they will skirt the edges, riding on cyclopean basalt masonry. The operation will create ample landscaped areas for strolling and relaxing.

■ **Road from San Antonio to Goascoran, in Tegucigalpa** (Honduras). This contract is for the construction of 26.6 kilometres of asphalted road plus a four-kilometre dirt road.

■ **Widening of Ruta Centroamericana-02 Occident to four lanes. Section from Siquinalá to Cocales,** southwest of Guatemala City. The construction of this 29-kilometre-long asphalted road includes the design and construction of fourteen concrete bridges.

■ **A-50 dual carriageway from Salamanca to Ávila. Sections: Narros del Castillo-Peñaranda de Bracamonte and Peñaranda de Bracamonte-Villar de Gallimazo.** The first section is 11.6 kilometres long with two 3.5-metre-wide lanes in each direction, three bridges (over the Trabancos,

Minine and Regamón rivers), ten overpasses and three underpasses. The second section is 12.7 kilometres long and includes a railway overpass, three overpasses and one underpass.

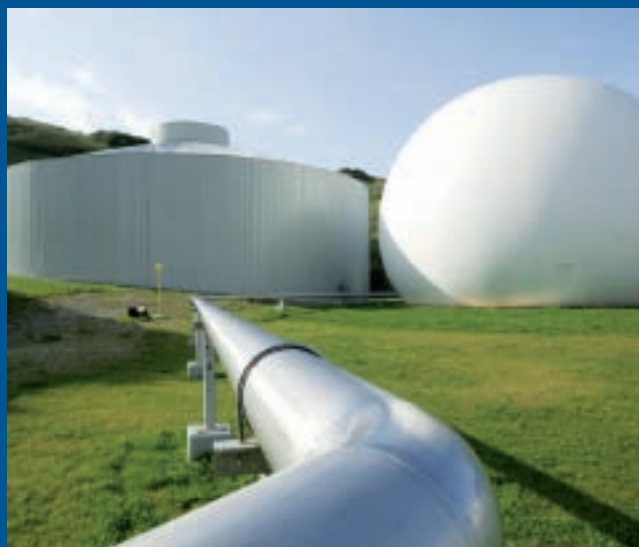
■ **New access road to the harbour at Villagarcía de Arosa** (Pontevedra). The new 7.1-kilometre-long road circles the city of Villagarcía round the south and has fourteen structures, two viaducts, eight overpasses and four underpasses.

■ **Design and construction to refurbish the Boyd-Roosevelt Highway and widen the highway to three lanes.** Section: Puente Río Chagres-Buena Vista (Panama).

■ **Bypass round the city of Usulután in El Salvador.** This contract is for the construction of a relief road so that traffic will no longer be forced to cross the city.

■ **Second lane for road C-260 between Castelló and Ampuriabrava** (Girona). This 2,600-metre-long section is the last section remaining to be given a second lane between Figueras and Rosas. Interesting features are a 210-metre-long (7x30 metre) viaduct over the Muga River, erected on piles that are 1.2 metres in diameter, and a 226-metre pedestrian foot bridge crossing the road.

Hydraulic works



Vuelta Ostrera wastewater treatment plant. Suances. Cantabria

Leading new contracts:

■ **Design, construction and 15 years' operation of the desalination plant for El Bajo Almanzora** (Almería), which has a desalination capacity of 60,000 cubic metres per day. The plan calls for water to be collected from wells and desalinated through reverse osmosis treatment with spiral membranes.

■ **Increase and improvement of the water supply for the La Sagra district.** Section: Colmenar de Oreja-Esquivias (Madrid-Toledo). This conduit from the Picadas-Embalse de Almoguera system will provide Toledo and its surrounding area with water. It has two sections, one from the current Almoguera conduit to the future drinking water treatment plant at Seseña, and another from Seseña to a 20,000-cubic-metre tank that will be built in Esquivias.

■ **Construction of a wastewater treatment plant in Valdepeñas** (Ciudad Real) in a joint venture with SPA and Aqualia.

■ **Connection of the lower Júcar River with Section V.** New Júcar-Vinalopó conduit. Section D (Valencia). Works include the execution of a 100,000-cubic-metre pond waterproofed with polyethylene sheeting, a pumping station for a flow of 4.5 cubic metres per second and a head of 290 metres, and an 18-kilometre-long conduit made of helicoidal welded steel pipe 1,830 millimetres in diameter.

■ **Connection from the new Cartagena canal's desalination plants to the lower floodplain of the Segura,** at Pilar de la Horadada (Murcia).

■ **Regulation system for catching winter surplus from the Belcaire River at Vall D'Uxó** (Castellón). This consists in the execution of a waterwheel, intake pipes, a two-cubic-hectometre reservoir and wells to refill an aquifer in the winter season, for use in summer.

■ **Drinking water treatment plant and remodelling of Narcea canal intake at Ablaneda, Corvera** (Asturias). This consists in the construction of facilities for settling, screening and filtering with covered sand filters, two tanks holding approximately 14,600 cubic metres apiece, together with other auxiliary facilities, a control building and reagents.



Dam. Mora de Rubielos. Teruel

Maritime works



Port of Tarragona



Marina and fishing port. Badalona

Leading new contracts:

■ **Anaga marine park at Santa Cruz de Tenerife.** This contract is for the construction of the basic structures for a future shopping and leisure/entertainment area, with a huge dock for water sports.

■ **Earth moving and equalising** in the context of the industrial logistics platform at Salvaterra-As Neves (Vigo).

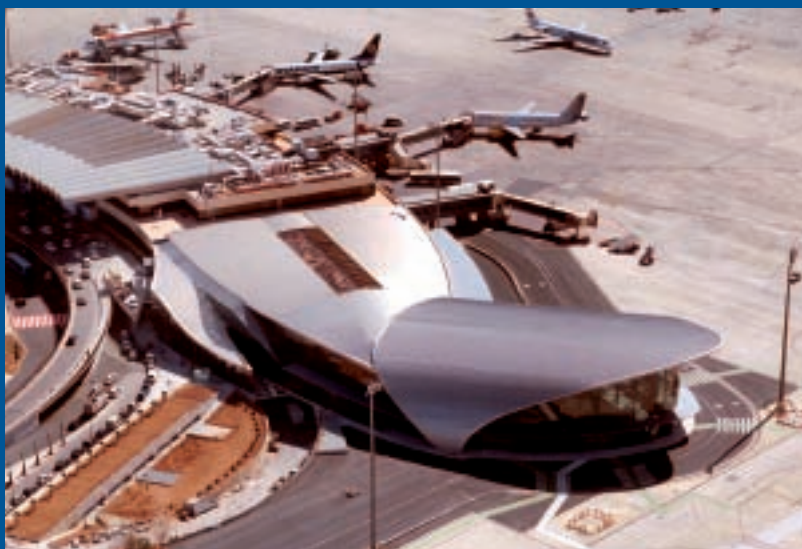
■ **Southern curve of the Santander Bay sanitation works.** Work include 25 kilometres of manifolds structured into two traps and nine general manifolds, several pumping stations, spillways and three storm tanks.

■ **Consolidation, paving and infrastructure of the wharf next to the old channel, phase II, at the Port of Valencia.** The fill is consolidated by first packing the area with earth up to a height of 8 metres and then leaving it for three months. Once the fill has firmed up, the facilities will be built and final paving will be done.

■ **Enlargement of the harbour at Vallbona** (Barcelona). The first phase has already been built by FCC.

■ **Berth at the harbour at Raos** (Santander). This is a 108-metre-long, 13-metre-wide wharf made of reinforced slabs on precast beams and pilings. An arched shield acts as a containing wall for the railway line running parallel to the wharf.

Airports



Regional aviation terminal building at Valencia airport

Leading contracts:

■ **Southern platform and aircraft parking facilities, Phase II, at Barcelona airport.** This contract encompasses the lighting and signalling for aircraft parking spaces, plus the fuel loading zones and the handling area next to the terminal.

■ **Expansion, platform and taxiing strip at Alicante airport.**

■ **Urban development and water tank building at Barcelona airport.** This includes the firefighting and hydrant system in the South loading zone, plus two 480-cubic-metre water tanks and a pump room.

■ **Taxiing strips, tube banks and fencing at the airport at San Javier (Murcia).**

■ **Vehicle parking facility at the current terminal of Gran Canaria airport.** The new parking facility has four floors and stands next to the existing car park, across from the regional flight terminal. It has got the capacity for 766 vehicles and a total area of 25,400 square metres.



Civil Guard helicopter air base. Torrejón de Ardoz. Madrid

Railway infrastructures

This has been a very lively sector at FCC for many years now. FCC is taking advantage of the expansion of the high-speed railway system in Spain and the construction of new underground lines in various other parts of the world.

Railway infrastructures

■ **High-speed section of the Atlantic Artery between Vigo and Maceiras.** The section is 7.1 kilometres long and has twin tunnels (2x5.4 kilometres), each having an inner diameter of 8.5 metres and lined with 0.32-metre-thick segments. The tunnels are interconnected by 22 galleries for safety and evacuation purposes. Each tunnel has a false tunnel protruding at both ends; on the Vigo side the false tunnels follow a temporary detour under motorway A-9. The job includes the laying of slab track and installation of facilities (power, communications and security) for both the tunnel and the trains that will be using it.

■ **Extension of railway lines from the Generalitat to Tarrasa, section: Tarrasa Tunnel-Rambla/Can Roca.** This contract encompasses the execution of two parallel tunnels (one for each direction of traffic) three kilometres long and six metres in inner diameter, dug out with a tunnel boring machine and lined with precast segments, two stations (one of them a facility for intermodal transfer to ADIF) and a train parking area. In addition to the infrastructure, the contract also includes the track, the catenary and railway facilities. The station shield walls are 38 metres deep and the tunnels are connected to each other by galleries every 250 metres.



Delicias intermodal transfer facility. Zaragoza



Larger platforms at underground line 3's Sol station, Madrid

■ **Pajares Tunnels-Sotiello** (Asturias). The section under contract is the continuation of the Pajares tunnels on the Asturias side. Of the 6.2 kilometres of total tunnel length, 5.9 kilometres are double tunnels (3.8 and 2.1 kilometres), to be dug out with a tunnel boring machine and lined with 0.32-metre-thick segments.

■ **Construction of the high-speed Vilademuls-Pontós section** (Girona). This consists in laying the bed for 5.66 kilometres of international-width double track. Two special features of this job are a 2.9-kilometre-long tunnel to be dug out from the inside with a free cross-section of 85 square metres (Les Cavorges tunnel) and an 835-metre-long viaduct over the Fluviá River.

■ **Development G-44/2, Zaragoza local railway tunnels.** This consists in the construction of two false tunnels between shield walls, one 900 metres long for vehicular traffic and one 530 metres long to house a future local train line. The total shield wall area is about 38,000 square metres.

■ **Parque Alicante-Barrio Santa Isabel railway section in San Vicente de Raspeig** (Alicante). This is the 2.7-kilometre-long extension of double tracks for Alicante tram line T-2, including the traction substation, power, safety and communications facilities and development of the surrounding area.

■ **Integration of the railway** (south junction, bed, track and power) **in San Andrés del Rabanedo** (León). This includes a 315-metre-long viaduct, eight underpasses and one pedestrian footbridge. The project will furnish a connection to the Palencia-La Coruña and León-Oviedo lines outside the city, making it unnecessary for cargo to be run through León any more.

Urban infrastructure

■ **Athens underground line 2, section: Agios Antonios-Anthoupoli.** The tunnel is 1,380 metres long and has got two stations. The contract envisages the installation of slab track and 750-volt DC traction with the proper rectifying substations, ventilation, lifts and escalators.

■ **Underground to Barajas terminal T-4.** This is the extension of line 8 of the Madrid underground system from Barajas station to the Madrid airport's new transfer facility. It comprises two 2.5-kilometre-long sections of tunnel, 1.6 kilometres of which will be drilled with a tunnel boring machine.

■ **Barcelona underground system's new L-5 station between Collblanc and Pubilla Cases.** This contract calls for a new intermediate station to be built on line L-5 without ever interrupting underground traffic. The station has two new vestibules (one for Barcelona and the other for L'Hospitalet) interconnected by a gallery, and the Barcelona vestibule is also connected to the tram transfer facility. The vestibules will be built with 80-centimetre shield walls and micropilings.

■ **Automatic trolley in a trolley lane between the university and Ribalta park in Castellón.** Two two-kilometre-long tracks will be laid, one in each direction. The job includes power supplied through a flexible catenary, a power substation with transformer/rectifier sets and an auxiliary service transformer, electrical traffic signals and standing and ground-mounted signage. One special feature is a cable-stayed bridge over the Seco River, with a leaning pylon.



Footbridge over the Tagus River. Parque Solanilla development. Toledo

Urban development

Leading new contracts:

■ **Development in Tres Cantos, Madrid.** Work will be done to develop three million square metres 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. In the previous fiscal year FCC was awarded the contracts to install pneumatic waste collection facilities, water, gas, telephone and power distribution networks and urban furniture.

■ **Ciudad Aeroportuaria Parque de Valdebebas development, in Madrid.** This contract encompasses the development of 65 hectares of Ciudad Aeroportuaria, which will in future hold some 11,500 homes, a maximum total constructed area of 1,600,000 square metres.

■ **PAU 21 development in Orihuela (Alicante).** This consists in the first phase of development with a 310-hectare parcel of land equipped with the usual services. The drinking water supply is taken from the Taibilla canal, which crosses the land. The sanitation system includes five pumping stations and a plant to treat faecal wastewater for reuse in irrigation. The power facilities include high and low voltage, eight transformer stations, a distribution centre and lighting.

■ **Development of sector A-4 of the Urban Development Consortium of Valdelacasa, Alcobendas (Madrid).** The developable area, intended for industrial, tertiary and service use, is 86 hectares, on which 406,000 square metres can be built. The contract includes the laying

of over 20 kilometres of concrete pipes ranging from 400 to 1,500 millimetres in diameter, 10 transformer stations and 745 lights.

■ **Development in Les Franqueses del Vallés (Barcelona),** which entails the enlargement of an industrial park, the construction of a bridge over the Congost River, a recreation area with facilities for petanca, mini-golf and archery, a climbing area and a landscaped area for strolling.



Parque de Málaga development



Housing block in Las Tablas. Madrid

Residential building

In 2006 FCC had over 13,882 homes in progress, in addition to commercial space and car parks, which make for a constructed area of 2.3 million square metres.

Most important new contracts:

- 149 homes in Las Tablas (Madrid).
- 330 homes on different lots in Alcorcón's Ensanche Sur (Madrid).
- 128 homes at Plaza Europa in L'Hospitalet (Barcelona).
- 116 homes on calle La Luminaria in Collado Villalba, Madrid.
- 106 apartments in Almenara, Castellón.
- 125 homes on lot 7.P.P. "Los Santos Pilarca". Valladolid.
- 211 low-income housing units, in a design and construction tender in Vitoria.
- 235 homes in Pino Montano, Sevilla.
- 126 low-income housing units in Santander and 70 homes in Can Misses-Sur (Ibiza).
- 222 low-income housing units in Seville.
- 192 homes and garages on lots 2.20 and 2.23 of Ensanche de Vallecas in Madrid.
- 149 homes in Valdemoro (Madrid).
- 150 homes in Pamplona.
- 124 homes in Leganés (Madrid).
- 172 publicly sponsored housing units in Seville.
- 72 semi-detached single-family homes in San Antonio de Benageber (Valencia).
- 70 homes, garages and development work in Can Misses Sur (Ibiza).
- 140 homes in Las Palmas de Gran Canaria.



Apartments in Guadalmanza. Estepona. Málaga

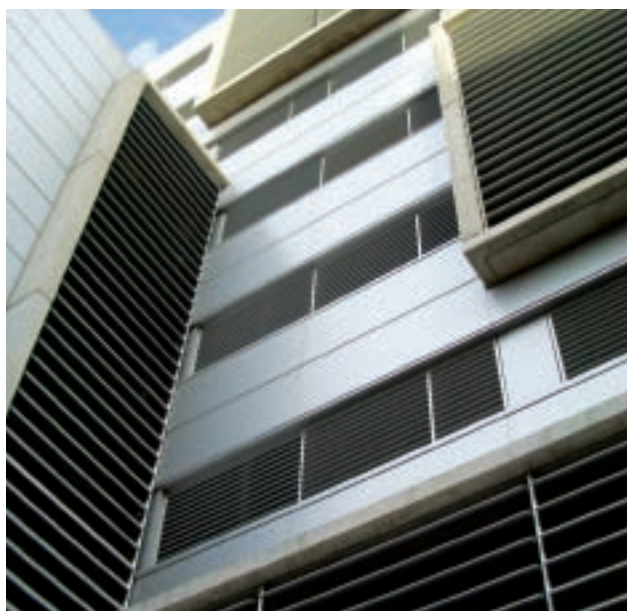
- 176 homes in Almería for Metrovacesa, and 352 in Leganés (Madrid), with accompanying commercial spaces and garages.
- 151 homes in Vera, Almería.
- 111 homes in Navalcarnero, Madrid.
- 126 homes in Arroyomolinos, Madrid.
- 185 homes for the Madrid city government.
- 132 homes in Albacete.
- 105 homes in Azuqueca de Henares (Guadalajara).
- 87 homes in the Los Naranjos V development in Alfaz del Pi (Alicante).
- 84 single-family homes and development in SAU-R3 in Campo Real, Madrid.
- 72 apartments, with business space and parking facilities, at "Vega de Acá" in Almería.
- Structure of an apartment block in Acapulco, Mexico.
- 92 homes in Mijas (Málaga).

Non-residential building

Leading new contracts:

Government centres and office buildings

■ **New judicial headquarters for Las Palmas de Gran Canaria.** The building will have two floors underground (with 281 parking spaces, filing facilities and rooms), three floors forming the main bulk of the building and occupying almost the entire 12,900-square-metre property, and four towers (with 8, 4, 6 and 5 floors), plus a flat roof with parasols. The total constructed area is 85,000 square metres. This will be a landmark building for the city, with high-quality materials and features.



Agriculture Department building. Murcia

■ **New National Institute of Toxicology and Forensic Science in Las Rozas (Madrid).** This building has a constructed area of 16,000 square metres with a double-glazed façade, half of which has sunlight controls.

■ **Building with offices 6, 7 and 8 at the World Trade Center in Cornellá (Barcelona).** The building has an area of 45,000 square metres. FCC Construcción is currently involved in laying the foundations and executing the underground work.

■ **Structure of the Arco Marco II building in Bosque de Lomas, México D.F. and Towers 1 and 2 of City Santa Fe, first stage, Mexico.**

■ **Office building, block 7B of Cross de San Jerónimo in Seville.** A project that forms part of the Torneo business park, where the company has already constructed phase 1.

■ **City of Communications in Las Tablas, Madrid.** Miscellaneous work forming part of the complex that FCC has built in several phases for Telefónica, on an area of 200,000 square metres.

■ **New City Hall in Lalín (Pontevedra).** The project was designed by Emilio Tuñón and Luis Moreno Mansilla, architects under whose supervision FCC has executed such projects as MUSAC in León, the Castellón and Zamora museums and the León auditorium.



Torneo business park. Seville



Hall of Justice. Santa Cruz de Tenerife

Schools

■ **School of Labour Science, Economics and Business and University School of Málaga.** This will be situated on the Teatinos campus (Málaga) and will have two basements and three above-ground floors, making a total constructed area of some 33,300 square metres.

■ **Structure, laboratory and service building in Barcelona Science Park.** This job is the second phase of the Science Park project. It includes eight laboratory modules and an auditorium with a total area of 43,000 square metres, mostly new construction and 10,000 square metres of refurbished facilities.

■ **RDI building** (RDI: Research, Development and Innovation), No. 5, Phase III, in Valencia. FCC has already constructed the first two phases.

■ **Building for the introduction of studies at Navarra University in Tudela** (Navarra). This consists of the construction of an 11,998-square-metre building that has four floors: a semibasement, the ground floor and the first and second floors.

Health facilities

■ **New hospital for Denia-Alicante.** Refurbishment of the old hospital and the medical specialisation centre. The hospital will stand on a 40,000-square-metre lot and have some



Hospital de Córdoba



Real Madrid Sport City

20,000 square metres underground for parking and three floors of hospital facilities with an area of 52,000 square metres. The job also includes some minor refurbishment work on a home for chronically ill seniors, an area of approximately 20,000 square metres, and the thorough refurbishment of another building as a medical specialisation centre, measuring some 2,000 square metres.

■ **Design, construction and equipping of Hospital Cojutepeque in Cuzcatlan** (El Salvador).

■ **Remodelling of Residencia Creu de Palau** (Girona). This home has a constructed area of some 10,000 square metres.

■ **Elderly home in Montevil** (Oviedo). This home has beds for 100 residents, with all kinds of facilities, heating and air conditioning, an emergency generator, a transformer station and solar panels for hot sanitary water.

Cultural, sport and entertainment centres

■ **Sports complex especially for tennis** (Magic Box) located in Manzanares Linear Park, Madrid. Last year FCC was given the contract for the main roof. The Magic Box basically houses three stadiums with moveable roofs that can open to different partial and total settings. Underneath the stadiums there are two levels with dressing rooms, facilities for players, referees and service personnel, accesses and hallways, VIP areas, restaurants, storerooms and multifunction rooms.

The “indoor tennis” building is a linear construction 600 metres long and 25 metres wide. Its central area holds a high-performance centre, the Madrid Tennis Federation’s offices and an athletes’ residence hall. Flanking this area are 11 heated/air conditioned indoor tennis courts. Five have bleacher seating and the other six do not. The complex has also got an attached development that features 16 outdoor tennis courts, parking facilities, a large pond and a bridge over the Manzanares River. The architectural design is the work of Dominique Perrault.

■ **Burgos Auditorium**, which together with the Human Evolution Museum and the Research Centre form the Evolution Complex. The design is the work of Juan Navarro Baldeweg. For its façade the building has got a double-skinned curtain wall; inside there are false ceilings made of white-lacquered strips of maple, facilities for



Marine Archaeology Museum. Cartagena



Montjuïc fair pavilion. Barcelona

heating and air conditioning, firefighting, power, security, communications and voice and data management control. The constructed area is 33,360 square metres.

■ **Construction of façades and facilities and development of the new Sant Ferran velodrome** (Palma de Mallorca). The structure and a spectacular metal roof are already under construction.

■ **Containing wall and earth removal for the Museum of Royal Collections in Madrid.** The project in the contract is the first phase of the future museum, which will be located on the esplanade between the Royal Palace and La Almudena Basilica, very close to and almost touching the basilica, at the edge of El Campo del Moro. Dated remains of the Arab wall lie in the subsoil. The design is the work of Luis Mansilla and Emilio Tuñón, and it was chosen from among the proposals submitted by highly prestigious Spanish and foreign architects.

■ **Structure and architecture of the Zaragoza River Aquarium.** The work of architect Álvaro Planchuelo, the aquarium, which simulates a 40-metre-long river, has two ten-story buildings along the sides. Waterfalls flow from the buildings' roofs at several points along the façades.

Shopping centres, fairgrounds and convention centres

■ **El Corte Inglés shopping centre in Vila Nova.** Porto (Portugal).

■ **Foundations and structure of La Montaña shopping centre in Aranjuez** (Madrid). The shopping centre has a basement with a shield wall around the perimeter, anchored with pilings, and four floors of 8 x 8-metre reticular framework and a total constructed area of 170,000 square metres.

■ **Hipercor shopping centre in Elche** (Alicante).

■ **Structure for a shopping centre in Jaén for El Corte Inglés.** The lot is situated on Avenida de Madrid, round the corner from Santa María de la Cabeza, and measures 13,500 square metres. The shopping centre has 88,000 square metres, four underground floors and seven above-ground floors.

Hotels

■ **Complete remodelling of the Parador hotel at El Saler** (Valencia). The constructed area is 13,400 square metres. The remodelling is very thorough and includes demolition work and totally new construction. There were certain restrictions on the work because the hotel lies in a natural park.

■ **Refurbishing and fitting-out of the new Veruela monastery as a Parador de Turismo hotel at Santa María de Veruela** (Zaragoza). The so-called "new monastery" (18th century) and the upper portion of the "old monastery" (13th and 14th centuries), plus the gardens and part of the kitchen garden, will be transformed into a hotel. The hotel will have a maximum of five floors and 100 rooms. The cloister has got a metal and glass cupola.



Barcelona University School of Geography and History



Tussam's garages. Seville

Industrial centres

■ **Bodegas en Gumiel de Hizán** (Burgos). Designed by Norman Foster for Bodegas Faustino, S.L. The building has a striking design and boasts high-quality materials and facilities. This building allows the winery, which is from La Rioja, to set up shop in Ribera del Duero.

■ **Centre for the integrated recovery and elimination of hazardous waste and use of hazardous waste to produce energy, in Chamusca** (Portugal).

■ **Construction of the fourth liquid natural gas storage tank at the Port of Cartagena** (Murcia).

■ **Civil works at the Castellón IV power plant, which uses combined gas and conventional turbines.**

■ **Modular warehouse and urban development in the logistics zone of the Port of Seville.**

Refurbishment and maintenance

■ **Refurbishment of the Communications Palace as the future flagship headquarters of the Madrid city government and a cultural space.** This consists in the refurbishing of the palace's main bulk and includes the meeting room, the administrative building, the auditorium and a 100-car underground parking facility. The main courtyard is covered with a vault.

■ **Concession for the refurbishment and maintenance for 40 years of the future head offices of Radio Televisión in Palma de Mallorca.** The job encompasses the full refurbishment

of a 200-year-old listed building in which the original walls and façades are preserved.

■ **Alterations, repair, upkeep and demolition of buildings for the Madrid city government.** FCC Construcción has rendered this service in preceding years.

■ **Alterations to Zaragoza University's assembly hall.** This consists in the refurbishing of a late 19th-century building that has been declared of cultural interest, and adaptation for its use as an assembly hall.

■ **Improvement of Las Ventas bullfighting ring, Madrid.**





Sierra del Aguilón tunnel. Cartagena-Vera motorway

Electricity

Especialidades Eléctricas, S.A. (Espelsa), designs and installs electrical wiring.

The main events in 2006 include this subsidiary's acquisition of 100% of Elcen, S.A., a company specialising also in high-, medium- and low-voltage design and installation.

Leading among the things done in fiscal year 2006 were:

Electrical facility design and execution

- Parliament of Castilla y León, Valladolid.
- Cartagena-Vera motorway, Murcia.
- New La Condomina stadium, Murcia.
- City of Communications, Madrid.
- El Corte Inglés building, Vila Nova Da Gaia, Porto (Portugal).
- Guadarrama tunnel, Segovia.
- M-30 tunnel, Madrid.
- Hospital Virgen de la Salud, Granada.
- Vodafone building, Barcelona.
- Revlon building, Barcelona.
- AP-36 motorway, Castilla la Mancha.
- Outpatient section at Hospital Universitario de Canarias, Tenerife.

Maintenance

- Air Navigation Control Centre, Seville.
- Royal Theatre, Madrid.
- Sogecable building, Madrid.
- National Library, Madrid.
- Reina Sofia Art Centre, Madrid.

- Distribution networks, substations and transformer stations for Endesa Iberdrola and Unión Fenosa in Barcelona, Madrid and Castilla-La Mancha.
- Espelsa has been awarded the contract for the TOPFAS Project promoted by NATO and from the EDA, the Sense & Avoids Project.

Advanced computer systems engineering

Development continues on these 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.
- It also won the contract for Project TRES (Trajectory Reconstruction and Evaluation Suite) for Eurocontrol (European Organisation for the Safety of Air Navigation).





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.



Installation work

- New Hospital La Fe, Valencia.
- Hospital de Vallecas, Madrid.
- Hospital de Elche, Alicante.
- Auditorium in Náquera, Valencia
- Parque Adequa office building. Madrid.
- Office and housing building, Torre II Cadesa, Santa Cruz de Tenerife.
- Iberdrola Inmobiliaria corporate offices, Valencia.
- Bodegas Protos wine cellar. Peñafiel, Valladolid.

Maintenance

- Gmp Parque Norte business centre, Madrid.
- Nervión Plaza shopping centre, Seville.
- Archaeological Museum, Zamora.
- Valdelasfuentes sport complex. Alcobendas, Madrid.
- Abbott Laboratorios corporate offices, Madrid.
- Parque Sur shopping centre, Madrid.

Internacional Tecair, S.A., has acquired Geinsa, Gestión Especializada en Instalaciones, S.A., a company devoted to facility maintenance, upkeep and ductwork in all kinds of buildings.

This acquisition seeks to take advantage of client synergies to increase the business volume and level of returns in the business field where Internacional Tecair, S.A., is the leader.

Infrastructure conservation

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

Roads and highways

Maintenance of more than 1,100 kilometres of dual carriageways and 3,500 kilometres of roads pertaining to the conventional road system.

During fiscal year 2006 the leading items are:

The renewal of the following road upkeep contracts:

- A-49 between Sevilla and Huelva.
- A-30, N-301 (Archena-Albacete provincial border) and N-344 (N-301-Albacete provincial border) in the province of Murcia.
- A-2 in the provinces of Zaragoza and Lleida.
- A-8 (Torrelavega-Unquera) and N-621 (Unquera-León provincial border) in Cantabria.
- N-433 and N-435 in the province of Huelva.
- A-66 and N-630 in the province of Badajoz.
- N-624 in the province of Cáceres.

Expansion of the company's activity to new sections of roads:

- A-1 and A-15, in the Goyerri district, for the Guipúzcoa regional government.
- N-432 and N-435 in the province of Badajoz.

Hydraulic infrastructure maintenance

Operation and maintenance of the automated hydrological information systems of the hydrographic confederations of the Júcar and the South. These systems model the hydrographic behaviour of river basins to yield flood predictions and the necessary information for managing the water belonging to each river basin.

This year contracts were made for the operation, maintenance and upkeep of a number of dams and reservoirs: Alarcón, Amatorio, Bellús, Beniarrés, Contreras, Escalona, Forata, Gadalafest and Tous in the provinces of Alicante, Cuenca and Valencia.



Forestry work

Work replanting forests, conducting forest treatments, planting farmlands over with trees, performing park and garden upkeep and maintenance and restoring natural environments (riversides, landfills, dunes) in the autonomous communities of Madrid, Andalucía, Murcia and Comunidad Valenciana.



Road upkeep. Palencia



Fighting a forest fire in Galicia

Forest fire prevention and extinction services. One important service was for the Sierra Norte in Madrid, with eight forestry engineers and a total of 234 operators, five heavy and 15 lightweight fire-fighting assemblies, two high-mobility vehicles (VAMTACs) and a twin turbine helicopter. There is also a fire defence service at the Casa de Campo in Madrid, with surveillance and extinction resources in operation 24 hours a day.

Some of these teams worked with the Xunta (regional government) of Galicia putting out the forest fires declared during August in that autonomous community.

Maintenance for heavily protected parks and gardens of Madrid, in a joint venture with FCC Medio Ambiente, with areas such as the Temple of Debod, the Sabatini Gardens, El Capricho Park, Dehesa de la Villa Park, El Oeste Park, Quinta de los Molinos and the Tres Cantos forested area.

Leading contract awards this fiscal year were:

- Restoration of the inert waste landfills at Fresnedillas de la Oliva and Villamanta, Madrid.

- Restoration and improvement of the Manzanares River at El Pardo.

- Regeneration of the dune system at Zahara de los Atunes (Cádiz).

- Environmental recovery of the Segura River bank at Orihuela.

- Environmental restoration of the Velilla lakes at Velilla de San Antonio, Madrid.

- Compensatory reforestation and garden programme at Madrid, Calle 30.



Groundskeeping at the Casa de Campo. Madrid



San Pedro tunnels. Madrid

Engineering

Proyectos y Servicios, S.A. (Proser), draws up engineering designs and provides construction management with control and technical assistance services for major infrastructures. The following are the leading new contracts:

Roads and highways

■ **Construction project for the A-32 Linares-Albacete dual carriageway.** Section: Torreperegril-Villacarrillo. This section has 14 kilometres of trunk road, a junction with 2.0 kilometres of branch roads and a service area. It includes two overpasses and six underpasses.

■ **Construction project for the A-32 Linares-Albacete dual carriageway.** Section: Villacarrillo-Villanueva del Arzobispo. This section has 17.2 kilometres of trunk road, two junctions with 5.5 kilometres of branch roads and three remodellings of existing junctions. It includes a viaduct, five overpasses and ten underpasses.

■ **Construction project for the A-15 Navarra dual carriageway.** Section: Medinaceli (A-2)-Radona. This section features a 12.2-kilometre-long main trunk and two junctions. The first connects the new dual carriageway with the A-2 and also provides access to the town of Medinaceli. The project includes three viaducts over the Jalón River, an overhead structure, four overpasses, eight underpasses and two false tunnels.

■ **Study on a connecting dual carriageway between the A-2 dual carriageway (Guadalajara) and A-1 (Madrid).** dual carriageway (Madrid). This section is approximately 50 kilometres long. The field of study encompasses 29 cities and towns in the provinces of Guadalajara and Madrid.

Railways and metros

■ **Construction project to eliminate level crossings on the Venta de Baños-Santander line (ADIF) and the Santander-Basurto line (FEVE)** in the autonomous communities of Cantabria and País Vasco. This consists in the preparation of the construction projects to eliminate five level crossings from the two lines.

Hydraulic works

■ **Basic project to pipe the water produced by the Dalías desalination plant (Almería).** For ACUAMED. This is a project for the pipes that will carry the water from the Campo de Dalías desalination plant to the tanks at Aguadulce. There are three different sections of pipeline: pressurized outflow, main gravity pipes and branch pipe for irrigation communities.

■ **Flood risk evaluation** for the towns of Gilena and Pedrera in the province of Sevilla.

■ **Project for a wastewater pumping station and rainwater pumping station** on the right bank of the Pudio River in Coria del Río, Sevilla.

■ **Project for the construction of a new tank in Alcalá del Río** and improvement of the La Rinconada pumping station in Sevilla.

■ **Project to construct the primary network of the 12-2 irrigation sector of the Segarra-Garrigues system.** The project includes: pumping units for the intake station flow of



Medina Sidonia west relief road
Section from dual carriageway A-38 to road A-390. Cádiz



Málaga west ring road. Section connecting road C-3310 to the A-7
Autovía del Mediterráneo dual carriageway. Málaga

3.4 cubic metres/second, a pressurized pipe 10,257 metres long and 1,500 millimetres in diameter; two pressurized pipes, one 1,200 millimetres in diameter and 4,739 metres long and the other 1,500 millimetres in diameter and 8,830 metres long; and three ponds holding 110,000, 170,000 and 343,000 cubic metres.

Construction management technical assistance

■ **Technical and environmental assistance, surveillance and control of the preparation of the project and execution** of the works at the drinking water treatment plant and pumping station of Seseña (Toledo).

■ **Construction management technical assistance on the job to improve road A-390 Section: Chiclana de la Frontera-Medina Sidonia and Medina Sidonia west relief road** between road A-381 and road A-393. Section: Between A-390 and A-393. The section to be improved is approximately 20 kilometres long.

■ **Construction management technical assistance on the Medina west relief road between the A-381 and the A-393. Section: A-381 to A-390.** Newly built relief road, 4,600 metres long, whose main structures are four concrete frames.

■ **Construction management technical assistance on the supply of drinking water for Santa María de Merlés (Barcelona).** Storage pond holding 120,000 cubic metres. Drinking water purification plant processing 141 cubic metres/hour. Tanks holding 1,000 and 500 cubic metres, 15.7 kilometres of pipes.



Extension of Madrid underground line 7. Coslada-San Fernando section

PROSER

Corporate image



Megaplas, S.A., is the FCC Group company that renders corporate image services at the European level. It has three production and management centres, in Madrid, Turin and Paris.

During the last fiscal year Megaplas focused its efforts on consolidating its key clients, which are mainly in the automobile sector.

This effort was repaid when the firm won the Qualitas award, which the Fiat Group gives its outstanding suppliers.

Fiat recognised the Megaplas group's activity and quality by engaging Megaplas to work with Fiat to develop and then introduce Fiat's new company logo in the worldwide dealer network. This was done with the sector's newest technologies at Megaplas's specialised centre in Turin.

Renault has engaged Megaplas exclusively for its "test invitation" programme, which complements the main image change programme Megaplas was already under contract to run.

In the oil sector, the Portuguese company Galp has selected Megaplas as its maintenance service provider for its network of service stations in Spain.





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.

Main new contracts:

■ **Málaga-Rincón de la Victoria gas pipeline** (28 kilometres of API 5L X-42 10" Ø steel pipe and three valve positions). The pipeline runs parallel to the dual carriageway Málaga bypass, which has slopes of greater than 50%.

■ **El Grao de Castellón-Benicassim artery** (4.7 kilometres of API 5L Gr. B 6" Ø steel pipe and 5.1 kilometres of PE 100 SRD 17.6 DN 200 millimetre pipe, a regulator cabinet and three directed drill holes).

■ **Cabanes-Oropesa del Mar gas pipeline** (14.2 kilometres of API 5L Gr. B 6" Ø steel pipe and cathodic protection system).

■ **District Heating & Cooling system for the Mengibar Technological Park in Mengibar** (Jaén). Hot and cold water distribution system to heat and cool the buildings scheduled to be built in the park. The system comprises two lines, 2.2 kilometres long apiece, in preinsulated steel pipe with diameters of between 40 and 450 millimetres.

Construction work was also got under way on the following pipelines:

■ **Two line changes in the Rivas Vaciamadrid-Loeches-Arganda del Rey-Alcalá de Henares gas pipeline** as a consequence of the assignment of the new IP and the access road to the R-3, inside the municipal limits of Mejorada del Campo and Velilla de San Antonio.

■ **Twin pipes for the Rota-Zaragoza oil pipeline. Conquista-Almodóvar del Campo section**, 44 kilometres long and 12" in diameter.



Precast components

Prefabricados Delta reached the highest pitch of activity of all its history in 2006. This is due in part to the diversification of its products and in part also to the favourable conjunction of circumstances in the cyclical markets where it is present.

These are the leading sectors where Prefabricados Delta does business:

Hydraulic works

The so-called “irrigation shock plan” has made for a significant increase in the demand for pipes; 34 kilometres of reinforced and/or poststressed concrete pipe with metal sleeves and 61 kilometres of FRP (fibreglass reinforced polyester) pipe. The FRP supply is more than twice the size of last year's.



The most significant works contracted in this sector were:

- **The seawater desalination facility of Escombreras** (Murcia) with a total of 51 kilometres of poststressed concrete pipe with metal sleeves and elastic gaskets 1,000 millimetres in diameter.
- **Irrigation in Moguer and Lucena del Puerto** (Huelva) with 11 kilometres of poststressed concrete pipe with metal sleeves and elastic gaskets 900 millimetres in diameter.
- **Transformation of sections II and III of the irrigable area of the Adaja River into irrigated land** (Ávila) with 12 kilometres of FRP pipe between 400 and 1,400 millimetres in diameter.
- **Modernisation of irrigation at the Irrigation Community of Almudevar Phase II** (Huesca) with 18 kilometres of FRP pipe between 500 and 1,200 millimetres in diameter.
- **Irrigation of Terra Alta Phase III in Gandesa** (Tarragona) with 12 kilometres of FRP pipe between 500 and 1,200 millimetres in diameter.
- **Modernisation of irrigation from the Argós River in Calasparra** (Murcia) with 12 kilometres of pipe between 600 and 900 millimetres in diameter.
- **Section VIII-A and Subsector 2 of Monearros II in Bujaraloz** (Zaragoza) with 9 kilometres of FRP pipe between 500 and 1,200 millimetres in diameter.



Railways

Supplies of sleepers for new railway lines have continued, mainly for high-speed lines and maintenance and renovation of existing lines. A total of 183,000 sleepers have been installed.

One especially important event was the award of the contract to supply 135,000 sleepers for the high-speed line between Antequera (Abdalajís tunnel) and Málaga (Arroyo de las Cañas) for Administrador de Infraestructuras Ferroviarias (ADIF).

Underground works

During 2006 2,208 ring-shaped tunnel lining segments were supplied. Of special interest due to their size are the segments provided to take Madrid's M-30 underground at the south bypass: The segments are 15 metres in diameter and 0.6 metres thick.

R+D+i

Prefabricados Delta is participating in two R+D+i projects, both of which are supported by the Ministry of Industry, Tourism and Trade through funding under the Profit programme.

The projects deal with the automation of the stressing, destressing and size check processes for sleepers and the development of a new system of precast slab tracks.



Prefabricated tunnel lining segments

Repairs and reforms

In 2006 Reparalia, S.A., became consolidated as a company specialising in the full-service management of repairs, maintenance, alterations and works.

The incorporation of advanced computer and communication systems at Reparalia's six territorial management offices facilitates the active tracking of services, adapting always to the needs of the client and guaranteeing speedy, effective management.

The high level of commitment of the entire Reparalia team is reflected in the satisfaction indices of our clients, which is 97.3% according to the results of one external audit, having risen by 62.4% in repairs.



Reparalia's activity focuses basically on three market segments:

Insurance companies

During the last year Reparalia maintained the client cooperation agreements it had secured in preceding years. It has increased the number of services rendered considerably and specialises in claims processing.

Other companies and groups

Reparalia has also got cooperation agreements with nationwide companies for the full-service maintenance of their premises.

Shop alterations

Improvement and overhauling of business premises for companies and chains that have numerous stores all over the world.

Infrastructure concessions

During 2006 the Concessions Department obtained a series of contracts abroad under FCC's Strategic Plan:

- The 76.8-kilometre-long San José-Caldera motorway in Costa Rica for a 25-year concession period.
- The 56-kilometre-long N6 Galway-Ballinasloe motorway (45%) in Ireland for a 30-year concession term.

FCC currently holds an interest in the following concessions:

■ Concesiones Aeroportuarias, S.A. (30%)

Company awarded the construction and operation of 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.



Multipurpose terminal in Castellón

■ 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 2006 was 4,800 vehicles.

■ 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 62.4 kilometres. In 2006 the last section was opened to traffic.

■ Cedinsa (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). The job is currently under construction. 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.

During 2006 FCC Construcción won the contract for the shadow toll concession of the Vic-Ripoll dual carriageway. It is 48.6 kilometres long, 25.2 kilometres of which are newly laid out, between the towns of Centelles and Ripio. The concession is for 33 years with a three-year construction period and a 30-year operation period.



Parla tram. Madrid

■ **Compañía Concesionaria del Túnel de Sóller, S.A. (56.53%)**. Three-kilometre toll tunnel which crosses the Alfábia mountain range in the corridor from Palma de Mallorca to Sóller. The average daily traffic in 2006 was 7,916 vehicles.

■ **Concesiones de Madrid, S.A. (33.33%)**
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 2006 the section has had an average daily traffic of 79,268 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 square metres of commercial premises. The marina was fully occupied this fiscal year.

■ **Nàutic Tarragona, S.A. (25%)**
This marina has 417 moorings, 90% of which are either rented or sold, plus 8,000 square metres of commercial premises, which are all sold.

■ **Oligsa (20%)**
The company that holds the 30-year concession to construct and operate a 168,000-square-metre bulk goods terminal at the port of Gijón. In 2006 it moved 3,470,146 MT of goods.

■ **Port Torredembarra, S.A. (24.50%)**
Of a total of 820 moorings, more than 95% were occupied in 2006, while the entire 4,000 square metres of commercial premises were rented.

■ **Ruta de los Pantanos, S.A. (25%)**
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 2006 was 35,608 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.

■ **Tramvia Metropolità, S.A. (22.08%)**
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 12,814,646 passengers during 2006.

■ **Tramvia Metropolità del Besòs, S.A. (22.08%)**
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 2006 it was used by a total of 4,078,211 passengers.

■ **Transportes Ferroviarios de Madrid, S.A. (12.50%)**
Holder of the 30-year concession of the extension of line 9 of the Madrid underground between Vicalvaro and Arganda, comprising a total stretch of 20 kilometres and three intermediate stations. In 2006 it was used by a total of 7,350,948 passengers.



Autovía del Camino dual carriageway. Pamplona-Logroño section



World Trade Center. Cornellà. Barcelona

■ 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 2006 the tunnel was used by an average of 1,577 vehicles daily.

■ 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 square metres of offices and commercial premises, 6,000 square metres of conference space and meeting rooms and a 280-bed hotel. It currently has an occupancy rate of over 95%.

■ Parc Tecnologic World Trade Center Cornellà, 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 square metres, an underground car park for 500 vehicles and a 10,000-square-metre 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 square metres), other complementary uses, offices and commercial premises (26,628 square metres) and a 45,628-square-metre car park able to hold 1,750 vehicles. During 2006 the project was in the construction stage.

■ 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 early 2007.

■ Metro de Málaga (26.73%)

Thirty-five-year concession holder for the design, construction, rolling stock supply and operation of lines 1 and 2 of the Málaga Metro, covering a total length of 16.5 kilometres, 71% of which is underground. Nineteen stations will be built along the route. During 2006 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 was awarded in August 2005 and is scheduled to go into operation in 2007.

■ Ibisán 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 2006 the job was in the construction stage.



AP7 motorway. Cartagena-Vera section

■ 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 square metres of attached esplanade. The award was made in September 2005 and construction started in 2006.

■ 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.



Tarragona marina

■ Marina de Laredo, S.A. (42.5%)

Government concession for the construction and operation of 540 moorings, 497 square metres 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.

■ Hospital del Sureste, S.A. (33.33%)

Company holding the concession for the construction and comprehensive management of the new hospital at Arganda del Rey (Madrid) for 30 years. The work is in the construction stage.

■ Scutvias, Autoestradas da Beira Interior, S.A. (13.13%)

Shadow toll motorway located in the Beira Interior area of Portugal. The road is divided into eight sections, a total of 198 kilometres.

■ 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. Traffic continued to recover during 2006, up to 6.9 million passengers.

■ Autopistas del Valle, S.A. (35%)

FCC Construcción, as part of an international consortium, received in June 2004 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. Construction is anticipated to begin in the second half of 2006, when the design work and expropriations have been concluded. It is estimated that the motorway will be opened sometime in 2009.



Laredo marina. Cantabria

■ Autopista San José-Caldera (35%)

In March 2006 FCC Construcción, as part of an international consortium, gained 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. (45%). An international consortium led by FCC Construcción proved the winner in September 2004 of a 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 will commence in 2007 and the tunnel is expected to be operational in late 2010.

■ Hotel de la Vela (25%)

Government concession for the construction and operation for 55 years of a luxury hotel. The hotel has been designed by an architect of international prestige. It has 480 rooms and covers 50,000 square metres. Construction is currently in progress.

■ N6 Galway-Ballinasloe (45%)

During 2006 FCC Construcción was awarded the 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.

■ 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 will open in early 2007.

■ 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.

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

Technological innovation

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.



"Tizona", one of FCC's tunnel boring machines

Some examples are:

Underground work

We would like to point out three of the numerous underground jobs FCC Construcción has completed or has in progress, because of their special characteristics, which showcase the company's high technological development:

■ Enlargement of the Sol station of Madrid

underground line 3. The most outstanding part of this job consisted of the prolongation of the cavern underneath Calle Preciados. The façades of two major department stores had to be underpinned without ever asking the stores to close the buildings to business. The façades are held up by ranks of jacks connected to a central hydraulic plant and a façade auscultation system, both of which are governed by an advanced computer application. The project was designed by the company's technical services and the hydraulic system was furnished by FCC subsidiary BBR Pretensados y Técnicas Especiales, S.A. (BBR PTE).

■ **M-30 Madrid South Bypass tunnel.** Tunnel 15 metres in diameter, dug out by an EPB tunnel boring machine and lined with precast concrete segments. It is 3,648 metres long and took six and a half months to complete. The tunnel boring machine has come to within a few metres of the foundations of buildings and bridges without doing any damage.

■ **Underground access tunnel to Madrid Barajas Airport Terminal 4.** Tunnel 9.38 metres in diameter and 1,397 metres long, dug out by an EPB tunnel boring machine



Navia relief road. 2006 Award to Foster Innovation

in two months and two days at an average tunnel-making speed (including lining placement) of 21.28 metres/day.

Bridges and special structures

During the fiscal year the Navia viaduct, which features two 160-metre arched spans, was finished and opened. With this job the range of application of the precast segment system developed by FCC Construcción was expanded.

This system formed the basis of the company's proposal for the Vidin-Calafat bridge over the Danube, which was awarded to FCC Construcción. The bridge is 1,971 metres long with central spans 180 metres long, ending in extradosed prestressed concrete and precast segments, thus once more extending the system's maximum span length.

The bridge over the Sil at Ponferrada is a singular concept bridge.

It spans 85 metres and has concrete and steel decks laid 7 metres apart. The bridge is suspended by a central metal arch of the bowstring type.

■ **San Ferrán velodrome in Mallorca.** The velodrome's most interesting feature is its elliptical roof, which spans 125x94 metres and is made of radial and elliptical ribs stretching to a great central ring. The structure was designed by the company's technical services.

■ **The Repsol Tower in the former Real Madrid Sport City,** will stand 250 metres tall when it is finished. Among the numerous technical jobs involved in the tower's construction,

the foremost are the study of mixes and the trials with a real head for pumping normal and light aggregate concretes to a height of 250 metres.

■ **Subsidiary company BBR PTE is prestressing the Adriatic liquid natural gas tank.** The tank is built in Algeciras and floated to the Adriatic, where it is anchored. After having prestressed the Monaco floating dock, BBR PTE is increasing its experience in prestressing floating marine structures, where durability is an essential feature.

■ **Several BBR prestressing systems,** which the company is licensed to use and co-owns through BBR Internacional, have obtained European Technical Approval, which is mandatory for using the systems in the EU. These are among the first systems to earn approval.



Illustration of the M-30 South Bypass. Madrid



Hotel Balneario Las Arenas. Valencia. 2006 Award to Foster Quality

Maritime works

The company is achieving a remarkable level of technological development in the construction of jetties in areas with an extreme marine climate, particularly in the work to enlarge Gijón harbour.

Studies have been conducted on the construction in phases of the sloping Torres jetty. A 3D physical model has been crafted to determine the necessary composition of the jetty layers, according to their position and the wave action foreseeable in the days following construction. This should reduce the need to redo finished work and in short speed up the pace of production. The testing was done at the National Institute of Applied Hydrodynamics in Barcelona.



Numerical models and physical models for laying caissons under outdoor conditions are being developed using the laboratories of the University of Delft in Holland. These models will be used to lay 52-metre-long, 32-metre-wide, 36-metre-deep caissons in Gijón harbour.

Research and development

As stated in last fiscal year's Annual Report, FCC Construcción continues to participate in the European Construction Technology Platform and it is leading the Spanish Platform, where FCC Construcción is the coordinator of the standing committee and cooperates actively in the implementation of research and development projects within the framework of its business.

It is involved in the international Tunconstruct Project to optimise underwater construction and the international Mambuild Project on the industrialisation of the building sector.

The following are some of the projects that FCC Construcción is performing individually or with Spanish partners, in addition to the work at Gijón harbour mentioned above:

- **The Arfrisol Project.** A study of bioclimatic architecture and solar energy use in buildings
- **The Hatcons Project.** A study of several aspects of underground construction, such as high-efficiency concretes and the interaction between machine, lining and land.
- **The Shotec Project.** Improvements in sprayed concrete to line tunnels.



Delicias intermodal transfer facility. Zaragoza. 2006 Award to Foster Quality

■ **Comparative study of the operating parameters of tunnel boring machines** in different types of earth.

■ **The Fibras Project**, to define and set specifications for fibre-bearing concretes.

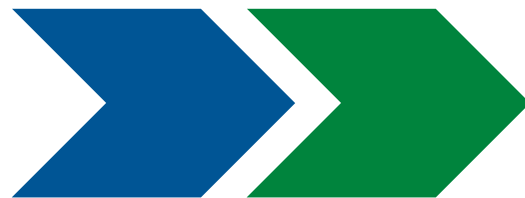
■ **The Futurespacio Project**, to develop and use information and communications technologies.

For the second year in a row the Award to Foster Innovation has been given, this time to the paper "Precast Segments for Wide-Span Viaducts", which discusses the adaptation of the system of precast segments on a series of cantilevers to build the Navia viaduct, whose sections arch over spans of 160 metres.



SECOND AWARD TO FOSTER INNOVATION

Precast Segments
for Wide-Span Viaducts



Cement

- 95 Analysis of the sector
- 96 Cementos Portland Valderrivas, S.A.

Factory in Thomaston, Maine. USA





Uniland Vallcarca factory. Barcelona

Analysis of the sector

According to the National Cement Manufacturers' Group, in 2006 cement consumption in Spain experienced 8.2% growth with respect to the year before. It rose from 51.5 million MT to 55.7 million MT. These consumption figures make the tenth consecutive record for yearly consumption.

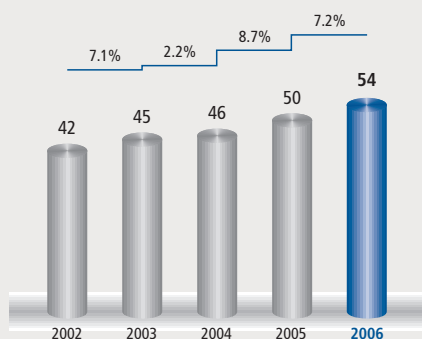
Cement and clinker exports backslid from 1.4 million MT to 1.1 million MT, with a year-on-year decline of 22.1%.

Imports of cement and clinker, however, in response to high demand, increased by 15.2%, rising from 10.7 million MT in 2005 to 12.3 million MT in 2006.

In the United States, according to the information facilitated by the Department of the Interior, cement consumption was 127.4 million MT, as opposed to 128.3 million MT in 2005, with a slight negative year-on-year variation of 0.7%. Cement and clinker imports rose from 32.9 million MT in 2005 to 35.50 million MT in 2006, with an increase of 7.9%, and exports, which hit 0.77 million MT in 2005, amounted to over 0.80 million MT in 2006, with a positive variation rate of 3.9%.

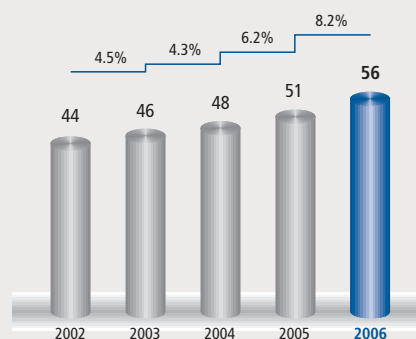
Cement production in Spain

Millions of tons



Cement consumption in Spain

Millions of tons



Cementos Portland Valderrivas, S.A.

98	Bid to take over Cementos Lemona
99	Cement
99	Concrete
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101	Dry mortar
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107	Stock market analysis

Fomento de Construcciones y Contratas, S.A., is the main shareholder in Cementos Portland Valderrivas, S.A., as it holds a 66.8% interest.

In June 2006 Cementos Portland Valderrivas kicked off its most significant financial transaction of recent years with the conclusion of a contract to buy control of Corporación Uniland by acquiring 51% of its capital for 1,092 million euros.



In addition a group of shareholders was given a five-year put option to sell a maximum of another 22.5% of Corporación Uniland at the same price, a total of 482.5 million euros. In other words, if the option is used, the total investment will come to 1,580 million euros to purchase 73.5% of the company.

In accordance with current legislation, the transaction was submitted to the competition defence authorities for approval and they okayed the deal in July.

With this investment and the investment in Cementos Lemona, Portland Valderrivas has become the biggest group in the Spanish cement sector and one of the largest cement companies in the world.

Uniland is the number-one cement producer in Cataluña and has access to Mediterranean markets of high strategic potential and other markets with great outlooks for growth. Its backlog is balanced, with high operating margins, and Uniland brings with it a high cash-generating capacity.

It has two cement factories in Barcelona (Vallcarca and Monjos) whose production capacity is 3.2 million MT per year, 28 concrete plants, nine aggregate quarries, 12 dry mortar plans and a cement terminal at the port of Barcelona.



Factory in Mataporquera. Cantabria

In Tunisia it holds 88% of Société de Ciments d'Enfidha, which has got one cement factory whose annual capacity is 2.3 million MT, four premixed concrete factories, an aggregate quarry and a marine terminal.

In Argentina it is owner of 50% of Cementos Avellaneda, which has got two factories, in Olvarria and San Luis, capable of producing a total of 1.2 million MT per year, six prepared concrete plants and two aggregate quarries.

In Uruguay it controls 50% of Cementos Artigas, which has got one cement factory near Montevideo whose annual capacity is 300,000 MT, four concrete plants and an aggregate quarry.

In the United Kingdom it holds 100% of the shares in Southern Cement, owner of a cement terminal in Ipswich, near London.

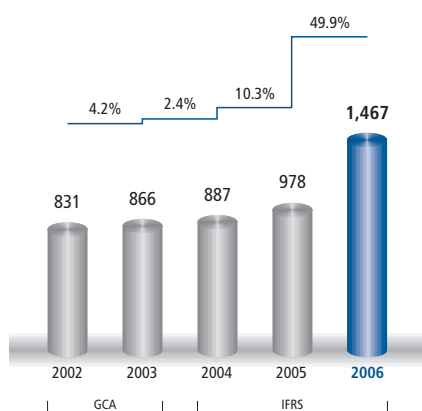
It has also got a specialised trading subsidiary in the Netherlands and 75% of Gulfland Cement, which has got three terminals in Louisiana, USA.

The Uniland purchase will generate outstanding synergies in operations, finance and taxes over the course of the first two years.

The strategic synergies will come in the form of flexibility to adjust to market imbalances through foreign trade and

Turnover

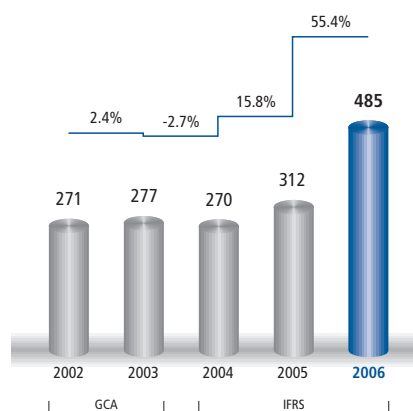
Millions of euros



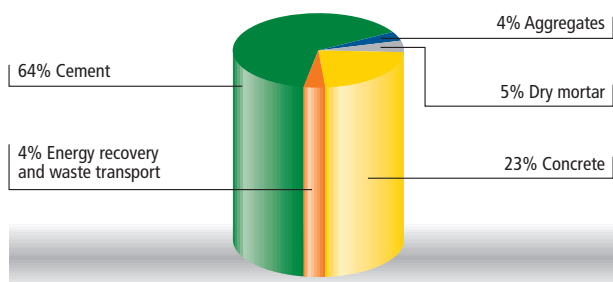
GCA: Data according to Spanish General Chart of Accounts rules
IFRS: Data according to International Financial Reporting Standards

Gross operating profit (Ebitda)

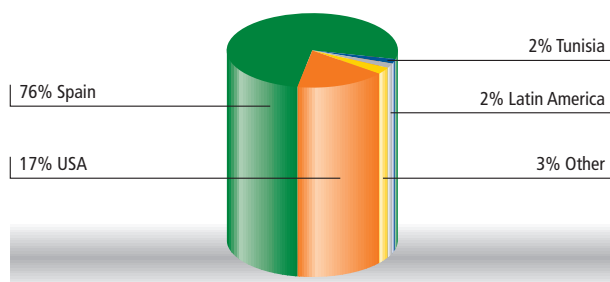
Millions of euros



Breakdown of turnover by business areas



Breakdown of turnover by countries



common joint logistical redistribution. The operating synergies will stem from the joint optimisation of activities in Spain with cost reduction, from the enhanced ability to take up the challenges of the Kyoto Protocol, which has an impact on production sustainability, from the sharing of good practices in both Spain and international production centres and from the commercial optimisation of all the businesses that are vertically integrated into the new Cementos Portland Valderrivas Group.

Lastly, the financial and fiscal synergies will arise as a consequence of an improved balance sheet structure and a reduction in the cost of capital, as well as from the possibility of obtaining efficiencies stemming from the creation of the new Group.

This transaction was completely financed through debt. That will enable Cementos Portland Valderrivas to improve its rate of returns on capital, given its low level of previous indebtedness, and thus take advantage of the new CPV Group's indebtedness and resource generation capacity.

The transaction's financing was structured through two credit agreements for a total of 1,580 million euros, and the goodwill generated was close to 900 million euros.

After the acquisition, the Cementos Portland Valderrivas Group, with Cementos Alfa, Cementos Lemona, Corporación Uniland, CDN-USA Inc. and Giant Cement Holding, Inc., controls:

- 15 cement factories, with a total annual capacity of 18.8 million MT.
- 154 concrete plants, with a capacity of 8.6 million cubic metres.
- 61 aggregate quarries, with 25.9 million MT.
- 20 dry mortar plans, with the capacity to make 2.7 million MT per year.

The production centres are located in Spain, the United States, Tunisia, Argentina, Uruguay, the United Kingdom and the Netherlands.

Bid to take over Cementos Lemona

In December 2005 the Board of Directors of Cementos Portland Valderrivas approved the plan to carry out a bid to buy all shares in Cementos Lemona at the price of 32 euros per share. The National Securities Market Commission approved the bid on 17 January 2006 and the bid drew to a close on 20 February. It involved an investment of 234 million euros.

On 22 February 2006 the National Securities Market Commission officially reported the result of the bid, at whose conclusion Valderrivas held an interest of 96.06% in Cementos Lemona, making the transaction a rousing success.



Lemona factory. Vizcaya

In view of this result, Cementos Lemona's shares were delisted from the continuous market on 19 September and the shares were converted from the book entry system to registered certificates.

Furthermore, it was agreed to place an irrevocable order to buy shares in Cementos Lemona from 20 March 2006 until the end of the delisting procedure at the same price as offered in the bid, 32 euros per share, minus the gross complementary dividend as of the date when said dividend is paid, contingent upon the shareholders' approval of the dividend proposal put forward by Lemona's Board of Directors.

The General Meeting of Shareholders resolved to distribute, as of 1 June 2006, a dividend of 0.49 euros per share. Therefore as of that date the purchase price was 31.51 euros per share.

As of 31 December 2006 Cementos Portland Valderrivas' interest in Lemona, after the takeover bid and subsequent share purchases, was 98.28%. This transaction also meant that the interest in CDN-USA was increased to 99.14% and the interest in Cementos Alfa was increased to 87.85%.

Cement

In the cement area and the concrete, aggregate and mortar area Corporación Uniland's sales have been calculated from 1 August to 31 December 2006.

Total cement and clinker sales by the Cementos Portland Valderrivas Group in 2006 were 14,483,992 MT, 31.4% more than those of the year before. Sales came to 10,120,780 MT, 4,363,212 in Spain, in the USA 2,212,997 MT, in Tunisia 742,522 MT, in Argentina 429,013 MT, in the United Kingdom 448,016 MT, in Uruguay 108,119 MT and the rest in other countries.

In late fiscal year 2006 Cementos Portland Valderrivas' two US companies, Giant Cement Holding Inc. and CDN-USA, were merged. Giant had 1,613,187 MT in sales, as opposed to 1,576,977 MT the preceding year, which meant an increase of 2.3%; and CDN increased its tonnage by 5.5%, rising from 552,644 MT in 2005 to 583,196 MT in 2006.

Concrete

In 2007 the Group's total concrete sales reached 6,818,718 cubic metres, 24.8% higher than the level reached in 2005. This huge increase in production was due mainly to the acquisition of the Uniland Group, which boosted the shipment figures by 1,088,048 cubic metres.



Factory in Alcalá de Guadaira. Sevilla



Factory in Hontoria. Palencia

The purchase of Hormigones Uniland brings into the Cementos Portland Valderrivas Group 28 concrete plants located in Spain and 14 abroad (four in Tunisia, four in Uruguay and six in Argentina), so the Group has 130 domestic production facilities and 154 concrete plants all told.

Moreover, in Spain the Cementos Portland Valderrivas Group has seen considerable increases in its sales; at 5,018,607 cubic metres, 2006 beat 2005's sales of 4,768,590 cubic metres by 5.2%. Cementos Leona, with 352,232 cubic metres, increased its figure for 2005 by 18.3%, and the Cementos Alfa Group increased its production by 11.5%, situating itself at 228,991 cubic metres in 2006.

Within the Cementos Portland Valderrivas Group, Hympsa turned out 3.9 million cubic metres of prepared concrete, which means its production was 9.7% higher than in fiscal year 2005.

From the domestic territory standpoint, the concrete division is present in the autonomous communities of Andalucía, Aragón, Cantabria, Castilla-La Mancha, Castilla y León, Comunidad Valenciana, Extremadura, La Rioja, Navarra, Madrid, País Vasco and Cataluña. This wide market is traversed by a fleet of over 1,000 cement lorries. Every day the fleet of company-owned and rented vehicles covers some 70,000 kilometres, steered through a production planning system to attend to each client and site in accordance with their needs.

In 2006 the Group provided concrete to such major construction projects as the following:

- The Repsol Tower, the work to bury the M-30 and Metro Norte, in Madrid.
- The underground and the expansion of the Torres de Nuevo Torneo business park, in Seville.
- The La Breña dam in Córdoba.
- The underground and the IKEA shopping centre in Málaga.
- The Arenoso dam in Montoro (Córdoba).
- The A-4 section at Despeñaperros (Ciudad Real).
- The Autovía de La Plata dual carriageway section from Monesterio to Fuente de Canto (Badajoz).
- Hospital de Burgos.
- Caissons at Tarragona harbour.
- The Barcelona airport's terminal building.

Environmental policy continues along the lines of increasing the number of plants that have zero liquid waste, and the plan of investments in concrete recyclers to avoid solid waste production is still being pursued.

The Group's concrete companies are almost all certified under UNE EN ISO 9001. There are also several concrete plants that hold N product certification from AENOR.



Aggregates

Total sales in the aggregate division in 2006 came to 22,371,637 MT, which is a 16.2% increase with respect to the year before, due to the incorporation of Áridos Uniland in 2006 and the opening of Aripresa's new plant in Loranca de Tajuña (Guadalajara). The Group worked 61 plants, 55 of which are located in Spain, in twelve autonomous communities (Andalucía, Aragón, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, La Rioja, Madrid, Murcia, Navarra and País Vasco), and the remaining six lie in the United States, Uruguay, Tunisia and Argentina, with sales of 528,632 MT per year.

During 2006 13 plants belonging to the Uniland Group in Spain, Tunisia, Argentina and Uruguay were integrated into Cementos Portland Valderrivas. The nine plants located in Spain lie in Cataluña.

In 2006 the business unit renewed its plants' quality and environmental certificates on the basis of the management systems that have been introduced and it consolidated the application of and compliance with CE marking requirements for all its products.

One fundamental aspect that is fully integrated into the business management system is the occupational health and safety system that has been introduced in all workplaces. The occupational health and safety system's suitability and compliance with OHSAS 18001 has been audited and certified by AENOR for all ARIPRESA treatment plants and offices.

Dry mortar

The dry mortar business continues to expand in terms of the number of facilities, the number of bulk mortar silos located on site and the packaged products catalogue. Of the eight factories that were in the division before Prebesec (Corporación Uniland) was incorporated, four were already shipping out packaged products and in fiscal year 2006 the first steps were taken to introduce this sales channel in Sevilla and Málaga. Considerable development effort will be poured into this channel in the years to come to enable the Group to increase its presence among warehousemen and distributors, with a large catalogue of masonry products and special mortars.

The dry mortar area has doubled in size with the addition (from Corporación Uniland) of Prebesec to the Cementos Portland Valderrivas Group. In 2006 total sales of aggregates were 1,678,132 MT, up 100.5% over the preceding year.

The current 20 dry mortar production centres, located in the provinces of Sevilla, Málaga, Madrid, Navarra, La Rioja, Cantabria, Vizcaya, Álava, Zaragoza, Mallorca, Valencia, Lleida, Barcelona and Girona, have developed satisfactorily in both bulk and packaged dry mortars.



During 2006 the Group supplied injection mortar for some very important projects, the leading ones being:

- Work to bury the M-30, requiring injection mortar. Masonry and tunnel mortars were used at many of Metro de Madrid's underground stations.
- The underground and Metro Centro (tram) in Seville.
- The Isozaki Towers and RENFE's Miribilla underground station in Bilbao.
- The Music Palace in Vitoria.
- Injection mortar for special foundations in Gibraltar, Barcelona and Murcia.

All these plants have proceeded under the new harmonised UNE EN 998-1 and UNE EN 998-2 standards to place the mandatory CE marking on all mortars they market.

In environmental certification, the Madrid, Vizcaya and Cantabria factories already enjoy their AENOR certificate. The Sevilla and Málaga factories will be the next to join the ranks of certified production facilities.

Transport

The Cementos Portland Valderrivas Group's companies Atracemsa y Natrasa, which make up the cement and raw materials shipping division, mobilised 3,271,014 and 760,954 MT, respectively, in 2006, with respective increases of 7.8% and 19.1% over the figures for 2005.

The total sales of both companies, 4,031,968 MT, were 9.8% more than the year before, when combined total sales were 3,673,176 MT.

Results

The net turnover of the Cementos Portland Valderrivas Group reached 1,466.6 million euros in 2006, compared to 978.4 million euros the preceding year, with a 49.9% increase.

This growth is the consequence of the organic increase in business as well as the acquisitions carried out during the fiscal year: the bid to take over Cementos Lemona and the acquisition of the majority interest in Corporación Uniland, which are fully consolidated since the first of March and the first of August, respectively. The incorporation of Corporación Uniland widens the geographical area where the Group does business to beyond its traditional Spanish, US and British markets and into the Argentine, Dutch, Tunisian and Uruguayan markets.



Factory at Monjos. Barcelona



Factory at Olazagutía. Navarra

The acquisitions of Ceminter and Dragon Alfa, which happened in the third quarter of 2005, also influenced the increase in the turnover and results for fiscal year 2006.

Of this turnover, 75.9% was generated by activities carried out in Spain, which provided 78.7% of the total in 2005. The remaining 24.1% came from international transactions.

The breakdown of the turnover of the Cementos Portland Valderrivas Group by business areas shows that the cement business accounted for 64% of the total, the concrete business furnished 23%, dry mortar 5%, aggregates 4% and other businesses, such as waste recovery and transport, added another 4%.

The gross operating result (Ebitda) was 485.3 million euros, 55.4% higher than in fiscal year 2005. This percentage can be explained by the increased sales in physical units in all the Group's businesses (cement, concrete, mortar and aggregates), the upturn in selling prices in Spain and the reduction of operating costs due to the modernisation of industrial facilities with energy efficiency improvements at the factories in South Carolina and Maine, USA.

The pre-tax profits on continued activities was situated at 288 million euros, as opposed to 211.5 million euros the year before, with a year-on-year increase of 36.2%. This figure includes the financial loss of 53.6 million euros stemming from the transactions described above.

The profit attributed to the parent company, 175.9 million euros, was 28.3% higher than that of the preceding year, which was 137.1 million euros.

Total assets reached 4,233.1 million euros in 2006, which is 2,745.8 million euros more than in 2005, when the figure was situated at 1,487.3 million euros. The increase includes current and non-current assets, practically all due to the transactions to take over and acquire the Lemona and Uniland groups.

Investments, which reached 121.7 million euros in 2005, came to 1,523.1 million euros in 2006.

The Extraordinary General Meeting of Shareholders in Cementos Portland Valderrivas, S.A., held on 22 November 2006, resolved to apply the fiscal consolidation scheme to Cementos Portland Valderrivas, S.A., as the parent company and all companies regarded as belonging to the Cementos Portland Valderrivas Group for tax purposes.



Factory in Thomaston. Maine. USA

Investments

Independently of the bid to take over all shares in Cementos Lemona and the acquisition of a majority interest in Corporación Uniland, which are the two most important transactions in the corporate history of the Cementos Portland Valderrivas Group, the Group has continued with its policy of modernising and enlarging its industrial facilities.

The plan to modify the facilities of the Keystone Cement factory in Pennsylvania to use the dry manufacturing procedure, which was approved in 2005, was carried out during 2006.

Work is being completed by the scheduled deadlines and will end in the first half of 2008. This investment of over 150 million euros will hone the plant's competitiveness by considerably reducing its manufacturing costs and will increase the plant's annual cement producing capacity from 600,000 to 1,000,000 MT, thus optimising consumer service.

In order to comply with environmental requirements, two cylindrical clinker silos and a hopper are being built at the factory in Harleyville, South Carolina, to prevent the atmospheric dust emissions the old clinker storage warehouse gave off.

The new silos are made of prepared concrete and will have a total capacity of 50,000 MT, and the hopper will hold 1,800 MT. The investment includes a silo filling system that uses metal shuttles and lifts, a system for extracting clinker from the silo, also with metal shuttles, so the clinker can be sent to the cement mills, and sleeve filters to prevent emissions.

The new facility will make more storage capacity available and thus enable the possibility of manufacturing different types of clinker. It is slated to be built within twelve months and the total investment will come to 12.5 million dollars.

In the factory at El Alto (Madrid) the current electrostatic filter on clinker furnace VII is being replaced by a new sleeve filter. The change will help ensure production better because the sleeve filter can be maintained without shutting down the furnace and poses less of an investment cost than other options available on the market. With this investment compliance with the voluntary agreement signed with the Community of Madrid Environment Department is ensured in all furnace operating conditions and the company qualifies for a corporate tax break. The total investment comes to 5.2 million euros.

Also at this factory work has been completed to transform the white cement production line for greater competitiveness, increased production to respond to the demand and easier compliance with environmental regulations.

This 18.4-million-euro investment has made it possible to boost clinker production from 700 to 900 MT per day, which



Factory at El Alto. Madrid

means a rise from 270,000 to 350,000 MT per year in white cement production capacity. This modification to the facilities has improved the cost position by reducing the specific consumption of power and fuel and has brought down the per-unit fixed costs with the increase in production.

It also brings compliance with environmental regulations by reducing emissions of SO₂, NO_x and CO₂.

All this has been achieved by modifying the cooling system and installing a latest-generation calcinator.

The Madrid factory conducted the innovative experiment of rolling out a predictive model to control air quality. The model aims to ascertain 72 hours in advance what impact the factory's emissions can have on the concentration of atmospheric pollutants in the area. The system's design involves cutting-edge technology in dynamic simulation models of the atmosphere.

At the factory at Hontoria (Palencia) a new medium-voltage substation has been built, with an investment of 2.2 million euros.

The Hontoria factory also has set up a modern new laboratory and has centralised its process and finished product quality services, with an investment of 0.8 million euros.

Construction of a multi-chamber clinker silo has begun as well, with a capacity of 55,000 MT for raw materials and product storage, in accordance with the commitments made to the Castilla y León Environment Department.

At the factory in Alcalá de Guadaira (Sevilla) construction has begun on a new building that will house the offices and quality laboratory. Its investment cost is 1.5 million euros.

Heeding environmental criteria, the Group continues to apply the best available technologies for controlling greenhouse gas emissions. These technologies are already operational at the factory at El Alto, Madrid, and are to be applied at the other Spanish factories with the introduction of the pioneering SNCR system, whose results in reducing NO_x emissions have been proved.

Cementos Alfa has got a terminal at the port of Raos, Santander, to facilitate the exporting of cement to the United Kingdom. During the preceding fiscal year Cementos Alfa increased its interest in Dragon Alfa from 50% to 100%. Dragon Alfa has got facilities at Gloucester (United Kingdom) and an unloading capacity of 300,000 MT and in 2005 and 2006 it reached sales of 200,000 MT. During the first four months of 2006 an expansion of the exporting facilities was approved. The expansion is now under way. The facilities are to be equipped with their own dock and an additional 8,000 MT silo for better efficiency and access to new markets. The silo unloading system is also in the process of being modified (a second railway line will be laid to double capacity) as is the ship loading system. This investment will be over 12.5 million euros.



Control room of the factory at El Alto, Madrid

New corporate information system

During 2006 the work to introduce and start up the SAP-based management information system at two of the Group's businesses, cement and transport, was culminated according to plan. Cementos Portland Valderrivas, S.A., and ATRACEMSA were the first to operate with the new system. The integration of other very up-to-date strategic methods with SAP was also finalised. These methods include i-Historian for connecting with the cement factories' process systems and other methods for controlling and managing lorry traffic.

The necessary assignment of resources to the acquisition operations carried out during fiscal year 2006 and the rest of the projects already under way made it advisable to accommodate the development and introduction of the new system in the rest of the businesses (aggregates, concrete and mortar) during the first half of 2007.

The SAP modules that were included in this technological renovation project are:

- Administration and Finance.
- Management Control.
- Material Management.
- Sales and Distribution.
- Maintenance.
- Production.
- Quality.
- Management Cockpit.
- Document Management.

This all involves an enormous effort, both in the very construction and introduction of the new systems and in the adaptation of processes and people to the new environment. Procedures have to be redefined considerably to adjust to the new tool and foster good practice.

This effort made today will mean that the Cementos Portland Valderrivas Group will be stronger and better positioned for the future and give the Group an unsurpassable foundation for integrating its recent corporate acquisitions and any acquisitions made in future. The Group will do so with what are known as "open technologies", which, unlike old computer systems, erect no borders that pose a serious obstacle between applications or no borders at all.



Stock market analysis

In 2006 trading in Cementos Portland Valderrivas on the continuous market was upward of four million shares, which represented 14.4% of the share capital in circulation.

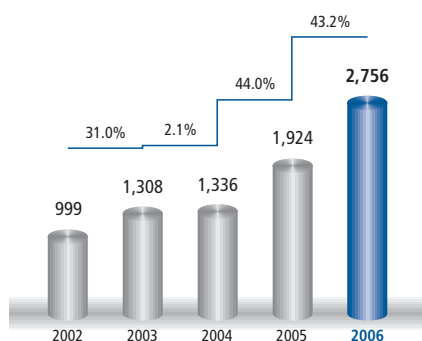
Shares, which were classified within the basic industry and construction materials index, were quoted on 253 business days of the continuous market during the year, ranging between a low of 67.25 euros on 4 January and a historic high of 105.70 euros on 8 December, with a closing price on 29 December of 99.00 euros. The Madrid stock market index

and the basic industry and construction materials index registered their maximum high on 15 December at 1,583.14 and 2,387.03, respectively.

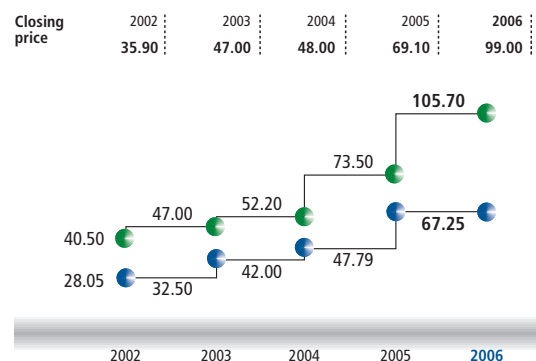
The stock market revaluation for the fiscal year was 43.3% (69.10 euros as of 30 December 2005; 99.00 as of 29 December 2006).

On the last business day of 2006 the stock market capitalisation was 2,756 million euros and the P/E was 15.7.

Stock market capitalisation at 31 Desember
Millions of euros



High, low and closing price of shares
Euros



Real estate

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Assets. Building on rue Tilsitt. Paris



Analysis of the sector

During fiscal year 2006 the real estate sector remained strong, as reflected in the figures of 864,000 new homes started (a historical record), another 585,000 homes finished and a total of 820,100 projects approved. Profitability has held to its steady progression with a significant increase in the profits of the companies in the sector. As a common denominator, business strategy has focused on an increase in the relative weight of foreign markets, committing to investment in assets in the European Union as a whole.

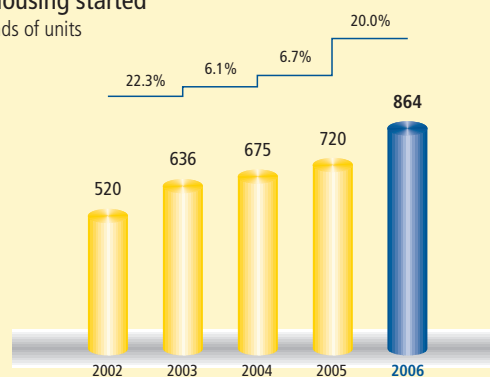
The fiscal year closed with other signs of consolidation, most particularly the entrenchment of the construction sector as the driving force of the economy and construction's positive repercussions on employment. Other factors such as mortgaging (up 6.3%) and the capital of new mortgage loans (up by a remarkable 21%) show how strong the demand is.

Construction's pull on the national economy as a whole did not slack during 2006, stabilising at 18% of the gross domestic product (GDP). Construction activity experienced 5.7% growth, slightly less than the performance detected in the preceding fiscal year, but still well above the 3.9% that the GDP grew in real terms, ruling out inflation. The influence of construction on the development of employment also proved decisive, since one out of every three jobs generated by the economy was in construction.

In the tertiary market segment, the office area maintained its progress in contracts and that boosted prices. In the shopping centre situation a considerable increase in rent and the consolidation of performance have been detected.

New housing started

Thousands of units



FCC's activity

Real estate is a traditional activity at FCC. The Group has got Realia Business, S.A., which it shares with Caja Madrid, and Per Gestora Inmobiliaria, S.L., whose only asset is an 80% interest in Torre Picasso.

In May 2007 Realia set off on the process of going public on the Spanish securities market. Simultaneously, under an agreement with the other major shareholder (Caja Madrid), FCC will take control of Realia and accordingly will consolidate the Realia Group fully into FCC's accounts

Realia

111 Property business
113 Real estate development

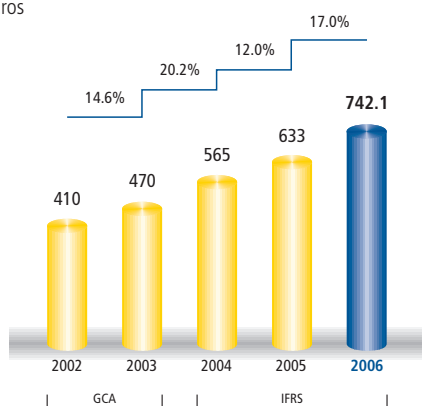
Realia, an investee of FCC and Caja Madrid, embarked on its internationalisation in 2006 by acquiring SIIC de Paris. The purchase has given Realia the size it needs to compete on the international scene.

The real estate group is making progress on its plan to expand. The acquisition of SIIC of Paris opens the doors to new projects in the mature markets of the European Union. The transaction, together with the enlargement of SIIC de Paris's property portfolio, has called for a considerable investment effort, upward of 1,000 million euros.

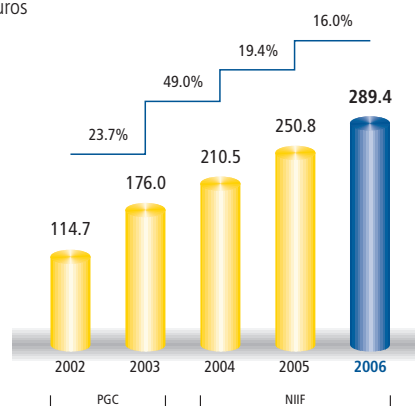
Last fiscal year also corroborated the company's financial solidity. Realia's growth since its creation six years ago is reflected in the economic results of the last fiscal year. At the close of 2006, the net turnover was 742.1 million euros, up 17.3% over the fiscal year before. The gross operating result was 289.4 million euros, having risen by 15.4%.



Turnover
Millions of euros



Gross operating profit (Ebitda)
Millions of euros



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



Los Cubos building. Madrid

Property business

The company's activity in property focuses on company-owned office buildings, shopping centres and entertainment centres. After the incorporation of SIIC de Paris, Realia has got more than 739,000 square metres of property located in the business areas of the main Spanish cities and Paris, with more than 80 landmark buildings that combine quality, technological innovation and excellent location.

Throughout 2006 the company focused on refurbishing the properties it owns and generating value for its shareholders. This combination of factors has successfully consolidated the top position Realia holds in the rental market.

During fiscal year 2006 the property division took on greater weight within the company's activity as a whole. In the said period, the turnover experienced 30% growth.

One of the deals that best represents Realia's attitude over the past fiscal year was the acquisition of the office building belonging to the project dubbed "Torres Fira". When construction has finished, this building will give the real estate group a firm foothold in the Catalan tertiary sector.

Realia's lengthy career in the shopping and entertainment centre segment was reinforced in 2006 with the As Cancelas project. As Cancelas is a complex located in Santiago de Compostela and it represents the company's first venture into the autonomous community of Galicia. With As Cancelas Realia is consolidating its position in the shopping and

entertainment centre segment, backed up by such representative complexes as El Jardín de Serrano, Diversia and La Vaguada in Madrid, Nervión Plaza in Seville and Twin Towers in Lisbon.

This significant portfolio is complemented with further projects already in progress, such as Ferial Plaza in Guadalajara, Plaza Nueva Leganés in Madrid and La Noria Murcia Outlet Shopping in the community of Murcia. So the company is extending its interests in a very important segment for its business.

SIIC de Paris

SIIC de Paris is a company listed on the securities market of the French capital. It focuses on property. Its portfolio is made up of over 40 properties owned by SIIC that together have a total above-ground area of 135,000 square metres, fundamentally in the office segment.

Its assets are located in the heart of the main business districts of Paris. All properties share the common denominators of upscale location, excellent features and communications and a combination of the classic and the modern. These competitive edges make the leases on the property owned by SIIC de Paris some of the market's most profitable.

The Realia Group's debut as a shareholder of SIIC de Paris has caused the company's management to shift direction. The main objective of this new strategy is to make larger investments, as shown by the acquisition of the Paris



Property. Building at rue Pyramides. Paris

properties located at 61-63, rue Belles Feuilles, 85-89, Quai André Citroën; 2, rue Septembre and 2, place Maurice Quentin.

Most representative properties

■ **Building at 142, boulevard Haussmann.** One of the competitive advantages of the property portfolio of SIIC de Paris is the location of its buildings at landmark areas of the capital. The company has made ambitious refurbishing plans for its older buildings. One example of this laborious task is the full reconstruction to which one of SIIC de Paris's most representative buildings has been subjected. The building is located at 142, boulevard Haussmann and 2-4, rue Téhéran. Situated in the core of the financial district par excellence, the l'Etoile

neighbourhood, the location is strategic because it lies between the historic centre of Paris, the Défense zone and a very well connected outlying area with access to all domestic and international destinations.

■ **Building at 61-63, rue Belles Feuilles.** Under Realia's helmsmanship SIIC de Paris has enlarged its sparkling property portfolio with the purchase of such representative properties as the building located at 61-63, rue Belles Feuilles, which houses the corporate offices of Lafarge, a world leader in the manufacturing of construction materials. The building is situated in the prestigious 16th arrondissement, where the headquarters of the main international firms stand. Within its vanguard design is an area of 11,653 square metres and parking for 235 automobiles. The complex is organised on the basis of



Building at boulevard Haussmann. Paris



Housing developments in Oviedo and Tarragona

two buildings, which can operate independently. They have floors with large unobstructed spaces of 1,500 square metres, with modern facilities and choice features.

- **Building at 85-89, André Citroën.** Glass-walled building perched at an exceptional location on the banks of the Seine. This landmark building, characterised by its modern architecture, occupies a broad area of 21,857 square metres. It is currently leased to the Ministry of Justice. It has also got commercial space.
- **Building at 2, rue 4 septembre,** located in the heart of Paris in one of the city's most prestigious spaces, this building combines the elegance of its traditional architecture with technological innovation and excellent communications. It is currently the headquarters of the Electricity Regulation Commission.
- **Building at 2, place Maurice Quentin.** With an area of 9,613 square metres and located at an exclusive site of the French capital, the property has got roomy offices occupied by the National Centre of Space Studies, as well as commercial space.
- **Building at 22-24, place Vendôme,** standing in one of the most sought-after districts of the French capital, this set of offices has got altogether 2,334 square metres of space and is home to the new corporate offices of SIIC de Paris, among other tenants.

Real estate development

In real estate product development Realia deals in housing, shop space, offices and garages. During the course of 2006 the Development area registered an 18% increase in turnover, to 645.9 million euros, surpassing the expectations outlined for the fiscal year as a whole. One of the most significant indicators of the evolution of this part of the business is the growth experienced in the number of housing units delivered.

Altogether, at the close of the last fiscal year the number of housing units managed by Realia (This includes housing on plan, started, under construction and delivered) remained situated at 7,621, corresponding to 107 developments. These figures ratify the solidity of the real estate group and its position in the sector while at the same time they place Realia in a good competitive situation in the first home and tourist residence segments.

Fiscal year 2006 as a whole was characterised by the starting of projects for first homes in Aragón in the towns of Cuarte de Huerva (Zaragoza) and La Puebla de Alfindén (Zaragoza), both of which lie only a few kilometres from the capital. Moreover there was the conclusion of two striking projects staged in the city of Madrid: Jardín de la Ermita in the Barajas district and Ágora I, which is Realia's first taste of action within the framework of the Urban Development Activity Programme (PAU) of Vallecas, one of the most ambitious PAUs in the capital's southern reaches.



Housing development. Guillena. Sevilla

In Andalucía activity was marked by the delivery of the keys to 136 homes corresponding to the first two phases of Hato Verde in Guillena (Sevilla), a residential complex made up of 135,000 square metres of buildable land. This land will hold close to 1,000 homes next to an 18-hole golf course, which reflects the breadth of the project, one of the finest options in the area.

In this same autonomous community another stand-out event was the delivery of keys for the fourth phase of Hacienda del Sol in Estepona (Málaga). This was the culmination of one of Realia's landmark projects because of its unique location, in the Nueva Milla del Oro on the Costa del Sol, and the magnitude of the project, 500 homes whose main feature is quality.

On the international scene, the Portuguese market has entrenched itself as one of the priority arteries of Realia's business expansion. During the last fiscal year works have begun on three projects the company is carrying out in the cities of Lisbon and Coimbra. In the capital a development has been raised in a prestigious residential area, the Barrio de Lapa. Then, in Coimbra, the company Studio Residence Iberia, which is owned in equal shares by Realia and Amorim, has started work on Studio Celas and Celas Plaza, next to the monastery of the same name, at one of the city's prime sites.

In Warsaw, Poland, Realia has reinforced its plans to expand with the acquisition of important land in the capital, in the Mokotow district, one of the most select, most sought-after areas of the city.

Land portfolio

One of Realia's assets is its land portfolio, calculated in late 2006 as holding 11 million square metres on which over 4.3 million square metres of area can be built. Such magnitudes make Realia one of the most important companies in the domestic market and consolidate its dominant position in this area. This variable has developed fast. It registered unstoppable performance in the period covering the last four years, rising from 7.4 million square metres in 2002 to 11 million at the close of the last fiscal year, a reflection of the liveliness Realia displays in this segment.

Also during the last fiscal year, to guarantee its growing activity with high rates of return, Realia has invested 343 million euros in buying up land in strategic areas, most importantly Seville, Madrid and Valencia, and at the international level Lisbon. It plans to develop innovative projects in these cities.

In addition it has committed 228 million euros in further investment. This investment reveals Realia's determination to guarantee its growth through bringing into its portfolio 2.5 million square metres of land at privileged sites.



Torre Picasso

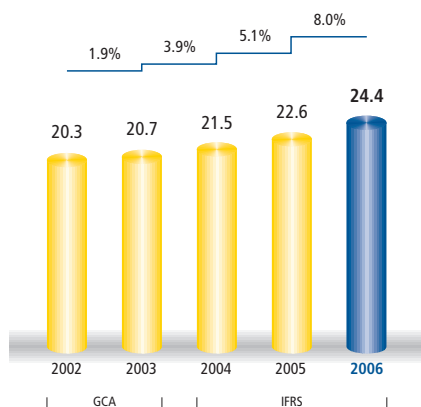


FCC owns 80% of Per Gestora Inmobiliaria, whose sole asset is Torre Picasso, a 121,000-square-metre office building in the finest zone of Madrid. Torre Picasso is proportionally consolidated in FCC's accounts.

Its occupancy rate in 2006 was practically 100%, with an average price close to 26 euros per square metre per month.

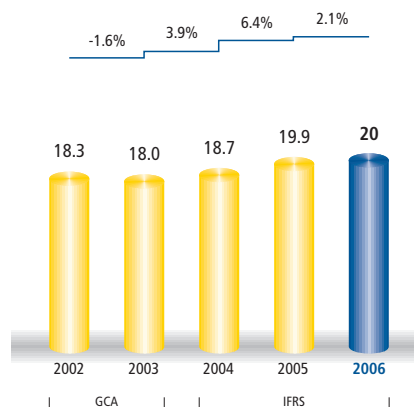
Its turnover in 2006 reached 24.4 million euros, with an 8.1% increase, while its Ebitda was 20 million euros, with a 2.1% increase.

Turnover
Millions of euros



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

Gross operating profit (Ebitda)
Millions of euros



Other sectors

117 Internet activities

117 Mobile telephony





Internet activities

Shopnet Brokers, S.A.

FCC holds 15.54% of Shopnet Brokers, S.A., a company specialising in rendering insurance information and advisory services. It does most of its business through Segurosbroker.com, a web page for private clients. It is oriented toward giving insurance advice and marketing insurance, which can be purchased through this portal. It also markets its technological platform to financial institutions, brokers and insurance agents.

Shopnet Brokers also manages the independent insurance portal Milenari.com, which has the best structured, commented information on the sector and the main insurance groups.

Arts Capital Investment, S.A.

FCC owns 10.83% of Arts Capital just as a financial holding. After the 2004 sale of its interest in Kelkoo, S.A., Arts Capital's portfolio currently holds only Portlagolf, S.L. The company focuses on new technologies projects, promotion and service in the computer, on-line and telecom sectors.

Mobile telephony

During this fiscal year FCC and Telia-Sonera sealed an agreement under which the Spanish firm will maintain a 3.44% interest in Xfera, which holds a UMTS telephone license, as part of the process of restructuring Xfera's capital. It is a process all shareholders are involved in and it will enable Telia-Sonera to control 76.56% of the shares.

The reduction of FCC's interest from the 7.755% it used to hold is proportional to that of the other shareholders who are sticking with the project.

At the end of the fiscal year Xfera commenced commercial activity under the name of Yoigo.

