

Annual Report 2006



Annual Report



Summary

Letter from the Chairman	3
Letter from the Managing Director	5
Governing Bodies	9
Strategy	11
Relevant events	14
The FCC Group in figures: Consolidated figures	21
The FCC Group's areas of activity	29
Services	31
Construction	55
Cement	95
Real estate	109
Other sectors	117
Corporate social responsibility	119
Corporate governance	277
Financial statements, management reports and auditor's reports	331
Executive personnel	491



Letter from the Chairman

We have redoubled our efforts to get as much information as possible on our Group to you and to the entire market in general

Dear shareholders:

Again this year it is with satisfaction that we come punctually before you to do our duty in submitting this publication, the Annual Report for fiscal year 2006.

In this year's edition we have redoubled our efforts to try to get as much information as possible on our Group to you and to the entire market in general, for we, like all listed companies, uphold the principle of transparency in management.

Continuing with our commitment to the values of **corporate social responsibility**, we have included in this volume our 2006 Corporate Social Responsibility Report, which has been **prepared according to the requirements of the Global Reporting Initiative (GRI)**, which, as you know, is the United Nations standard for these matters. Our report has earned the maximum grade (A+).

The 2006 Report contains an important new feature added since last year: The Report has been **checked by an independent auditor, KPMG**.

This is one way we are working to fulfil our commitment to achieving each year a greater number of socially responsible objectives in each of our activities.

As has become standard practice with us, we have included in this volume our **Annual Corporate Governance Report** for 2006. This is the fourth such report, and it was approved by the Board of Directors in its meeting of 29 March 2007. The FCC Group continues to adapt our governance and administration structure to the best

practices in good corporate governance, to ensure that our management model is respectful of all the interest groups with which we deal.

Naturally in this report you will find FCC's individual and consolidated financial statements, which have been drawn up in accordance with International Financial Reporting Standards (IFRS), the proper management reports, the auditor's reports and the proposed profit distribution.

You can easily see from the accounts what a **magnificent fiscal year** we have had, thanks to the efforts of our exemplary employees. Our employees are our Group's foremost asset, and I would like to thank them on behalf of the entire Board of Directors.

I would also like to remind you that, with the Strategic Plan we are currently involved in performing, our Group could not be in a better position to face the future with optimism. We anticipate that what lies ahead for us will be at least as brilliant as what lies behind.

Congratulations to everyone on an excellent fiscal year 2006.

Thank you.

Marcelino Oreja Aguirre
Chairman



Letter from the Managing Director

**This fiscal year we reached
all the ambitious objectives
we set for ourselves in our
Strategic Plan in 2005**

Dear shareholders:

The Annual Report you hold in your hands reflects in great detail the positive circumstances surrounding the company throughout 2006, a fiscal year that is going to leave its mark on the years to come for FCC, years that are absolutely without doubt going to be rife with business success.

This fiscal year we reached all the ambitious objectives we set for ourselves in our Strategic Plan in 2005, although the goal was to reach those objectives in 2008. In other words, we are a year and a half ahead of schedule, and we are going to spend that extra time integrating the companies we have acquired in Spain and international markets into the solid FCC structure and looking for new future opportunities.

All in all, we invested 5,000 million euros in acquiring companies in Spain and other European countries, in the strategic FCC business areas of services, construction and cement. And we did it without endangering the company's solid financial structure, which has still got the lowest leverage of any of the major players in its sector.

The **turnover** reached 9,481 million euros, 33.7% more than the year before. Organic growth, discounting the changes in the perimeter of consolidation, was 16.6%. All areas behaved magnificently with increases of over 20%. In one leading development, the percentage of activity abroad doubled from 9.9% in 2005 to 18.1% in 2006. By geographical areas Europe was the leader in terms of turnover, accounting now for two thirds of the total.

New works and services contracting, which will be reflected in the turnover of the next few years, has also been exceptional, reaching 10,902 million euros. This makes the total backlog at the end of the fiscal year 30,510 million euros, almost 50% more than it was on the same date the year before.

Gross operating results (Ebitda), 1,387 million euros, grew more than turnover did and favoured an improvement of the consolidated margin by seven tenths

The two main areas into which we divide **Services** (environmental services and Versia) won some extremely significant contracts, such as trash collection in Madrid, water management in Santander, waste management in three English counties and seven handling licenses for Spain.

The same occurred with **FCC Construcción**. Its fine performance rested mainly on the strong development of civil works domestically and abroad as well, where it was awarded some very important tenders, especially in Austria, Ireland and Romania.

Cementos Portland Valderrivas brought to a satisfactory close its bid to take over Cementos Lemona and its purchase of a majority stake in Uniland, thus becoming the number-one cement maker in Spain.

We decided with Caja Madrid to go public with **Realia**, which is now large enough for an operation of this sort, especially after our investments in France. It was also agreed to create Global Vía Infraestructuras, a company to handle the main infrastructure concessions belonging to Caja Madrid and FCC.

Gross operating results (Ebitda), 1,387 million euros, grew more than turnover did and favoured an improvement of the consolidated margin by seven tenths, to 14.6% of the turnover. Operating expenses increased by 32.1% but accounted for a smaller share of turnover, down from 87% in 2005 to 85.9%, which demonstrates that FCC is more efficient and has better productivity.

The profit attributed to the parent company improved by 27% and reached 535.5 million euros, with a very similar taxation rate: 31.4% in 2006 as opposed to 31.2% in 2005.

At the close of 2006, FCC employed 92,565 people, 25,000 more than a year earlier

During 2006 FCC's internal structures continued the modernisation process initiated the previous fiscal year, especially in regard to the introduction of a **new economic/financial information model (the Integra Project)** and the preparation of the second Corporate Social Responsibility Report, a task to which all the Group's production areas and staff areas, such as the General Secretary's Office and the Offices of the Corporate Managers of Human and Other Resources and Administration and Finance, are committed.

If the shareholders approve the Board of Directors' proposal, FCC will distribute a total of 2.05 euros per share; that would be the euro per share distributed on an interim basis in January 2006 plus a 1.05-euro complementary dividend. Thus once more we will uphold our commitment to our shareholders to distribute in dividends 50% of the net profit attributed to the parent company.

Stock markets have recognised the growth of the FCC Group. Our shares closed 2006 at 77.20 euros per share, 61.2% more than on 31 December 2005 (a fiscal year when our share price rose by 35.2%). We are pleased by this and we congratulate our shareholders on these substantial increases in the value of our company, whose capitalisation as of 31 December 2006 came to 10,080 million euros.

At the close of 2006, FCC employed 92,565 people, 25,000 more than a year earlier. Creating value for our shareholders and providing employment are two of the basic motivations of the executives at FCC, a company that is bigger and better each year, with exemplary employees of whom we are all proud.

Many thanks to them and to all the shareholders for the support they give my management every day.

Rafael Montes Sánchez
Managing Director



Governing Bodies

Board of Directors

Marcelino Oreja Aguirre

Chairman
Nominee Director

Rafael Montes Sánchez

Managing Director
Executive Director

B 1998, S.L.

Representative:

Esther Koplowitz Romero de Juseu

Nominee Director

Dominum Desga, S.A.

Representative:

Esther Alcocer Koplowitz

Nominee Director

Dominum Dirección y Gestión, S.A.

Representative:

Alicia Alcocer Koplowitz

Nominee Director

EAC Inversiones Corporativas, S.L.

Representative:

Carmen Alcocer Koplowitz

Nominee Director

Fernando Falcó y Fernández de Córdova

Nominee Director

Gonzalo Anes y Álvarez de Castrillón

Independent Director

Miguel Blesa de la Parra

Nominee Director

Juan Castells Masana

Nominee Director

Felipe Bernabé García Pérez

General Secretary

Executive Director

Francisco Mas Sardá Casanelles

Independent Director

Max Mazin Brodovka

Independent Director

Antonio Pérez Colmenero

Corporate Human and

Other Resources Manager

Executive Director

Robert Peugeot

Nominee Director

Cartera Deva, S.A.

Representative:

José Aguinaga Cárdenas

Nominee Director

Ibersuizas Alfa, S.L.

Representative:

Luis Chicharro Ortega

Nominee Director

Larranza XXI, S.L.

Representative:

Lourdes Martínez Zabala

Nominee Director

Francisco Vicent Chuliá

Secretary (non-member)

Strategy Committee

Chairman

Esther Koplowitz Romero de Juseu, on behalf of B 1998, S.L.

Members

Esther Alcocer Koplowitz, on behalf of Dominum Desga, S.A.

Fernando Falcó y Fernández de Córdova

Lourdes Martínez Zabala, on behalf of Larranza XXI, S.L.

Robert Peugeot

José Aguinaga Cárdenas, on behalf of Cartera Deva, S.A.

Luis Chicharro Ortega, on behalf of Ibersuizas Alfa, S.L.

Executive Committee

Chairman	Rafael Montes Sánchez
Members	Dominum Desga, S.A. represented by Esther Alcocer Koplowitz, Fernando Falcó y Fernández de Córdova Cartera Deva, S.A. represented by José Aguinaga Cárdenas Juan Castells Masana
Secretary (non-member)	José Eugenio Trueba Gutiérrez

Audit and Control Committee

Chairman	Fernando Falcó y Fernández de Córdova
Members	Francisco Mas Sardá Casanelles Juan Castells Masana Luis Chicharro Ortega, on behalf of Ibersuizas Alfa, S.L.
Secretary (non-member)	José María Verdú Ramos

Appointments and Retributions Committee

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

Steering Committee

Chairman	Rafael Montes Sánchez
Members	Fernando Falcó y Fernández de Córdova Ignacio Bayón Marín Antonio Gómez Ciria José Ignacio Martínez-Ynzenga y Cánovas del Castillo José Mayor Oreja Antonio Pérez Colmenero José Luis de la Torre Sánchez José Eugenio Trueba Gutiérrez José Luis Vasco Hernando
Secretary (member)	Felipe Bernabé García Pérez

Strategy

The Plan has been a complete success: 5,000 million euros have been invested and all objectives have been surpassed

FCC has concluded the investment phase of the 2005-2008 Strategic Plan presented in April 2005, which envisaged a set of highly ambitious objectives:

- Doubling turnover.
- Doubling Ebitda.
- Increasing international business until approximately 35% of the Group's total turnover comes from outside Spain.

Two thirds of
the total investment
went into international
markets

A year and a half afterwards the Plan can be considered a complete success: 5,000 million euros have been invested, all objectives have been surpassed and all investments have been carried out in FCC's three strategic areas (services, construction and cement) at some very attractive multiples.

Of those 5,000 million euros, 57% was invested in services, 31% in cement and 12% in construction.

Two thirds of the total investment went into international markets, not counting activity abroad by the companies acquired in Spain (20% of Lemona's sales and 30% of Uniland's). And these investments were made in areas that have high growth potential, such as eastern Europe, and in activities that have high added value and a growing demand by governments, such as waste treatment plants and water management.

The Strategic Plan was put together on the basis of the figures for 2004. In that year sales were 6,349 million euros, turnover from abroad was 10% and the Ebitda was 842 million euros.

If the 2006 financial statements were to include the full fiscal year of all the companies FCC has acquired, the turnover would be 11,700 million euros, international sales would account for 36% of the total and the Ebitda would be 1,750 million euros.



SmVak. Water management. Czech Republic



Waste collection at a refinery. Bratislava. Slovak Republic



And these ambitious objectives were reached early by complying with one of the Plan's basic requirements: Net corporate indebtedness is not to exceed three times the Ebitda. In the end the pro-forma results show an indebtedness of 2.6 times the gross operating results.

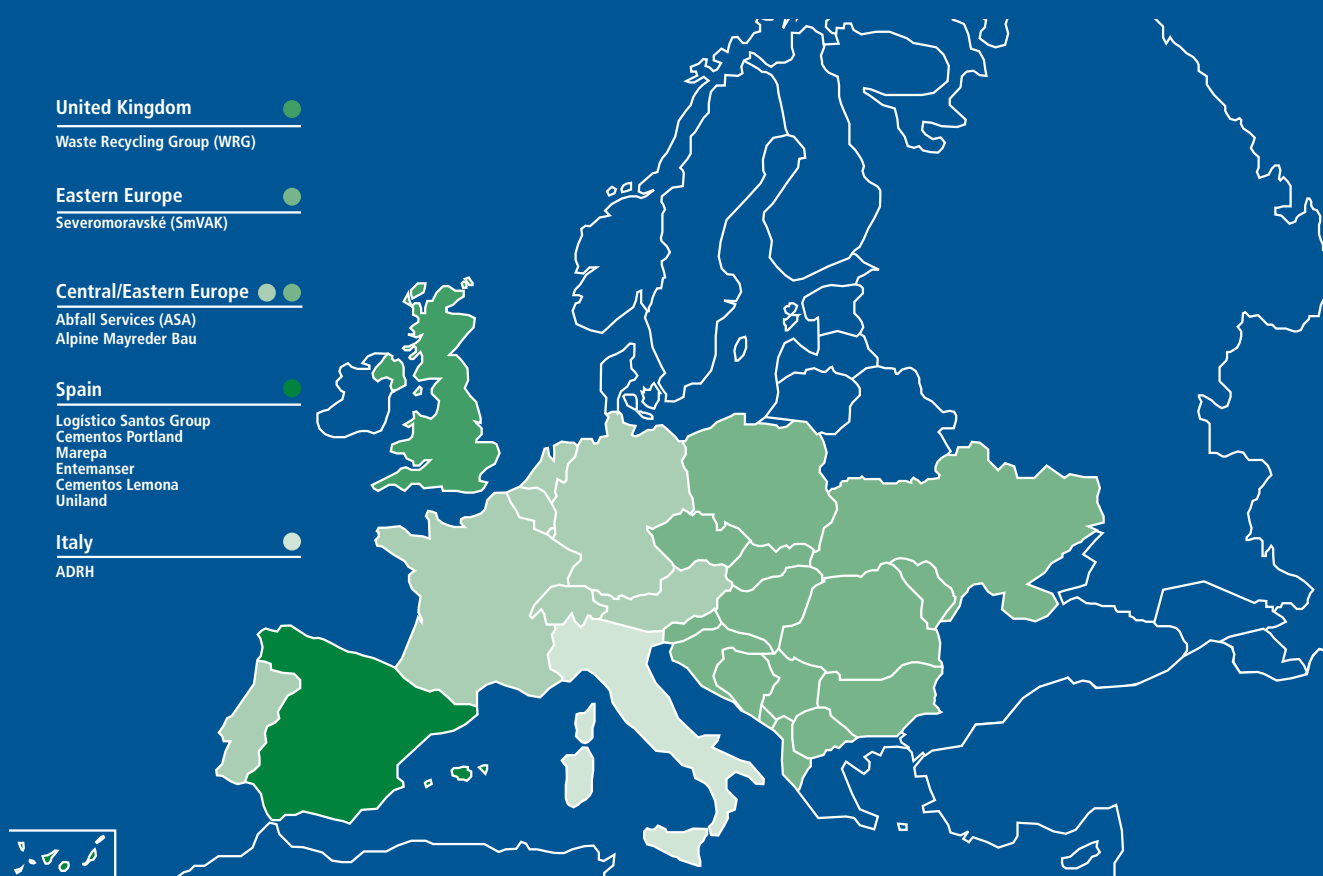
The Strategic Plan is not over, though. The investment phase has concluded and the new acquisition integration phase has begun, with the vital support of local executive teams. This new phase has got a number of fronts:

- Staff integration.
- Introduction of FCC systems (accounting, reporting, etc.).
- Exchange of technologies (know-how about incinerators, tunnel building, water treatment, etc.).
- Production of operating synergies.
- Development of the FCC Group's future comprehensive model of information (the Integra Project).

While this big investment and management effort was going on, the company continued with the arduous task of modernising its organisational structures, with activities such as the introduction of a new economic and financial management model, the improvement of the entire information technologies structure, the application of good corporate governance recommendations and the introduction in all areas of a sustainable development model.

Date	Company	Country	Equity value	Debt/(Cash) (100%)	Enterprise value
April 2005	Grupo Logístico Santos	Spain	121	7	128
September 2005	Cementos Portland (8%)	Spain	150	7	157
October 2005	Marepa	Spain	50	—	50
October 2005	Entemanser	Spain	75	-10	65
November 2005	Abfall Services (ASA)	Central/Eastern Europe	229	50	279
December 2005	Cementos Lemona (69.3%)	Spain	248	85	333
April 2006	Severomoravské (SmVAK)	Eastern Europe	169	79	248
June 2006	Uniland (51%)	Spain	1,092	-42	1,050
July 2006	Waste Recycling Group (WRG)	UK	1,840	196	2,036
July 2006	Alpine Mayreder Bau (80.7%)	Central/Eastern Europe	480	130	610
August 2006	ADRH	Italy	72	-1	71
	Total		4,526	501	5,027

Strategic Plan Acquisitions



Relevant events

Reported to the National Securities Market Commission



Cementos Lemona factory. Vizcaya

Cementos Portland Valderrivas controls 96% of Lemona at the close of the takeover bid (02/21/2006)

Cementos Portland Valderrivas held control of 96.06% of the share capital of Cementos Lemona at the close of the takeover bid launched in December 2005.

According to the data provided by BBVA, the settlement agent of the operation, the owners of 65.3% of the shares accepted the public offer, which, added to the 30.7% already held by the firm, brings the total to 96.06%. The success of the operation is attested to by the fact that all significant shareholders of the Basque cement company and 88% of the minority shareholders accepted the offer.

Cementos Portland Valderrivas launched a takeover bid for 100% of Cementos Lemona (11.2 million shares) after reaching an agreement to acquire 19.31% of the share capital controlled by Corporación Noroeste (Cimpor Group). The offer of 32 euros per share payable in cash was contingent upon obtaining 50% plus 50 shares of the company's share capital.

FCC signs for the purchase of the Austrian ASA Group (03/08/2006)

FCC has purchased the Austrian environmental services company ASA from the French electricity group EDF. EDF has been paid 224 million euros, and FCC has thus assumed 51 million euros of ASA's net debt.

ASA, based in Himberg near Vienna, is a leading company in full-service waste management and treatment services



Maintenance services. ASA Group. Austria



Water management. Czech Republic

for municipal, commercial, industrial and private clients in the region. The company does business in Austria, the Czech Republic, Slovakia, Hungary, Poland and Romania and has well-developed plans for expansion into Slovenia, Croatia, Bulgaria and Serbia.

FCC acquires a water management company in the Czech Republic (04/11/2006)

FCC, through subsidiary Aqualia, has acquired Czech water management company Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK). The investment is worth 248 million euros.

SmVaK is the third-largest company in its sector in the Czech Republic and the main operator in Moravia and Silesia. It also supplies water in Poland and has begun commercial operations in Slovakia.

At the close of the last fiscal year the company was supplying water to 1.2 million inhabitants, thanks to its 6,000 km of water pipes, 42 drinking water treatment plants and 62 wastewater treatment plants. The company owns the infrastructure it manages, so it will be the service provider indefinitely.

SmVaK is expected to report 57 million euros in revenues and 27 million euros in gross operating results (Ebitda) in 2006 (Ebitda margin: 47%). The investment includes assuming 79 million euros in net financial debt and represents an enterprise value/Ebitda ratio of 9.1.

FCC and Caja Madrid put muscle behind their strategy in the real estate sector by taking Realia public (05/12/2006)

FCC and Caja Madrid have reached an agreement on their investee Realia Business, whereby each of them holds 49.17% of the company and a series of changes is made in Realia's strategy and shareholder structure.

This agreement shows the two partners' willingness to boost the company's growth through important acquisitions that will enable Realia to increase its critical mass, diversify its business lines and create value for its shareholders.

Moreover, the agreement states FCC and Caja Madrid's commitment to modify the shareholder equilibrium that has existed since Realia was founded in 2000 and to establish a shareholder structure that will enable FCC to bring Realia inside its perimeter of consolidation.

The agreement between FCC and Caja Madrid also repeats the two partners' willingness, voiced in 2000, to begin making arrangements so that Realia can be listed on securities markets and FCC and Caja Madrid can maintain steady control in the company after it is taken public.

Within this scheme of growth, and as one product of FCC and Caja Madrid's support for the implementation of Realia's international strategy, Realia has reached an agreement with the majority shareholders of SIIC de Paris, a French agency specialising in property, for the purchase of 73.09% of its capital.



Cementos Uniland Factory. Vallarcá. Barcelona

Cementos Portland Valderrivas buys Uniland (06/05/2006)

Cementos Portland Valderrivas (CPV), a subsidiary of the FCC Group, has closed a deal to buy 51% of Uniland for 1,092 million euros. This transaction makes CPV Spain's largest cement group.

Under the agreement, the other shareholders have a put option to sell another 22.5% of Uniland to CPV at the same price and terms. The option runs for five years.

In 2007 (the first full year of consolidation) the new group will obtain 1,800 million euros in revenues and over 600 million euros in gross operating profit (Ebitda), which makes for an Ebitda margin of 30%.

The operation will be financed entirely with debt, which will enhance CPV's return on equity given its low leverage.

FCC confirms it will retain stake in Xfera (06/15/2006)

FCC and Telia-Sonera have reached an agreement whereby FCC will retain 3.44% of Xfera, which holds a UMTS telephony license.

FCC is participating, with all the other shareholders, in the reorganisation of Xfera's capital to allow Telia-Sonera to control 76.56% of the shares.

The reduction of FCC's stake from its current 7.755% is proportional to that of the other shareholders that are continuing in the project. The operation will provide FCC with 5.4 million euros in revenues and release 55% of the guarantees and collateral it had provided.

FCC acquires Great Britain's leading urban waste management firm (07/17/2006)

FCC and WRG Holdings (controlled by Terra Firma) have reached an agreement for the sale by WRG Holdings of its environmental division (Waste Recycling Group Ltd), incineration area and full-service waste management projects to FCC for a lump sum (enterprise value) of 1,400 million pounds.

This transaction follows the demerger in May 2006 of WRG Holdings' waste-to-energy business, an area where it is the leader in the United Kingdom.

With this acquisition FCC will become a leading player in the waste management sector in the UK. It has been present in that sector for the last 15 years through its subsidiary FOCSA Services UK.

FCC and Sacyr win contract to build and operate the N6 Galway-Ballinasloe motorway in Ireland (07/24/2006)

Ireland's National Roads Authority has selected the consortium consisting of FCC (45%), Sacyr (45%) and PJ Hegarty (10%) as preferred bidder for the contract to design, build, finance and operate the N6 Galway-Ballinasloe motorway, in Ireland.



Plant for heat-treating waste. Alington. United Kingdom



Airport handling. Rome

The plan to develop a motorway from Galway to Dublin along the strategic east-west corridor is one of the key goals of Ireland's 2000-2006 National Development Plan (NDP); the N6 Galway-Ballinasloe motorway is a component of this plan and will significantly reduce journey times in the corridor and contribute to the development of central and western Ireland.

The project includes the construction of 56 kilometres of two-lane toll road between Galway and Ballinasloe, a 7-kilometre single-lane junction to the Loughrea bypass and 32 kilometres of access roads.

The investment in the construction of this motorway will be 288 million euros and the total investment will be around 350 million euros.

FCC consolidates its European development by acquiring the Austrian company Alpine (07/26/2006)

FCC will pay 480 million euros to acquire up to 80.7% of Austria's second-largest construction and services group.

This is FCC's third investment in central and eastern European countries following its recent acquisitions of ASA and SmVAK.

FCC has acquired 74.76% of Alpine Mayreder Bau, Austria's second-largest construction and services group, which has been controlled to date by the Pappas family. The acquisition of another 5.94% held by Erste Bank is expected to be completed in the next few weeks.

The enterprise value of 100% of Alpine is 725 million euros (including 130 million euros of net debt).

With an estimated 2,013 million euros in revenues in 2006 and a gross operating profit (Ebitda) of 115 million euros, Alpine engages in business directly and through subsidiaries in Austria, Germany and eastern European countries.

Civil engineering accounts for 47% of its revenues, building for 35%, industrial services (Alpine Energy) for 9% and the other 9% comes from other services. By markets, Austria and Germany together provide 73% of production, eastern Europe provides 25% and the remaining 2% is obtained on other continents.

FCC acquires Aeroporti di Roma Handling (ADRH), the leading independent handling operator at Rome's airports (07/08/2006)

FCC subsidiary Flightcare and Aeroporti di Roma (AdR) have reached an agreement under which the Spanish company will buy 100% of AdR's handling subsidiary, ADRH, for a total of 72.5 million euros (equity value).

As a result of this acquisition, Flightcare will be the leading independent handling company at Rome's airports (Leonardo da Vinci-Fiumicino and Giovanni Battista Pastine-Ciampino) and will be well placed to expand to the rest of Italy.



Building on rue de Tilsitt. Paris

Cementos Leona to be delisted (09/13/2006)

The Executive Committee of Spain's National Securities Market Commission (CNMV) has resolved to delist Cementos Leona in response to a request from the company itself, since Cementos Portland Valderrivas owns 97.87% of its shares.

In January 2006 Cementos Portland Valderrivas, a subsidiary of FCC, presented a bid to take over 100% of Cementos Leona at a price of 32 euros per share. Since FCC already owned 30.7%, the offer was for the remaining 69.3%.

Realia invests 300 million euros to buy three buildings in Paris (10/24/2006)

Realia Business, a group owned by FCC and Caja Madrid, is consolidating its plans for growth abroad by acquiring a number of buildings in Paris through its subsidiary SIIC de Paris. The price of the deal is approximately 300 million euros. Realia's focus on internationalisation is reflected in the fact that it has invested over 1,000 million euros in the French market so far this year.

With the incorporation of this group of properties, SIIC de Paris's portfolio contains close to 35 buildings, having a total floor area of 135,000 square metres above ground. This investment policy falls within the strategy designed by the core shareholders for a forthcoming IPO of Realia.

FCC wins waste collection contract in central Madrid (10/25/2006)

The Madrid city government has awarded FCC a nine-year contract to collect waste in the city centre. Revenues from the contract are estimated at 470 million euros.

The contract covers waste collection in the Centro, Arganzuela, Retiro, Salamanca, Chamartín, Tetuán and Chamberí districts and some areas of the Fuencarral-El Pardo and Moncloa districts. FCC is also in charge of waste collection in the rest of the city, having won the contract in 2002. That contract finalises on 1 January 2013.

Actually, on this occasion FCC won three separate tenders, since central Madrid was split into two zones divided by Paseo de la Castellana. The third tender was for selective collection of paper, cardboard, glass and batteries.

The company will have to invest 48.1 million euros in vehicles and facilities.



Solid urban waste collection. Madrid



Calvert Landfill in Buckinghamshire. United Kingdom

FCC lands a 900-million-euro contract in the United Kingdom (02/11/2006)

Waste Recycling Group, a UK subsidiary of FCC, has signed a contract to manage municipal urban waste for Reading Borough Council, Bracknell Forest Council and Wokingham District Council for the next 25 years; it expects to generate 893.1 million euros in revenues during that period.

This is a private finance initiative (PFI) under which the three municipalities located west of London form the RE3 Waste Partnership to provide a sustainable solution to managing the 220,000 metric tons of household waste they produce each year.

WRG must invest a total of 68 million pounds sterling to build civic amenity sites, transfer stations and a recycling plant.

FCC wins Austria's largest-ever public infrastructure contract (12/21/2006)

A consortium headed by Alpine Mayreder, FCC's Austrian subsidiary, has been awarded Austria's largest-ever public tender, to design, build, finance and operate Austria's first toll motorway concession for a period of 30 years.

The project represents an investment of approximately 945 million euros and will be financed privately in its entirety. Approximately 800 million euros of outside financing will be provided by a number of banks, including 350 million euros from the European Investment Bank. Deutsche Bank advised on structuring the finance.

The project is a Y-shaped motorway 51 kilometres long. It includes building a first 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.



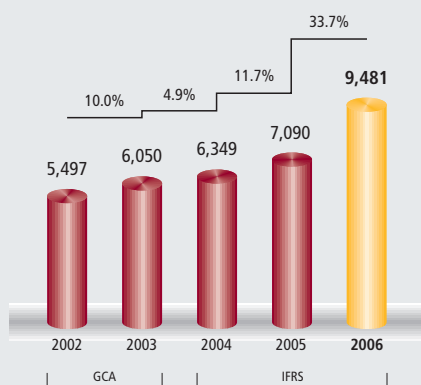
The FCC Group in figures

- 22 Consolidated figures
- 24 Evolution of share prices, stock market capitalisation, trading, dividends and treasury stock
- 25 Shareholders
- 26 Brief history of financial figures

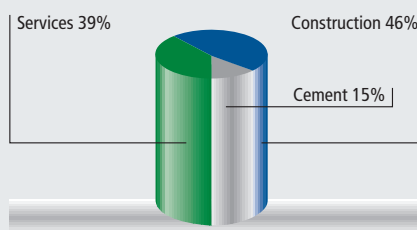




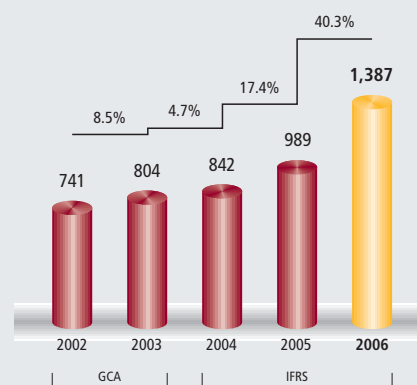
Turnover
Millions of euros



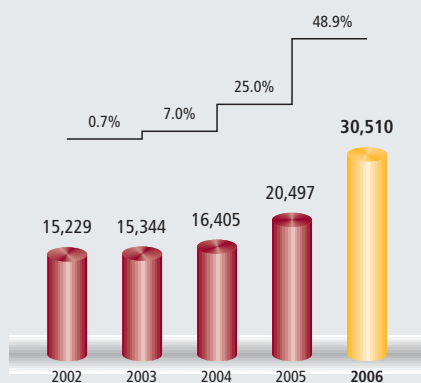
Breakdown by activity



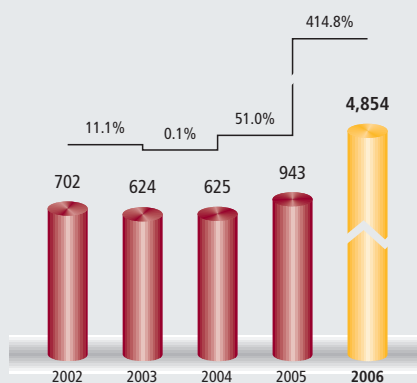
Gross operating profit (Ebitda)
Millions of euros



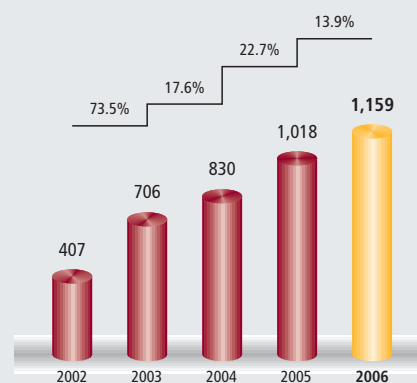
Construction and services backlog
Millions of euros



Investments
Millions of euros



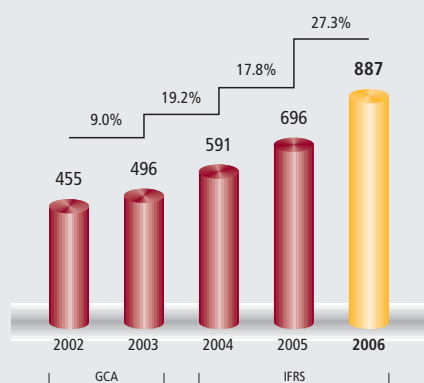
Cash flow after taxes
Millions of euros



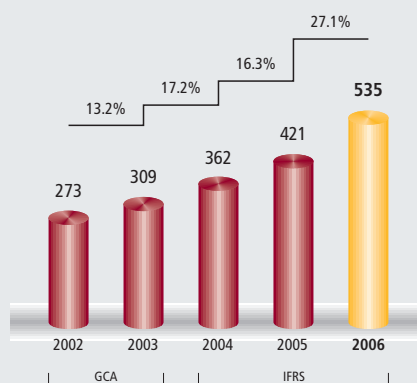
The FCC Group in figures: Consolidated figures

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

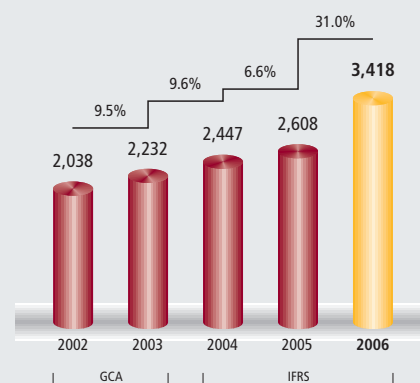
Pre-tax profits
Millions of euros



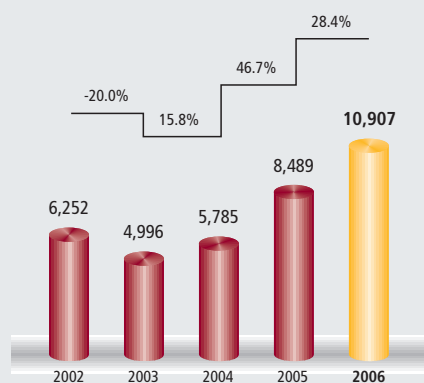
Net profit attributed to the parent company
Millions of euros



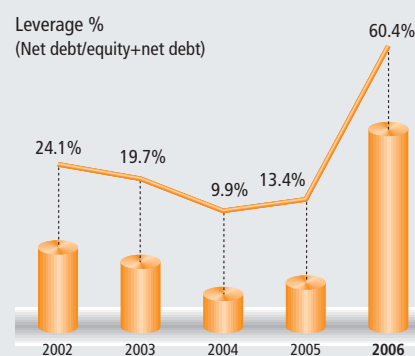
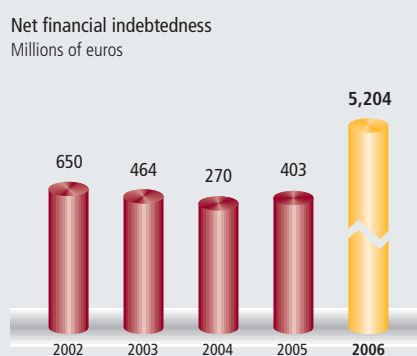
Net wealth
Millions of euros



Construction work and services contracted
Millions of euros



Net financial indebtedness and leverage
Millions of euros



Evolution of share prices

FCC concluded the fiscal year quoted at 77.20 euros/share, up 61.2% since the year before, at almost double the 32% growth experienced by the Ibex35 in the same period.

Yields on a five-year investment in FCC shares: If on 31/12/01 a shareholder invested 10 euros in FCC shares, by 31/12/06 that investment would be worth 36.28 euros including dividends received.

Stock market capitalisation

FCC wound up the year with a new capitalisation record of over 10,000 million (10,080), up from the 6,254 million of the preceding fiscal year.

Trading

The total share volume traded during this fiscal year was 110.55 million shares, with a daily average of 435,225 shares. The average amount traded per session came to 28.2 million euros, which is a 107% increase compared to the preceding fiscal year.

Dividends

Should the proposal that will be submitted to the General Meeting of Shareholders in June 2007 be approved, the amount that will be distributed to shareholders in the form of dividends paid on fiscal 2006 profits will be 2.05 euros per share (gross), distributed in two payments: the interim dividend of 1.00 euro (gross) per share paid on 8 January 2007 and the complementary dividend of 1.05 euros (gross) per share.

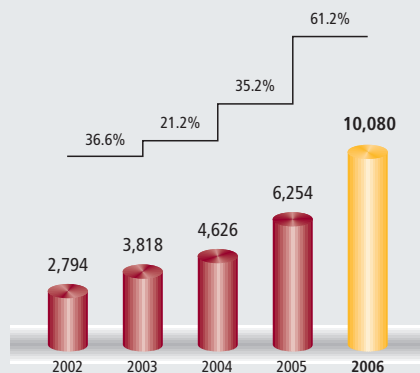
The total figure is 27% higher than the dividend paid on fiscal year 2005 profits and it makes for a pay-out of 50%.

In the last six years the dividend distributed has been multiplied by four.

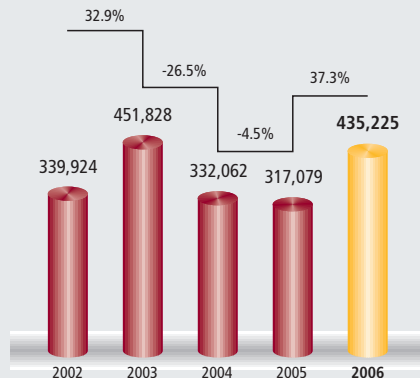
Treasury stock

During fiscal year 2006 FCC reduced its treasury stock by 402,258 shares, leaving its final position at 692,084 shares or 0.53% of the company's share capital.

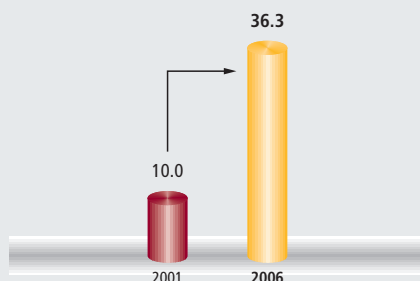
Stock market capitalisation
Millions of euros



Trading volume
Number of shares, daily average



Five-year share yield
(Including dividends)



Shareholders

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

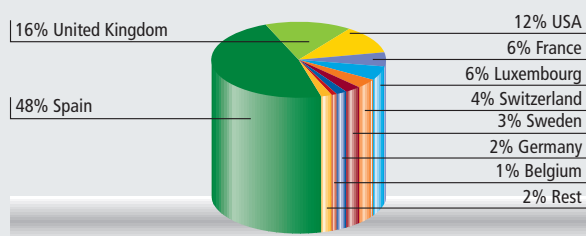
B 1998, S.L. Group	68,525,600	52.483%
B 1998, S.L.	59,871,785	45.855%
Azate, S.L.	8,653,815	6.628%
Inmocaral, S.A. Group	19,671,780	15.066%

FCC's free float as of 1 June 2006 was 32% of the share capital. Minority shareholders own 19% of these shares, Spanish institutional investors own 29% and foreign institutional investors own the remaining 52%.

The composition of the free float is as follows:

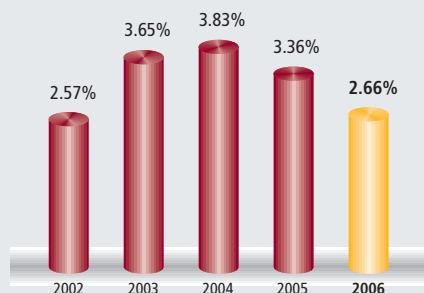
Free float breakdown by country

As of 1 June 2006



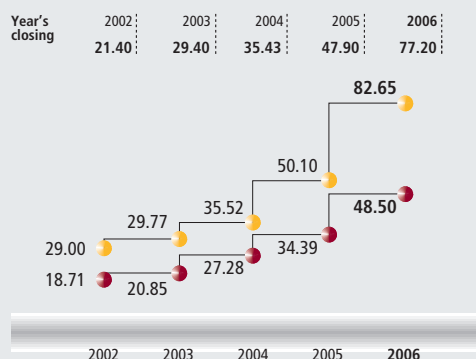
Dividend yield

Calculated with the closing quote



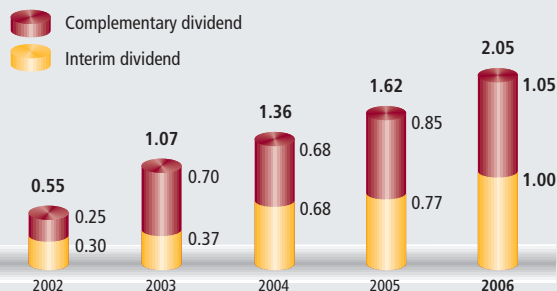
Annual high, low and closing price of shares

Euros



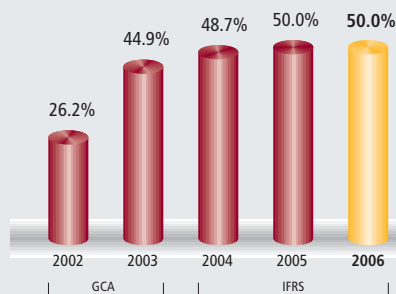
Dividend per share

Euros



% Pay-out

(Dividend as percent of parent company result)



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

Consolidated figures

Millions of euros

Assets	2006	2005	2004
Non-current assets	11,581	4,201	3,506
Tangible fixed assets	6,718	2,182	1,929
Intangible assets	3,258	956	654
Investments in associated companies	584	512	472
Non-current long-term assets	605	184	155
Other non-current assets	416	367	296
Current assets	7,441	4,739	3,958
Inventories	1,080	509	373
Accounts receivable	4,776	3,121	2,715
Other current long-term investments	155	67	121
Cash and cash equivalents	1,430	1,042	749
Total assets	19,022	8,940	7,464

Millions of euros

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

■ Data according to International Financial Reporting Standards (IFRS)

Millions of euros

Assets	2003	2002
Due from shareholders for uncalled capital	—	—
Fixed and other noncurrent assets	2,977	2,874
Intangible	585	598
Tangible	1,731	1,596
Long-term	639	661
Parent company shares	11	3
Start-up expenses	11	16
Goodwill in consolidation	191	255
Deferred charges	39	42
Current assets	3,833	3,630
Inventories	429	429
Accounts receivable	2,705	2,481
Short-term investments	391	427
Cash	293	276
Accrual accounts	15	17
Total assets	7,040	6,801

Millions of euros

Liabilities	2003	2002
Shareholders' equity	1,846	1,646
Capital	131	131
Additional paid-in capital	242	242
Reserves	429	384
Consolidation reserves	846	695
Translation differences	(63)	(40)
Fiscal year profit	309	273
Interim dividend	(48)	(39)
Minority interests	388	392
Negative consolidation difference	36	37
Deferred revenues	47	46
Provisions for contingencies and expenses	238	238
Long-term debt	749	757
Debentures and other marketable debt securities	46	—
Payable to financial institutions	445	464
Other payables	232	286
Capital payments payable	26	7
Current liabilities	3,736	3,685
Payable to financial institutions	590	770
Payable to Group and associated companies	13	20
Trade accounts payable	2,379	2,183
Other non-trade payables	667	601
Operating allowances	86	110
Accrual accounts	1	1
Total liabilities	7,040	6,801

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

Historical evolution of the main figures

Millions of euros

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

■ Data according to International Financial Reporting Standards (IFRS)

Millions of euros

Statement of income	2003	2002
+ Net sales	6,050	5,497
+ Other revenues and work on fixed assets	145	161
+ Variations finished goods and work-in-process inventories	8	6
= Total production value	6,203	5,664
– Cost of materials used and other expenses	3,773	3,448
– Personnel expenses	1,626	1,475
= Gross operating income	804	741
– Depreciation of fixed assets and reinvestment fund	269	234
– Variations in working capital provisions	16	9
= Net operating income	519	498
+ Financial revenues	65	59
– Financial expenses	105	107
– Variations in investment valuation allowances	5	3
– Amortization of goodwill	19	20
+ Returns of companies accounted for by the equity method	66	42
= Income from ordinary activities	521	469
+ Extraordinary income	(25)	(14)
= Income before taxes	496	455
– Corporate income tax	126	128
= Income after taxes	370	327
– Income attributed to minority interests	61	54
= Net income attributed to the parent company	309	273

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



The FCC Group's areas of activity

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



Services

- 31 Turnover
- 32 City sanitation
- 36 Technological innovation
- 39 Water management
- 42 Industrial waste
- 44 Versia
 - 45 Logistics
 - 47 Airport handling
 - 48 Urban furniture
 - 49 Parking facilities
 - 50 Conservation and systems
 - 51 ITV vehicle inspection
 - 52 Passenger transport
 - 53 Industrial vehicle sales

Split-compartment solid urban waste collection lorry, Madrid





Street cleaning. Water jet. Zaragoza



Sabadell purifying plant (SPA). Barcelona

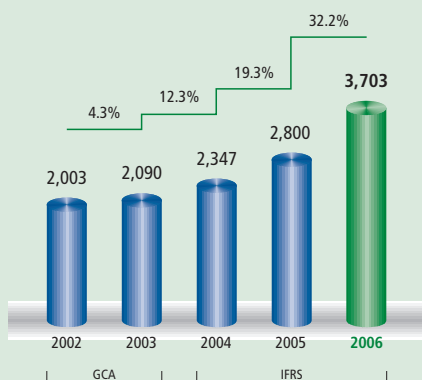
Public service management is, like construction, one of FCC's oldest activities, since it dates back to 1911 when FCC first began maintaining the Barcelona sewer network. The range of services FCC provides for society is very wide and increasingly complex, so they are grouped into two major categories. 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

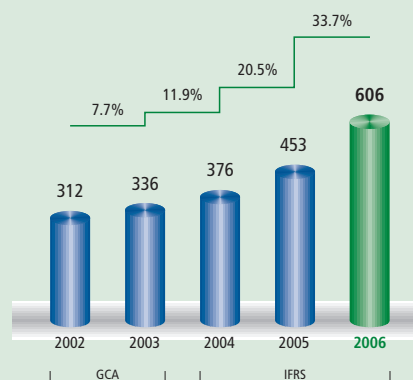
Millions of euros



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.

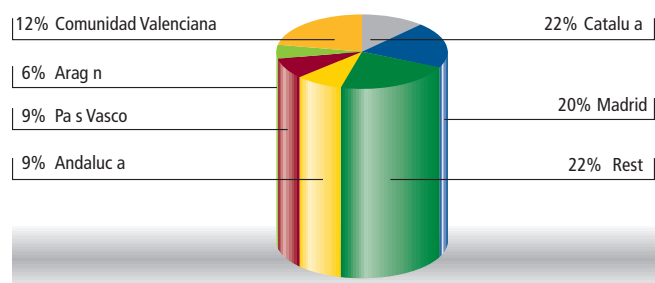
■ **Bratislava** (Slovakia). Treatment of waste from the Slovnaft oil refinery, for a five-year period. The contract includes: waste shipping, treatment and elimination, classification, operation of landfills and a weighbridge on Slovnaft's premises, rental of technical equipment and administrative support.

■ **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.

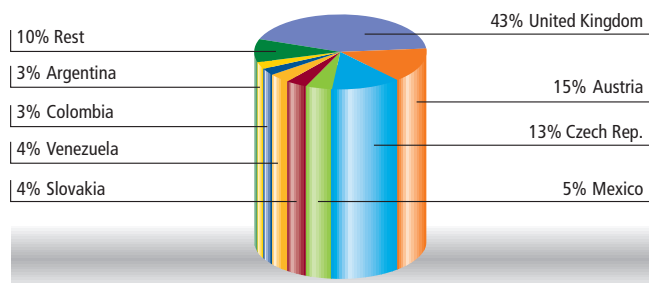
■ **Cuenca**. Urban waste collection and transport for the next 10 years. Special vehicles will be used to get to the narrow streets in the city's historical quarter.

Geographical area

Contracts in Spain

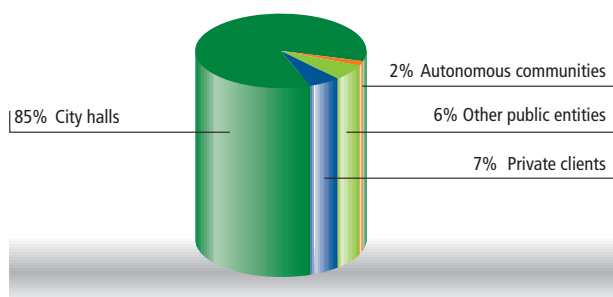


Contracts abroad



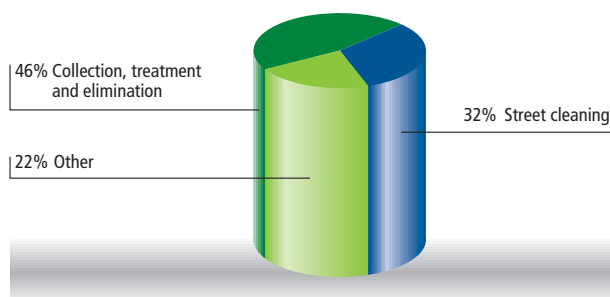
Breakdown by client type

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.

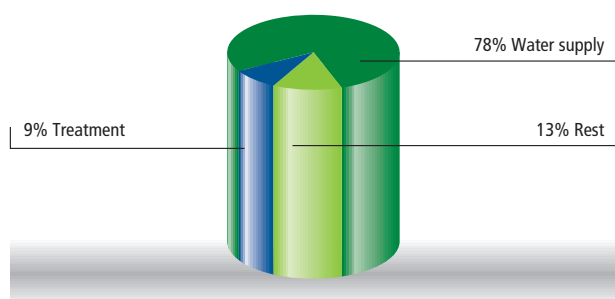


The FCC Group's activity

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

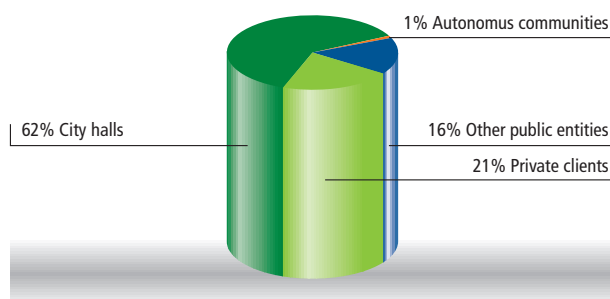
Breakdown by service type

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%.

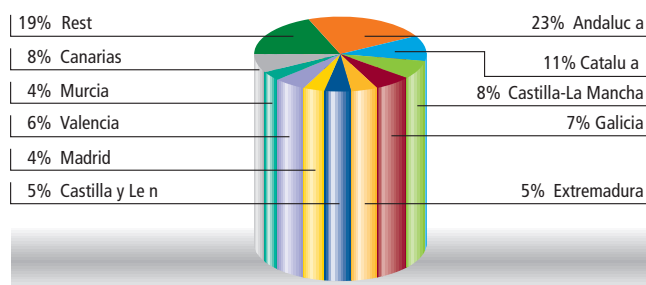
Public water service management, Aqualia's main activity, registered heavy bidding in 2006. As one result the city of Santander is now on Aqualia's list of references. At present the company is performing public water service management in almost 850 cities and towns throughout its geographical market,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

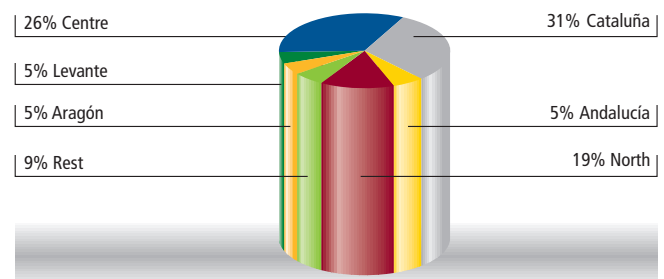
Ámbito now manages 45 plants, making it the business group that manages the most waste treatment facilities in Spain.

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

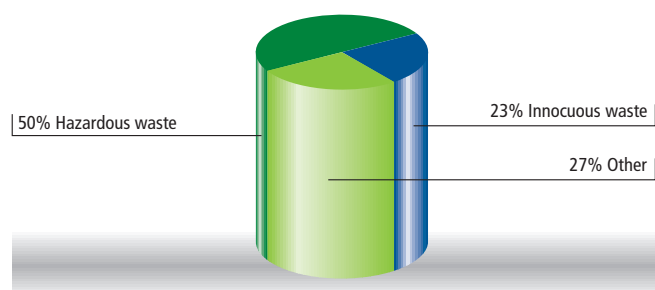
The significant landmark events during the fiscal year were the following:

- 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.

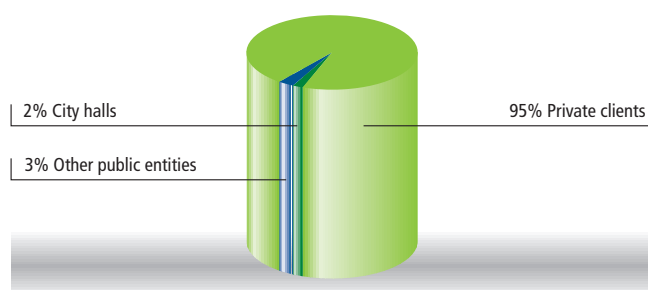
Breakdown by service type

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

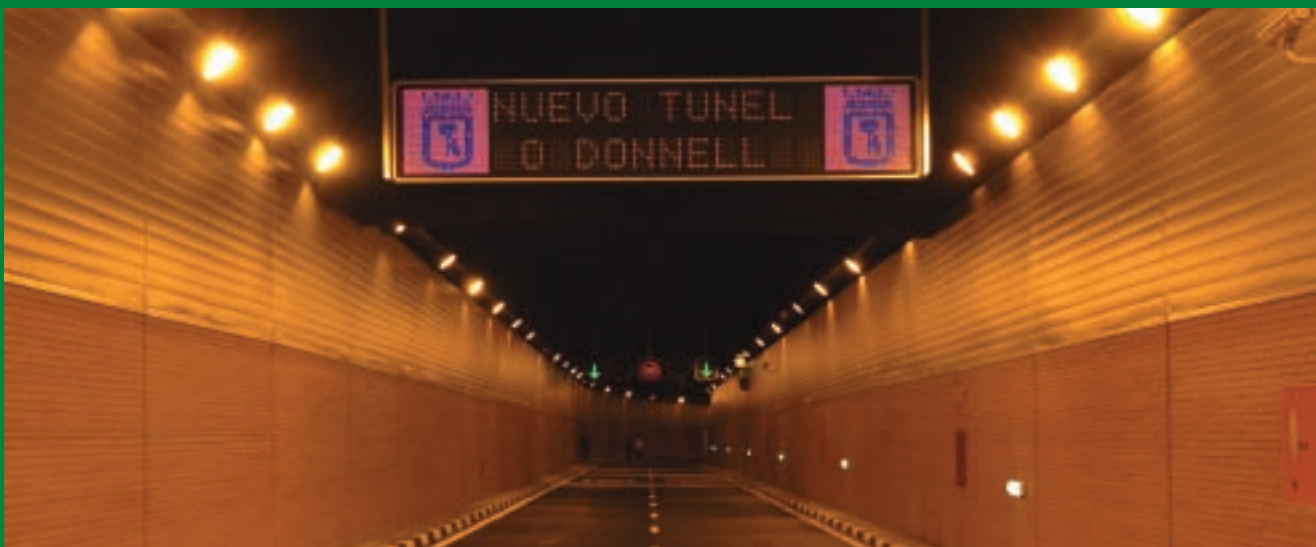
- Almuñécar** (Granada). 588 parking spaces for a two-year period.
- Benicarló** (Castellón). 458 parking spaces for two years.
- Gijón** (Asturias). 5,662 parking spaces for 15 years.
- Granollers** (Barcelona). 770 parking spaces for a 10-year period.
- Premià de Mar** (Barcelona). 175 parking spaces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

Corporación  

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

55	Analysis of the sector
58	FCC's activity
60	Motorways, dual carriageways and roads
62	Hydraulic works
63	Maritime works
64	Airports
65	Railway infrastructures
67	Urban development
68	Residential building
69	Non-residential building
74	Electricity
75	Heating and air conditioning
76	Infrastructure conservation
78	Engineering
80	Corporate image
81	Oil and gas pipelines
82	Precast components
84	Repairs and reforms
85	Infrastructure concessions
90	Technological innovation

Navia relief road. Asturias





Velodrome. Palma de Mallorca



San José centre for the mentally disabled. Pamplona

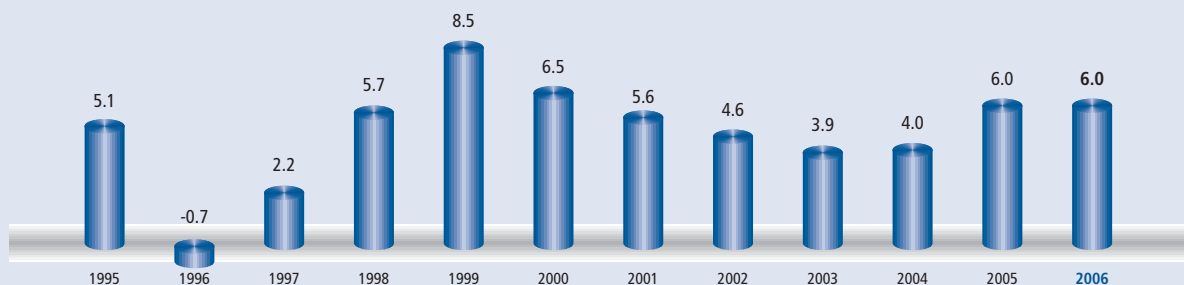
Analysis of the sector

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.

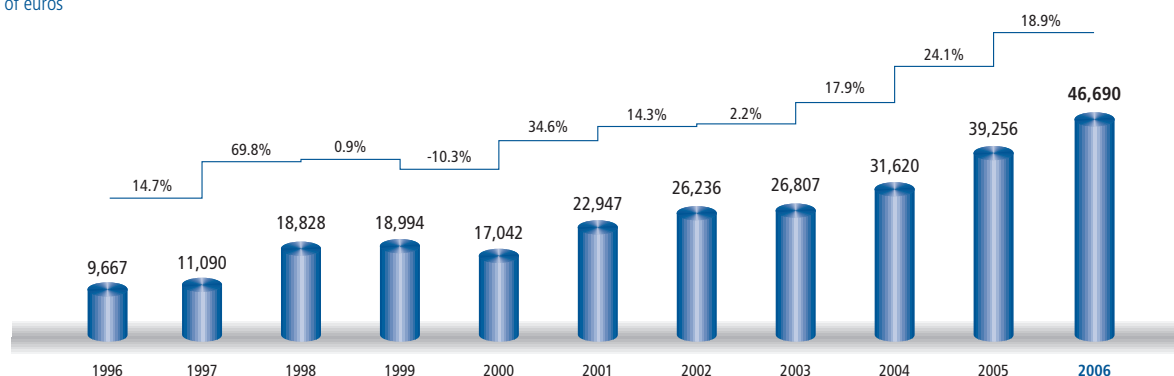
Spain holds the number-three position in the European Union construction market with 15.2% of the total, after Germany (18.3%) and France (15.7%).

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.

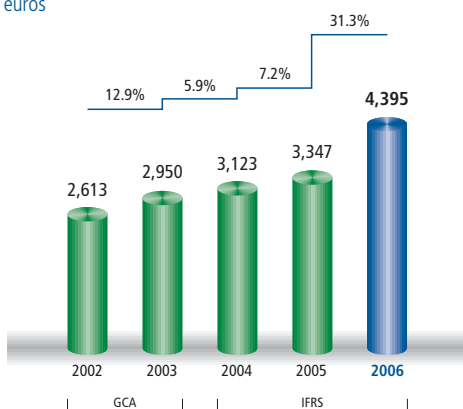
In the summer of 2006 FCC Construcción acquired 80% of the shares in Austria's second-largest construction firm, Alpine Mayreder Bau, which is a strong player in eastern European countries and has an annual turnover of more than 2,000 million euros. Since 15 November it has been fully consolidated into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



El Corte Inglés shopping centre. Porto

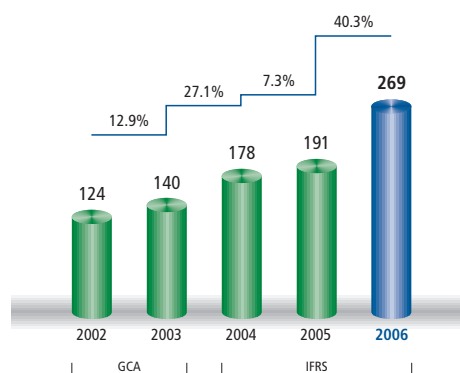
Turnover

Millions of euros



Gross operating profit (Ebitda)

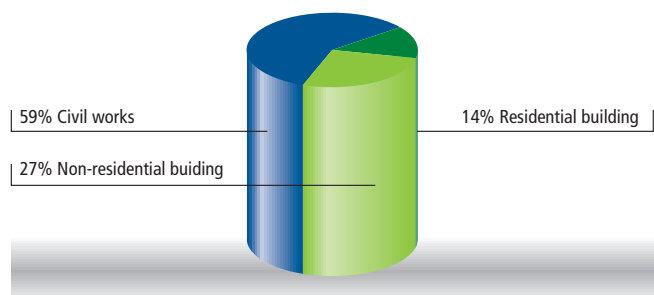
Millions of euros



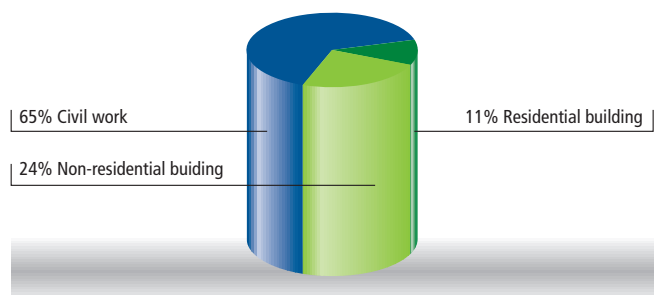
GCA: Data according to Spanish General Chart of Accounts rules
IFRS: Data according to International Financial Reporting Standards

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.

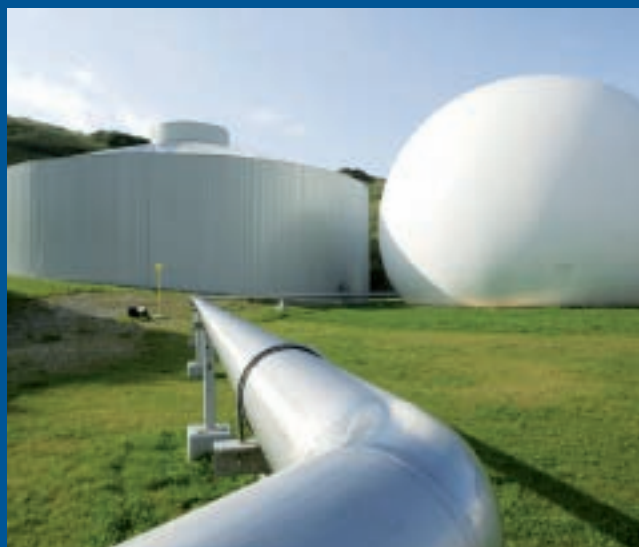
■ **New access road to the harbour at Villagarcía de Arosa** (Pontevedra). The new 7.1-kilometre-long road circles the city of Villagarcía round the south and has fourteen structures, two viaducts, eight overpasses and four underpasses.

■ **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).

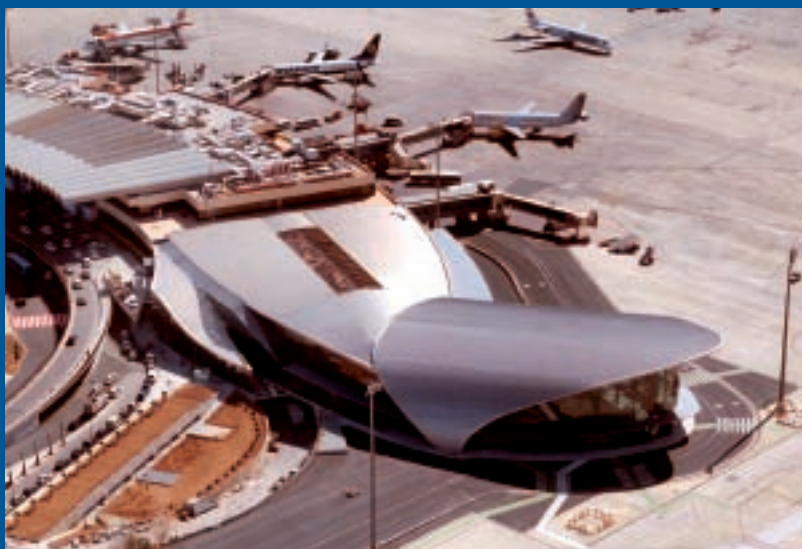
■ **Southern curve of the Santander Bay sanitation works.** Work include 25 kilometres of manifolds structured into two traps and nine general manifolds, several pumping stations, spillways and three storm tanks.

■ **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

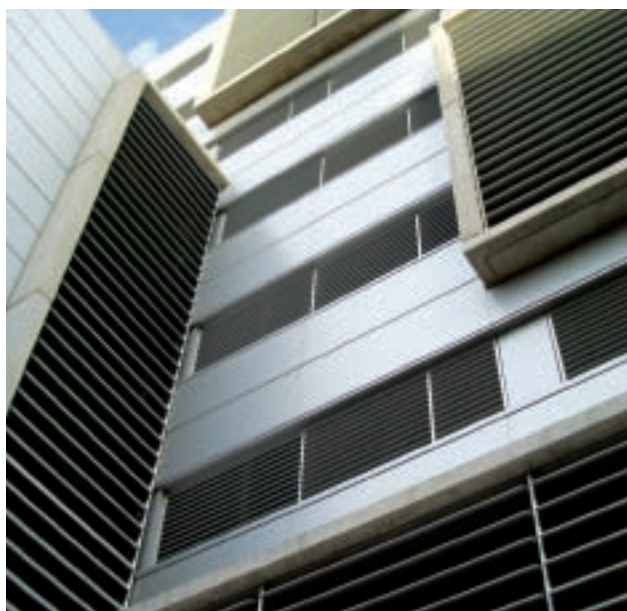
- 176 homes in Almería for Metrovacesa, and 352 in Leganés (Madrid), with accompanying commercial spaces and garages.
- 151 homes in Vera, Almería.
- 111 homes in Navalcarnero, Madrid.
- 126 homes in Arroyomolinos, Madrid.
- 185 homes for the Madrid city government.
- 132 homes in Albacete.
- 105 homes 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 Monearos 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 Vicálvaro 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

■ Tùnel 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.

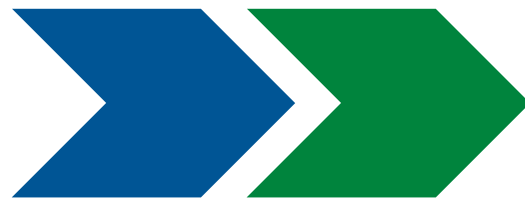
■ **The Futurespacio Project**, to develop and use information and communications technologies.

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.

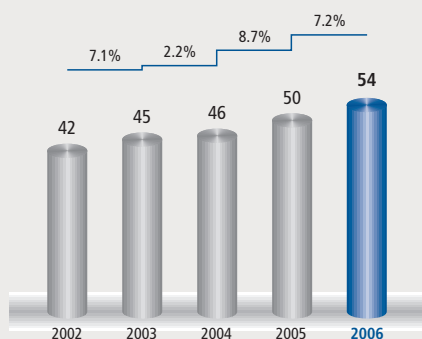
Cement and clinker exports backslid from 1.4 million MT to 1.1 million MT, with a year-on-year decline of 22.1%.

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%.

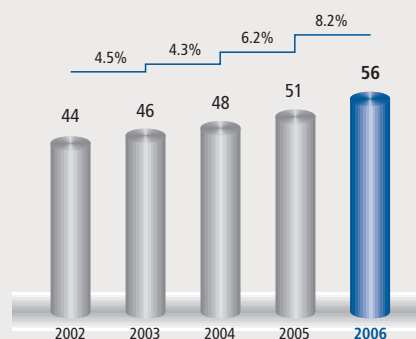
Cement production in Spain

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
101	Aggregates
101	Dry mortar
102	Transport
102	Results
104	Investments
106	New corporate information system
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.

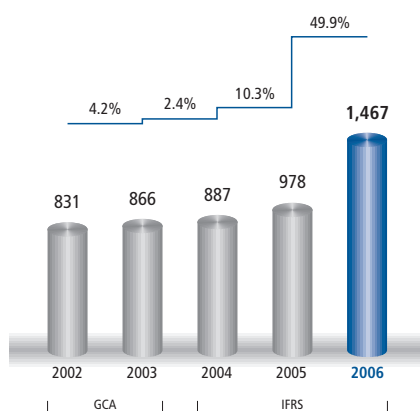
It has also got a specialised trading subsidiary in the Netherlands and 75% of Gulfland Cement, which has got three terminals in Louisiana, USA.

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

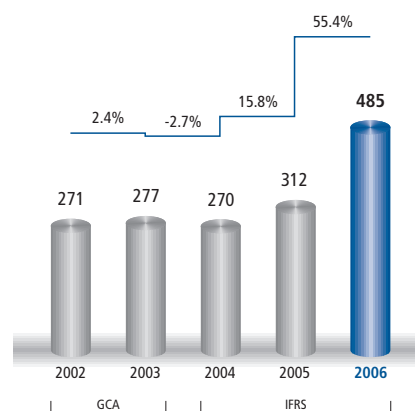
Turnover

Millions of euros



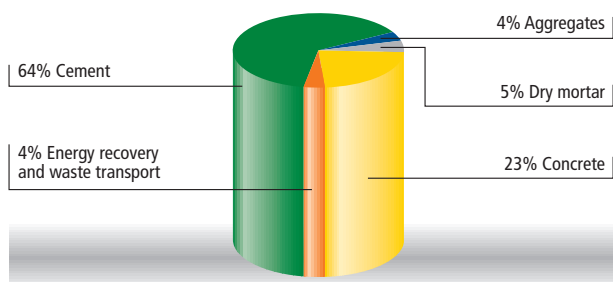
Gross operating profit (Ebitda)

Millions of euros

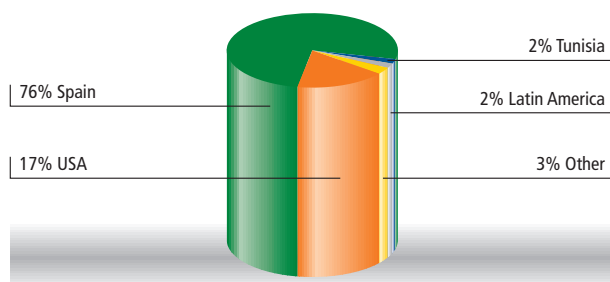


GCA: Data according to Spanish General Chart of Accounts rules
IFRS: Data according to International Financial Reporting Standards

Breakdown of 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.

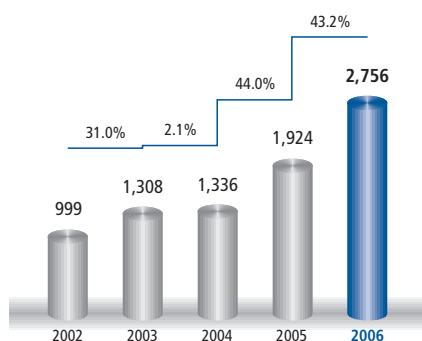
Shares, which were classified within the basic industry and construction materials index, were quoted on 253 business days of the continuous market during the year, ranging between a low of 67.25 euros on 4 January and a historic high of 105.70 euros on 8 December, with a closing price on 29 December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

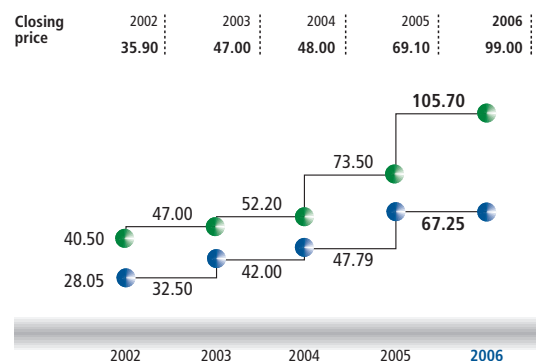
The stock market revaluation for the fiscal year was 43.3% (69.10 euros as of 30 December 2005; 99.00 as of 29 December 2006).

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

- 109 Analysis of the sector
- 109 FCC's activity
- 110 Realia
- 115 Torre Picasso

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.

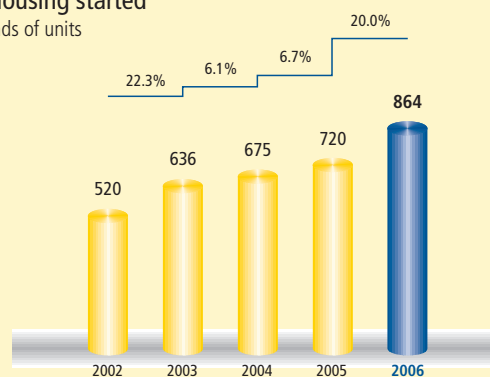
The fiscal year closed with other signs of consolidation, most particularly the entrenchment of the construction sector as the driving force of the economy and construction's positive repercussions on employment. Other factors such as mortgaging (up 6.3%) and the capital of new mortgage loans (up by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

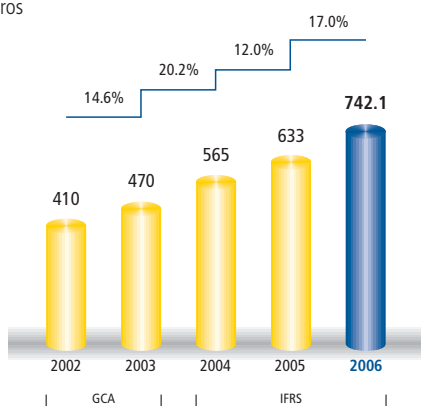
Realia, an investee of FCC and Caja Madrid, embarked on its internationalisation in 2006 by acquiring SIIC de Paris. The purchase has given Realia the size it needs to compete on the international scene.

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.

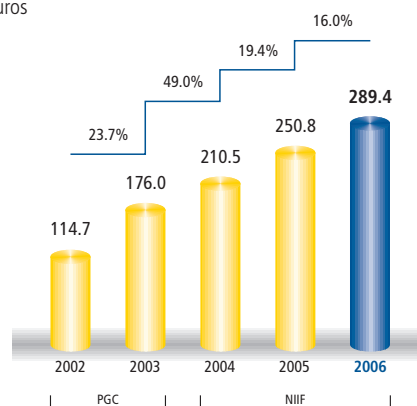
Last fiscal year also corroborated the company's financial solidity. Realia's growth since its creation six years ago is reflected in the economic results of the last fiscal year. At the close of 2006, the net turnover was 742.1 million euros, up 17.3% over the fiscal year before. The gross operating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

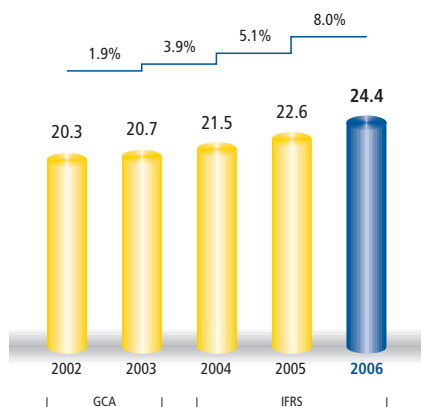


FCC owns 80% of Per Gestora Inmobiliaria, whose sole asset is Torre Picasso, a 121,000-square-metre office building in the finest zone of Madrid. Torre Picasso is proportionally consolidated in FCC's accounts.

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

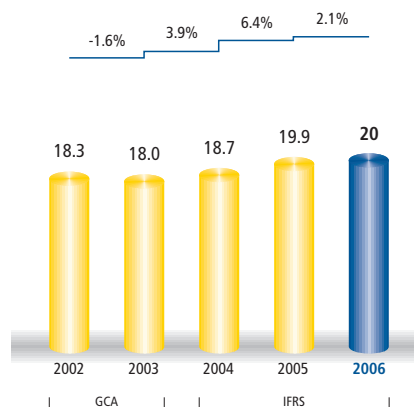
Its turnover in 2006 reached 24.4 million euros, with an 8.1% increase, while its Ebitda was 20 million euros, with a 2.1% increase.

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.



Report approved by the Board of Directors on 17 May 2007



Corporate social responsibility

120	Introduction. Corporate responsibility in FCC
144	Corporate governance and value creation
160	Combating climate change
178	Health and safety
196	Attracting and retaining talent
218	Dialogue and cooperation with the community
240	Eco-efficiency and environmental impacts reduction
263	Appendices



Introduction

Corporate responsibility in FCC

120	The vision and values of FCC's corporate responsibility
124	FCC's corporate responsibility principles and commitments
126	The challenge and FCC's response: Corporate Responsibility Master Plan
129	Corporate responsibility integration in FCC
132	From vision to action: the corporate social responsibility approach in the FCC Group
133	Progress in implementing corporate responsibility: 2006 milestones, 2007 targets
135	About the 2006 Corporate Social Responsibility Report
139	The FCC Group in 2006
143	Key figures

The vision and values of FCC's corporate responsibility

FCC wants to be **recognised and admired** by the societies it serves for its contribution to **sustainable development** through its activities, goods and services. Based on a solid **culture and values**, FCC aims to develop **long-lasting and transparent relations of mutual benefit** with its stakeholders

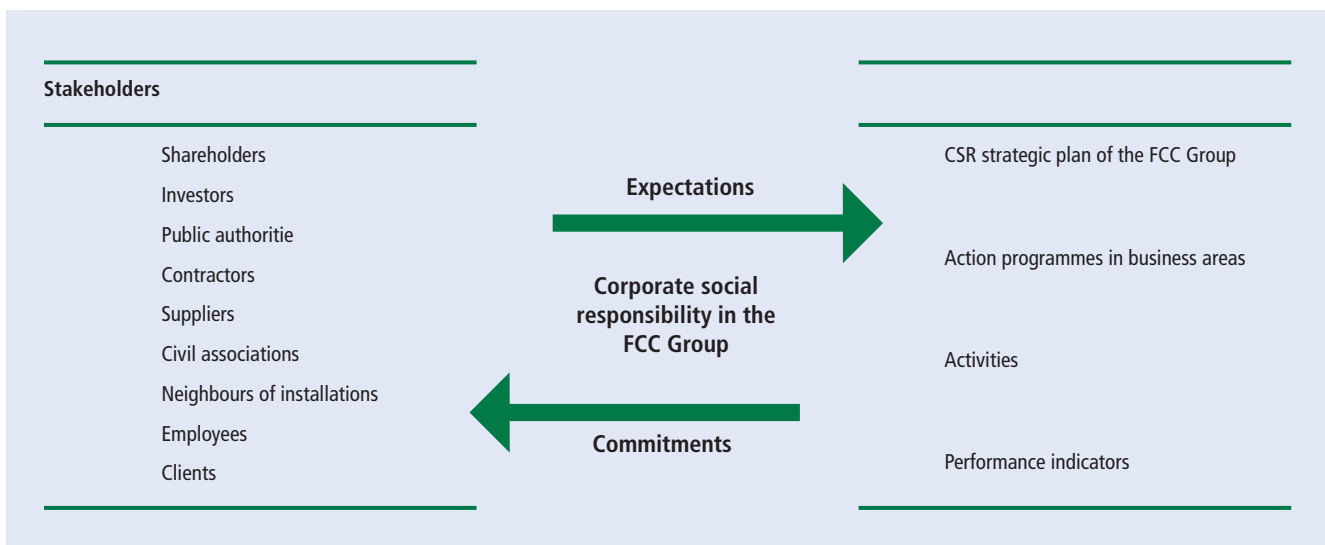
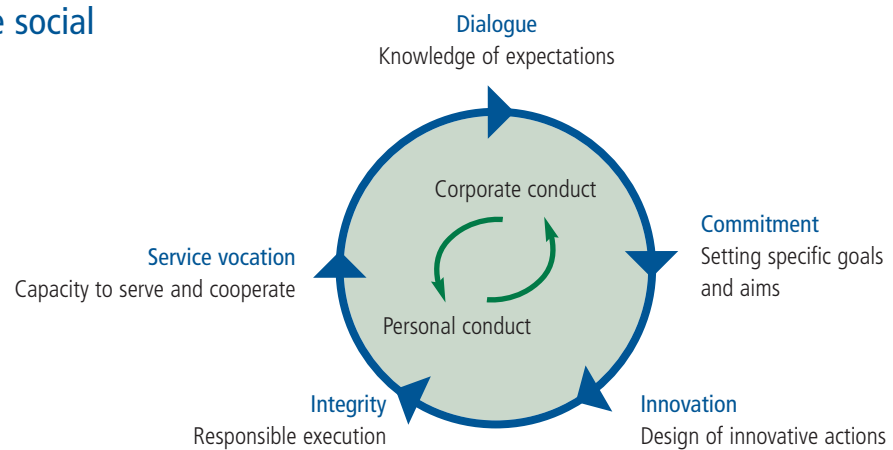
The FCC Group has always been committed to rendering services which bring value to society. Throughout its one hundred years of business, FCC has shown that creating economic value is compatible and synergic with the vocation of providing the public with the goods and services it demands and with protecting and looking after the environment. The Group's diversification strategy has brought it ever closer to the public.

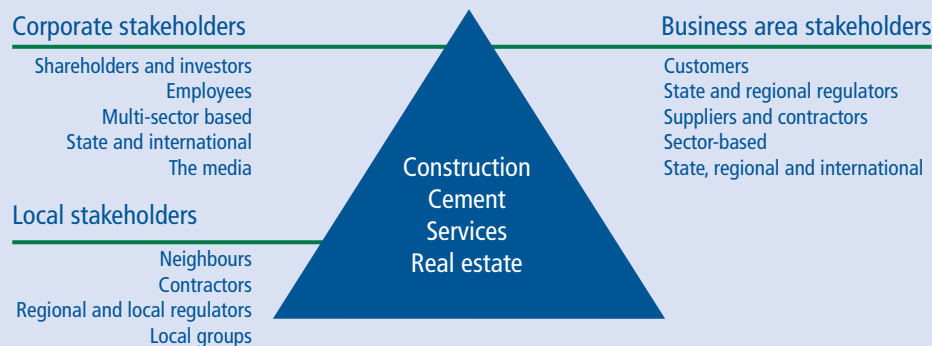
Most of FCC's activities are directly involved in the sustainable development of the societies in which it operates. From services that offer efficient urban sanitation solutions and waste and water cycle management to those related to the construction of infrastructures and housing which promote development and well-being, FCC's activities are designed to respond to sustainable development challenges.



Allianz Arena. Munich

The FCC Group's corporate social responsibility model





FCC stakeholders

FCC defines stakeholders as groups which have or could have influence on the Group's activities.

At corporate level the main stakeholders are:

- The Group's shareholders.
- Institutional investors.
- Employees.
- National and international governments
- National or international non-sector based civil associations.
- Multi-sector national or international forums.
- Suppliers of the corporation's services.
- The media.

The main business area stakeholders are:

- Customers.
- Suppliers and contractors.
- National and regional regulatory bodies.
- Professional sector-based associations.
- Sector-based civil associations.

The principal stakeholders to consider in local activity are:

- The end users of FCC's services or products.
- Neighbours to FCC's activities.
- Local and regional regulatory bodies.
- Local civil associations
- Contractors.

For FCC, keeping channels of dialogue and cooperation open with each stakeholder is a priority. Long-lasting and unselfish relationships generate valuable information for the Group to design its strategic approach and, consequently, take decisions.

In the business area, each of the Group's subsidiaries has set up communication channels which permit a systematic exchange of information between the company and its stakeholders, building mutually beneficial relationships based on trust, knowledge-sharing and integration.

More information at <http://www.fcc.es>



FCC is aware that its business activity is of growing interest in terms of value creation, social well-being and protection of the environment. FCC considers that corporate responsibility principles represent a main purpose to be fulfilled for its different stakeholders.

Therefore, the development of a common culture based on its **social responsibility**, as a **company with over one hundred years of history** and a vocation of **rendering services** to the community, is a priority for FCC

This commitment has been taken up by the Board of Directors and is being promoted by the FCC Group's Corporate Responsibility Direction, the Group's Committee for Corporate Responsibility and committees created in each of the areas. These management teams form FCC's socially responsible management structure.

The Group enjoys a culture based on corporate values which can be summarised as **responsibility, trust and integrity**. These values are the secret to FCC's longevity

FCC Values			
Dialogue	FCC Group companies are the foundation of values and a solid business culture based on dialogue and long-lasting and transparent relationships of mutual benefit with stakeholders.	Integrity	FCC's personnel act in a responsible and upright manner, leading by example on daily basis and analysing the present and future consequences of their actions for the company and community.
Commitment	FCC companies and business areas need to know the expectations of their related stakeholders while establishing information mechanisms for taking decisions. This process has to enable specific commitments to action to be developed which make the company's vision of CR possible.	Service vocation	Those who work at FCC are distinguished by their vocation for serving the company's objectives and those of the community in which their activities are carried out.
Innovation	FCC teams constantly seek the solutions which contribute most value not only to the Company but especially to society and future generations.		



Velodrome. Palma de Mallorca.

FCC's corporate responsibility principles and commitments

The ten principles of the United Nations Global Compact reconcile business activity processes and interests with values and demands regarding human rights, labour, the environment and the fight against corruption.

Observance of human and labour rights, respect for the environment and combating corruption form part of corporate principles and the conduct of everybody connected with FCC, assumed as corporate responsibility as a group. This report outlines the fulfilment of this commitment in 2006. The following table sets out, in brief, how FCC assumes corporate responsibility principles by means of specific actions which respect the ten principles of the Global Compact.

The FCC Group signed the Global Compact in 2006

The Group's support follows that of FCC Construcción and Cementos Portland Valderrivas. This commitment is in keeping with FCC's determination to possess a business management model which is respectful of Global Compact principles



Global Compact Principles	FCC Group commitments and actions
1. Support and respect the protection of internationally proclaimed human rights, within its field of influence.	Chapter 5 Section 20 of the Group's General Guidelines Manual scrupulously respects prevailing legislation at state, regional and local level, internal rules of operation and, in their absence, ethical principles which should govern personal conduct. FCC and its subsidiaries fall within these ethical principles and guidelines.
2. Ensure that its companies are not complicit in human rights abuses.	FCC's support of the Global Compact commits it as a group to oversee effective compliance with this principle.
3. Uphold freedom of association and effective recognition of the right to collective bargaining.	The FCC Group respects employees' freedom of association and guarantees their right to representation by unions in bargaining and representation bodies in the different sectors of activity and in the Group's companies and work centres. As stated in this report, workers in Spain are covered by general collective bargaining, based on the sector of activity and in accordance with the workers' statute. In 2006, 48.11% of employees were covered by company or work centre collective bargaining. <i>(Further information in chapter IV).</i>
4. Uphold the elimination of all forms of forced and compulsory labour.	Any discrimination or coercion is unacceptable in FCC. Conduct that contravenes these principles will be subject to disciplinary proceedings. The company has clear directives regarding set working hours, safety in the workplace and employees' remuneration. These are specified in the General Guidelines Manual, section 20, Personnel, chapters 10 and 50 on working hours, chapter 60 regarding recruitment and chapter 5 on establishing or reviewing remuneration. <i>(Further information in chapter IV)</i>
5. Uphold the effective abolition of child labour.	FCC respects Spanish and European legislation prohibiting the employment of children under 16 years of age. However, conscious that child labour remains a challenge to be overcome in certain situations, and that certain of its workers have been deprived of the right to an education as a result of their socio-economic background, FCC promotes actions aimed at developing basic abilities, wherever the need is identified. As outlined in the chapter "Dialogue and cooperation with the community", Proactiva Medio Ambiente has confronted this requirement wherever it has arisen, including literacy in its training programmes. FCC also publicly recognises the importance of child education and therefore, in its relationships with the community, encourages children's awareness and knowledge of sustainability. <i>(Further information in chapter V)</i>
6. Uphold the elimination of discrimination in respect of employment and occupation.	The principle of non-discrimination is inscribed in the observance of article 28 of Law 62/2003, governing measures for applying the principle of equal treatment. Any discrimination or coercion is unacceptable in the company. Any conduct contravening these principles will be subject to disciplinary proceedings. The company's policy is for equal opportunities in employment and promotion. FCC recruits and promotes personnel based on their qualifications, abilities and aptitudes. The equal opportunities principle is explicitly outlined in the collective agreements for the Group's sector or activity. FCC is committed to recruiting staff with disabilities. To promote the equal opportunities policy, actions are being taken by the Group's senior management with Adecco, an entity specialised in human resources, which through its foundation works toward integrating the disabled in the labour market. This action is in compliance with the Act on Social Integration of the Disabled (LISMI). FCC also values the opportunities offered by the wealth of diversity of the societies in which it operates (over fifty countries) and consequently has promoted initiatives to celebrate internal cultural diversity. <i>(Further information in chapter IV)</i>

7. Support a precautionary approach to environmental challenges.	FCC scrupulously complies with the parameters and requirements of legislation in the countries in which it operates and has standardised and formalised environmental management systems, including extensive identification of risks, action plans, provisions of resources, employee training and audits. FCC also carries out internal environmental improvement programmes. Concern and action for the environment systematically crosses all areas of FCC. The Group has established two strategic aims in its Corporate Responsibility Master Plan: eco-efficiency and the fight against climate change, as well as corporate and area plans aligned to make progress on the challenges of sustainability for future generations. The company also gives priority to suppliers which demonstrate good environmental conduct and have environmental management systems or policies. <i>(Further information in chapter II and VI)</i>
8. Undertake initiatives to promote greater environmental responsibility.	The company carries out responsible and eco-efficient consumption campaigns among customers and users and in the community immediately surrounding the company. FCC supports or takes part in educational projects in association with non-governmental organisations, exercising social leadership towards environmental responsibility. Internal environmental responsibility is also promoted. The 2007-2008 Corporate Responsibility Master Plan has established the "Green Centre" plans, which will boost eco-efficient management at the respective corporate headquarters of the FCC Group. <i>(Further information in chapter II and VI)</i>
9. Encourage the development and diffusion of environmentally friendly technologies.	The FCC Group's corporate responsibility strategy for the environment is based on the application of eco-efficient technologies and processes and alternate energy sources. FCC companies carry out initiatives on the use of renewable energy sources to increase energy efficiency, value waste and minimise its activity's impacts on the environment. FCC also invests in R&D&I and promotes research collaborations to develop pioneering eco-efficient technologies. <i>(Further information in chapter II and VI)</i>
10. Work against corruption in all its forms, including extortion and bribery.	Integrity is one of the Group's values. FCC personnel act in a responsible and upright manner, leading by example and considering the present and future consequences of their daily actions for the company and community. Chapter 5, Section 20 of the Group's General Guidelines establishes scrupulous respect for prevailing legislation. Consequently, Law 13/1995 on public contracts is observed in relation to forgery, crimes against property, bribery, misappropriation of public funds, power dealing, dealings prohibited for civil servants, disclosure of secrets, use of privileged information, crimes against tax authorities and crimes or serious breaches of market discipline. These considerations also affect associations with third parties, particularly joint ventures and economic interest associations, due to their particular legal nature. <i>(Further information in this same chapter, FCC Values section)</i>

More information at <http://www.fcc.es> and <http://www.globalcompact.org>

In 2006 the Group made notable progress developing the company's social responsibility culture and detailing its corporate responsibility vision. The catalysing process for this effort and progress has been preparation of the FCC Group's 2007-2008 Corporate Responsibility Master Plan.

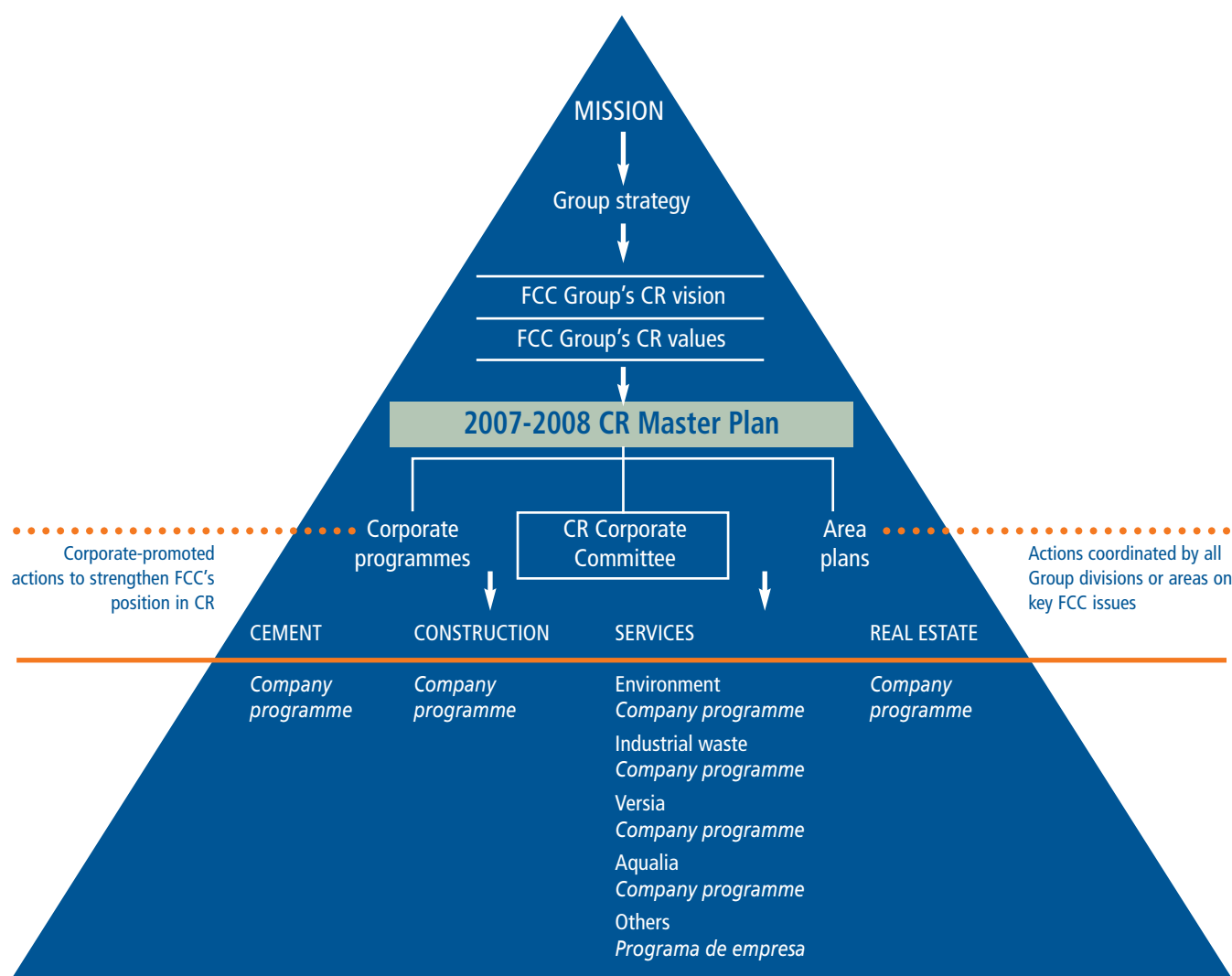
The challenge and FCC's response: Corporate Responsibility Master Plan

FCC is aware of the challenges faced by companies and societies in the twenty-first century. 2006 has seen significant progress in FCC's approach to corporate responsibility, with the establishment of a strategic framework, the Corporate Responsibility Master Plan, which harmonises the group's interests and the particular nature of the different businesses for 2007-2008.

6 key challenges for 2007-2008 Master Plan objectives

The Committee for Corporate Responsibility has encouraged the development of this plan, which establishes a shared working strategy enabling the different Group companies to work toward the strategic objectives set.

The Master Plan has been prepared following in-depth analysis of the corporate responsibility situation, which has involved studies of material aspects in the environmental services, construction, cement and real estate areas. The project was carried out between February and October and aimed to identify the challenges to overcome and responses to the most significant of these.



Corporate responsibility challenges for the FCC Group

Prioritised lines managed at group level

- Corporate governance
- Attracting and retaining talent
- Health and safety in the workplace
- Climate change
- Eco-efficiency
- Community projects

Priority lines at areas level

Construction

- Selection of sustainable construction materials
- Use of natural resources
- Health and safety
- Innovation
- Energy efficiency
- Labour rights
- Inconvenience caused by works
- Community projects

Cement

- CO₂ emissions
- Water usage
- Health and safety
- Use of fuels
- Waste management
- Transport
- Attracting and retaining talent
- Community projects

Services

- Water usage
- Health and safety
- Labour rights
- Innovation
- CO₂ emissions
- Use of natural resources
- Transparency/integrity
- Community projects

Real estate

- Relations with authorities
- Sustainable construction
- Attracting and retaining talent
- Transparency/ethical conduct
- Community projects

Corporate governance, attracting and retaining talent, health and safety in the workplace, the fight against climate change, eco-efficiency and dialogue and cooperation with the community are the six key challenges identified in this plan. A strategic objective has been defined for each, to be met in 2007-2008.

Corporate governance guides FCC in fulfilling the commitments acquired and acting in an honest, transparent and upright manner.

Strategic objective: to be a company recognised as an example of integrity and transparency in our relations with stakeholders.

Attracting and retaining talent, requiring FCC to promote cultural diversity and equal opportunities, as well as develop employees' abilities, increasing employee satisfaction and loyalty.

Strategic objective: to be an organisation of choice for present and future employees, establishing collaborations with Spanish universities.

Health and safety in the workplace, requiring a proactive attitude from FCC to identify and respond to health and safety risks for employees and contractors and in the environment in which it operates.

Strategic objective: to be a model company in terms of health and safety for employees, contractors and the environment in which it carries out its activities.

Combating climate change commits FCC to take responsibility in this global challenge. FCC has policies and procedures in place which promote innovation in processes and products and the use of renewable energies to reduce pollutant emissions.

Strategic objective: assume, fulfil, and communicate our role in the fight against climate change.

Eco-efficiency drives FCC constantly to seek the best options for saving on the use of raw materials and to apply those with least environmental impact.

Strategic objective: develop programmes which position the Group as a pioneer in innovating eco-efficient services and processes.

Dialogue and cooperation involving FCC in the development of the communities in which it operates, contributing to local, national and international initiatives and projects.

Strategic objective: develop non-contractual, long-term socially responsible action programmes with key stakeholders in the Group's strategic areas.

Corporate responsibility challenges for the FCC Group

The challenges identified for each of the Group's areas are the result of analyses of material aspects carried out for the different divisions during 2006.



Drain cleaning. Aguas del Valle. Argentina



Beach cleaning. Barcelona

Corporate responsibility integration in FCC

The strategic objectives represent the FCC Group's response to social, environmental or ethical challenges posed by its activities. Execution of these responses is based on assigning responsibilities in a new structure of corporate responsibility management teams, as well as planning to make policies and principles effective, ensuring integrated action among the Group and the different businesses.

Responsibilities in management

FCC Group's Corporate Responsibility Direction

This management unit is formed by a team working full-time on the Group's corporate responsibility, ensuring progress by selecting initiatives based on designed corporate and area action plans. The Corporate Responsibility Direction coordinates plans with the Committee for Corporate Responsibility and represents FCC in forums and discussion and working groups.

The direction is responsible for the preparation of the Corporate Governance Annual Report and other advisory documents, whilst supporting the General Secretary in implementing the Internal Rules of Conduct. The direction also oversees corporate responsibility contents on FCC's website and coordinates and prepares the Corporate Responsibility Annual Report, as well as related reports addressed to institutional investors for international sustainability indices.

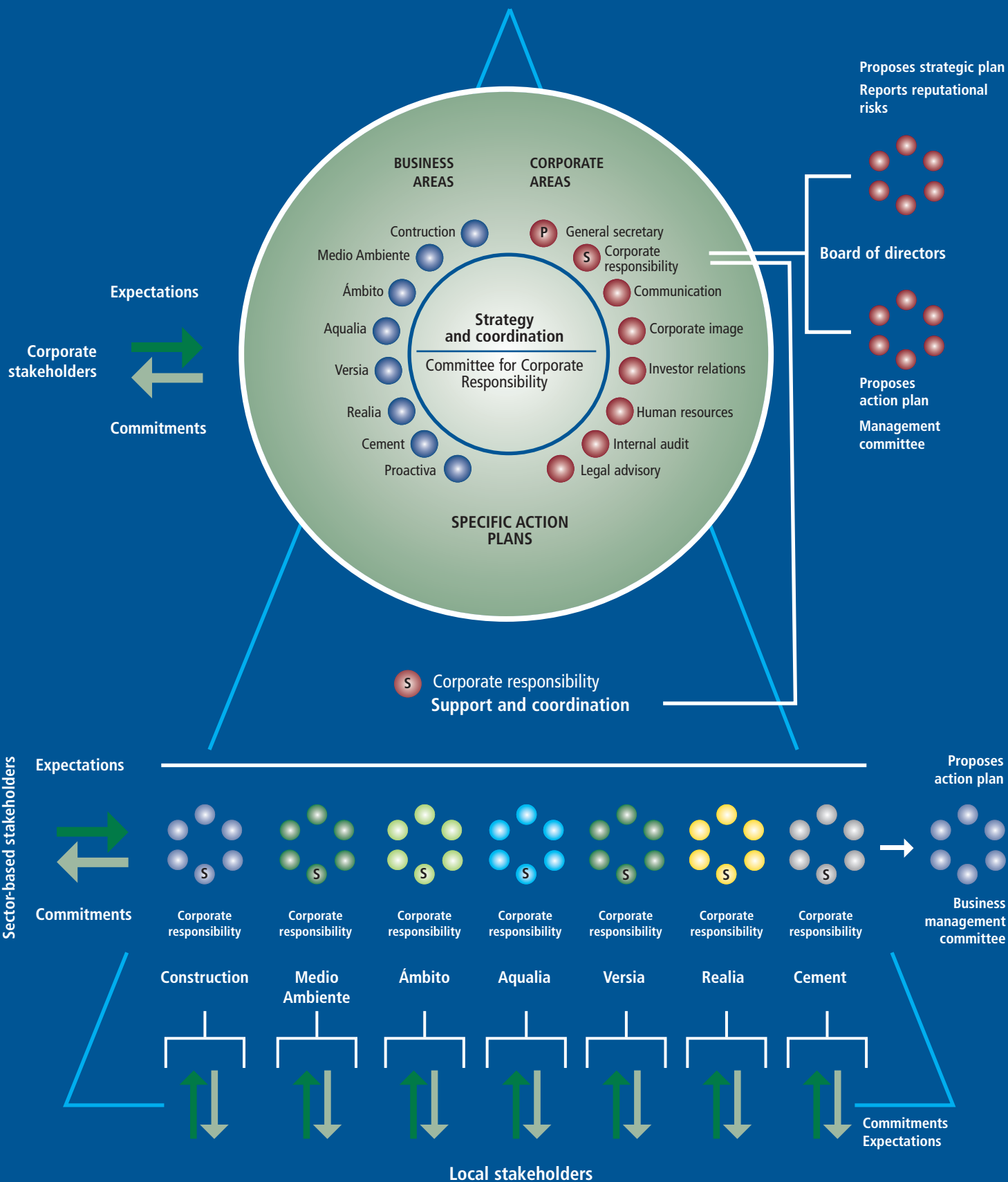
FCC's Committee for Corporate Responsibility

The committee is chaired by the General Secretary of FCC and is formed by specialists in the coordination of corporate responsibility actions from: FCC Medio Ambiente, Ámbito, Aqualia, FCC Versia, FCC Construcción, Cementos Portland Valderrivas, Proactiva Medio Ambiente and Realía. The committee also includes members of the corporate directions of Legal Advisory, Internal Audit, Investor and Shareholder Relations, Communication, Corporate Image and Human Resources.

The principal functions of the committee are to approve the Master Plan and contribute to the coordinated roll-out of the action plans, reviewing their progress and providing reflections and proposals through shared membership of the committee.

Area committees for corporate responsibility

The Master Plan is rolled out through the Group's business divisions, establishing seven area committees: FCC Medio Ambiente, Ámbito, Aqualia, FCC Versia, FCC Construcción, Cementos Portland Valderrivas and Realía. These area committees have a minimum of four members and are chaired by the senior management of each business. The committees also manage implementation of area plans, in line with the Group's Corporate Responsibility Master Plan.





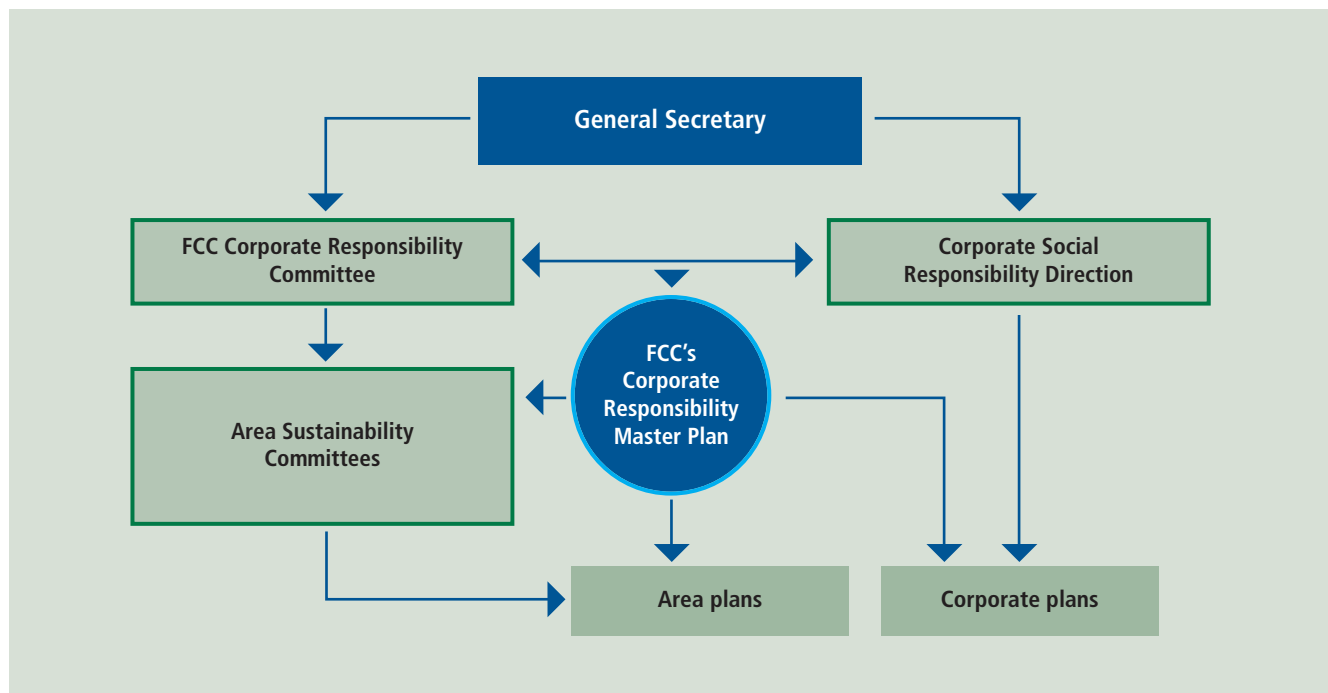
Cartagena-Vera motorway

Responsibilities for action

Execution of the Master Plan is divided into eight corporate plans and five area plans.

Corporate plans are proposed to the Committee for Corporate Responsibility and carried out by the FCC Group's Corporate Responsibility Direction.

Area plans are implemented by each business division and coordinated with the rest of the areas to achieve a shared objective.



The approach to corporate social responsibility in the FCC Group

“from vision to action”

Vision	
FCC wants to be recognised and admired by the societies it serves for its contribution to sustainable development through its activities, goods and services. Based on a solid culture and values, FCC aims to develop long-lasting and transparent relations of mutual benefit with its stakeholders.	
Values	
Dialogue, commitment, innovation, integrity, service vocation.	
Management of corporate responsibility	
FCC Group's Corporate Responsibility Direction FCC Committee for Corporate Responsibility Area committees for corporate responsibility	
2007-2008 Corporate Responsibility Master Plan	
Strategic objectives 2007-2008	
Corporate governance. Strategic objective: to be a company recognised as an example of integrity and transparency in our relations with stakeholders. Attracting and retaining talent. Strategic objective: to be an organisation of choice for present and future employees, establishing collaborations with Spanish universities. Health and safety in the workplace. Strategic objective: to be a model company in terms of health and safety for its employees, contractors and the environment in which it carries out its activities. Combating climate change. Strategic objective: assume, fulfil, and communicate our role in the fight against climate change. Eco-efficiency. Strategic objective: develop programmes which ensure the Group is a pioneer in innovating eco-efficient services and processes. Dialogue and cooperation. Strategic objective: develop non-contractual, long-term socially responsible action programmes with key stakeholders in the Group's strategic areas.	
Action plans	
Corporate plans	Area plans
Integrity	Increasing safety
Talent	Fight against climate change
Reputation	Eco-efficiency
Dialogue and cooperation	Green centre
Training in corporate social responsibility	Dialogue and cooperation
Reputational risk management	
Green centre “headquarters”	
Corporate responsibility policy dissemination plan	



El Escorial Theatre, Madrid



Refurbished Montjuic National Palace

Progress in implementation of corporate responsibility: 2006 milestones, 2007 targets

Objective	2006 milestones	Objectives 2007
Corporate governance	Presentation and internal distribution of the document "Ethical framework for business" Approval of the 2007-2008 Corporate Responsibility Master Plan Creation of corporate responsibility committees in business divisions. Project Galileo, integrating the new international companies into Group policies.	Internal regulations modified for better adaptation to the Unified Code of Good Corporate Governance. Creation of confidential channel for reporting abuses. Preparation, launch and circulation of an ethical code. Design of a system for reputational risk management. Group's support for the Global Compact.
Attracting and retaining talent	Continued collaboration with various universities and training centres. Employee training drive.	Achieve long-term alliances with universities and training centres, as sources of the best talent. Strengthen FCC's image as one of the best Spanish companies to work for.
Health and safety	Certification of occupational risks prevention systems for almost all companies adhered to the SPM (OHSAS 18001). Opening of communication channels with new Group companies for regular issue of key indicators in management of human resources.	Extension of the scope of the OHSAS 18001 standard in the company Launch of a computer program for technical management of occupational risks prevention. Design of systems for implementing certain human resources management practices in newly incorporated companies.



Centre for the mentally handicapped, Pamplona, Navarra

Objective	2006 milestones	2007 objectives
Eco-efficiency and combating climate change	R&D&I projects for development of new technologies which result in reduced waste and emissions of greenhouse gases. Implementation of environmental policies at work centres.	Continuation of R&D&I projects. Extension of scope for implementation of environmental policies at work centres. Set specific objectives by area of activity for reducing greenhouse gas emissions, consumption of resources and waste. Internal training days to instruct newly incorporated companies from our experience in good environmental practices.
Dialogue and cooperation with the community	FCC Foundation set up to structure Community projects. Participation in forums, conferences, working groups, etc.	Preparation of methods of identifying stakeholders. Opening of new channels of communication with different stakeholders. Company Volunteer Plan. Agreement with the Adecco Foundation to help integrate the disabled.

Self-declaration of the report against the G3 scale

		2002 IA	C	C+	B	B+	A	A+
Mandatory	Self-declared							✓
	Checked by third parties							✓
Optional	Checked by GRI							✓

Further information on the FCC Group at <http://www.fcc.es>

About the 2006 Corporate Social Responsibility Report

For the second consecutive year, the FCC Group is publicly disclosing its performance with regard to corporate responsibility, to inform its internal and external stakeholders of the economic, social and environmental context and impact of its business activity.

Just as the market and society and respective information needs have evolved, so has FCC. The Group understands that there is an increasing need for information beyond financial statements. As part of its commitment to respond to stakeholder expectations, new instruments have been incorporated into the company's practices for communicating additional information.

The 2006 corporate social responsibility report presents the internal and external circumstances faced by the Group and how these can affect results. The report also enables readers to evaluate business results in the context in which the entity carries out its operations and to see whether the strategies adopted contribute to a more sustainable scenario. Preparation of information on corporate responsibility is a continuous challenge and process of improvement.

During the period covered by this report the Group has made progress adapting its information gathering and management systems, including new indicators of corporate responsibility when considered necessary. The objective is to extend the

scope and improve the quality of the information published. Furthermore, for the first time this report has received external verification, with an independent opinion from KPMG. As a result of the efforts made, the 2006 Corporate Social Responsibility Report is a more mature document than that of the preceding year.

The FCC Group has opted to prepare this report according to the 2006 recommendations of Global Reporting Initiative





Principles for defining the contents

The present corporate social responsibility report includes the significant actions for sustainability carried out by the FCC Group in all its areas of activity and subsidiaries during 2006. In geographical terms, the scope of the operations includes almost fifty countries, detailed in Chapter IV Attracting and retaining talent.

The economic, social and environmental indicators contained in this report have been structured to reflect the progress of FCC's six strategic lines of corporate responsibility, as established in its Master Plan.

Like the first edition, the 2006 report has been prepared following Global Reporting Initiative guidelines, in this case the G3 version, as well as the AA1000 standard to determine materiality and the commitments acquired through the United Nations Global Compact. The four principles for defining the contents have been applied to guarantee a balanced and fair source of information on FCC's performance.

Principles for defining contents	
Materiality	In addition to the four tests of materiality on the FCC divisions carried out in March 2006, for analysis of the situation prior to preparation of the Master Plan, the present report has been subject to a new materiality test updating the previous test from a group perspective. Risk and maturity levels have been analysed taking into account five external sources of influence on FCC's business: socially responsible investors, competitors, sector-based opinion leaders and agents of public opinion in the press and online. In the analysis of issues currently affecting the responsibility and corporate image of companies in FCC's sectors of activity, special emphasis has been placed on the issues which we have grouped under corporate governance, climate change, eco-efficiency, labour environment and dialogue with the community.
Stakeholder involvement	FCC takes into consideration the expectations of its stakeholders, identified through the materiality analyses described and the channels of communication established by the Group companies in their strategic and operating management of relations with respective stakeholders. The investor relations office has also been involved in the preparation of this report and a number of studies on FCC's 2005 Corporate Social Responsibility report, published by civil society organisations, have been reviewed.

The FCC Group aims to produce **corporate social responsibility reports which offer a balanced, comparable, accurate, reliable, frequent and clear view** of the Group's economic, social and environmental performance

Context of sustainability	FCC's relationship with sustainability is expressed in the Group's vision. This report presents the economic, environmental and social results achieved by FCC. Information is provided on the extent to which these results are indicative of the future, completing data with comments on the management approach for each of the aforementioned aspects, as well as specifying the resources, actions and relationships established by the entity.
Report boundaries	The report covers all of the Group's significant business activities, material issues and relevant indicators, for stakeholders to assess the organisation's economic, environmental and social performance during the stated period.

Considerations for limiting scope of coverage

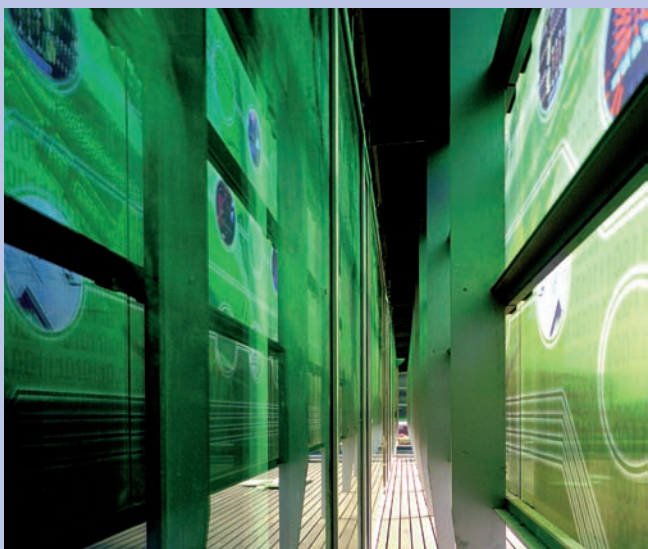
The comprehensive coverage of the present report represents a real challenge for FCC. We are a diversified group which, at 31 December 2006, includes various newly acquired companies and our activity extends to over fifty countries.

We have set out to meet the expectations of those who have given us their opinion on the 2005 Corporate Social Responsibility Report, recognising the interest shown in knowing the Group's global impact in terms of corporate responsibility. The Group's growth rate has led to the incorporation of a number of new companies during the year covered by this report. This diversification inevitably leads to differences in the stage of development of corporate responsibility management systems between already established companies and those which recently joined the Group. As a result, the extent of an indicator is occasionally limited by the information available. This is duly noted in the text.

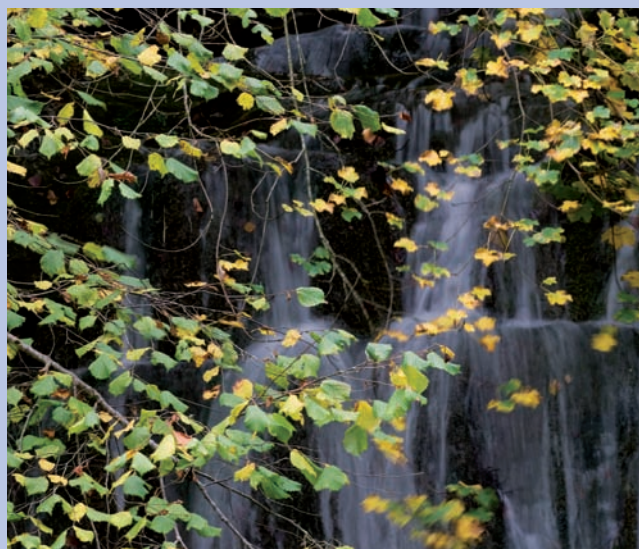
Principles for defining the quality of reported information

The FCC Group's 2006 Corporate Social Responsibility Report aims to make public those issues and indicators which have been identified as material and which enable its stakeholders' expectations to be met in order for decisions to be taken.

Preparation of the report has been guided by the principles established in the G3 for quality of information.



Ciudad Politécnica de la Innovación. Valencia.



Principles for defining the quality of information

Balance	The report does not present biased information and reflects positive and negative aspects, recognising when results have not met expectations or there have been unexpected negative impacts.
Comparison	Quantitative indicators for which historical data are available have been included in the report to present comparable information with previous years. Indicators are comparable, as the same concepts have been used as in the preceding edition of this report, also prepared following GRI guidelines.
Accuracy	The quantitative and qualitative information provided is presented in the necessary detail, sufficient to meet stakeholders' expectations. The system of preparation of quantitative and qualitative data is duly documented and supervised by those responsible for writing the report.
Frequency	For the second consecutive year, FCC publishes its Corporate Responsibility Annual Report. In response to the new information requirements of the market and society, this practice is in addition to the publication of annual accounts.
Clarity	The quantitative and qualitative information provided is sufficiently clear to meet stakeholders' expectations. Those responsible for preparing the report have considered a broad readership, avoiding technical jargon and including case examples.
Reliability	FCC's 2006 Corporate Social Responsibility Report has been verified by KPMG in accordance with international standard ISAE 3000.



The FCC Group in 2006

FCC's activities as a group are divided into four management units based on the following areas: Services, Construction, Cement and Real Estate.

Services is an area specialised in management of environmental and urban services, rendering a range of these to society through two groups: Environmental Services and Versia.

**Net sales of
€ 3,703 million in 2006**

39% of the Group's total in 2006

Environmental Services, comprising different activities related with urban sanitation, such as the collection and treatment of solid waste, cleaning of public streets and sewer systems, maintenance of green areas and buildings, treatment of industrial waste and the integral water cycle. These activities are carried out by FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua, S.A. and other of their subsidiaries, as well as Ámbito.

Versia, which renders various services, such as operation of on-street and underground parking, street furniture and outdoor advertising, public transport, technical inspection of vehicles, ground support for passengers and aircraft (airport handling), logistic services to companies from various sectors, vehicle sales, etc.



**FCC Medio Ambiente, improving
the environment**

The integral water cycle is managed, through Aqualia, in over 850 municipalities, serving a population of 11.1 million in Spain and over 3 million abroad. The Czech water management company Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK), third largest company in the sector in the Czech Republic and the main operator in Moravia and Silesia, has recently been acquired. Aqualia also supplies water in Poland and has launched commercial operations in Slovakia. From a unique perspective on water management, Aqualia offers solutions for all areas related with the integral water cycle: management of public water services, solutions for water usage in industry, design and construction of water treatment plants, maintenance and operation of infrastructures for irrigation subscriber associations and hydraulic infrastructure concessions.

Treatment and elimination of industrial waste, is managed through Ámbito, which supplies complete solutions for the treatment of specific industrial waste. Eight industrial waste disposal sites are managed in Spain, together with eight transfer centres, five treatment plants, energy recovery centres, three waste collection services, three soil

decontamination and two bases for industrial cleaning. In 2006 Ámbito managed over 1,795,000 tonnes of different types of waste. Recently it has purchased the company GEMECAN and the assets of the Group Hernández Cerrajero-Marepa, engaged in recycling paper and used cardboard from general industry and selective urban waste collection.

Treatment and elimination of urban solid waste in 2,200 municipalities throughout Spain. FCC is fully committed to research into new technologies and specific, customised projects for each city. Abroad, FCC is present in Great Britain, Mexico, Venezuela, Colombia and Chile. It has over 100 centres which annually manage over 12,000,000 millions of tonnes of urban solid waste, subject to different treatment processes (thermal, composting, biomethanisation, recycling, incineration, land-fill sites and dumping).

Maintenance of sewer networks. Most of the services are included in management of the full water cycle. FCC, one of the leading and pioneering companies in this sector, has extensive experience since 1911 and constantly introduces environmental and technological improvements.

Waste collection and various cleaning services. The FCC Group is leader in Spain, one of the largest operators in Latin America and a global player in the United Kingdom, Austria, Portugal, Egypt and eastern Europe. At present it renders services to over 50 million inhabitants in 4,000 municipalities around the world and collects over 12,300,000 tonnes of waste a year.

Conservation of green areas. This activity includes the creation, conservation and restoration of green spaces and historical gardens. FCC operates in 45 municipalities and has received various prestigious awards for its administration of the design, creation or management of public parks and gardens.



FCC Versia in cities

FCC Logística provides logistics services in Spain and Portugal to companies from the automobile, food, drugstore, cosmetics and personal care, electrical appliances, pharmaceuticals, optical and technology sectors. The company has a network of 53 operation centres strategically located in Spain and Portugal, with over 840,000 square metres of storage space.

Parking facilities manage, operate and maintains street-level and underground car parks. Municipal services of vehicle removal and storage are also carried out. Operates in over 90 cities, in which it manages over 141,000 regulated parking spaces and 11,700 spaces in 43 underground car parks. The service of removing badly parked vehicles is also carried out in 29 cities.

Technical Inspection of Vehicles manages 62 MOT centres in Spain and Argentina, carrying out over 2,100,000 inspections annually.

Conservation and systems. This activity is focused on the design, installation, maintenance and conservation of urban infrastructures and the development and operation of traffic management systems.

Handling. Airport ramp, passenger and cargo handling services are carried out through Flightcare. Service is rendered annually to over 200 airlines from around the world, dealing with almost 51 million passengers and over 325,000 flights. Over 200,000 tonnes of cargo are managed every year.

Street furniture and outdoor advertising is managed by Cemusa, which designs, installs, maintains and operates high quality advertising fixtures adapted to particular physical environments. Its clients include councils, transport agencies, airports, shopping centres and other public and private entities and the company helps contribute to the appeal, functionality and economic development of cities. Cemusa is present in over 160 municipalities in 11 countries in Europe and North, Central and South America, with over 125,000 fixtures installed.

Passenger transport. FCC Connex Corporación, S.L., a subsidiary 50% owned by the FCC Group and 50% by Connex, manages private urban and inter-city transport through two companies. Corporación Española de Transportes (CTSA) manages public road transport in Spain and has a fleet of 370 coaches covering over 27 million kilometres a year. Detren, Compañía General de Servicios Ferroviarios, operates the trams on la Diagonal and el Besós (Barcelona), which cover a total of 31 kilometres and transport 17 million passengers a year.

High technology vehicles and systems (SVAT). Versia markets high technology vehicles and equipment for urban sanitation, cleaning coastal waters and beaches, industrial cleaning, airport handling and military use.



Bus shelter, Amsterdam, Holland.



Construction, área especializada en la construcción de obra civil y edificación de inmuebles. Es adjudicataria de proyectos de desarrollo de infraestructuras tales como autopistas, autovías y carreteras, obras hidráulicas, marítimas, aeroportuarias, infraestructuras ferroviarias, urbanizaciones, viviendas, edificaciones no residenciales, conservación de infraestructuras, oleoductos y gasoductos, restauración medioambiental etc.

**Net sales of
€4,395 million in 2006**

**Civil engineering works
represent 59% of net sales**

Cement, the operation of quarries and mineral deposits and manufacture of cement, lime, gypsum, ready-mix derivatives and concrete, is an activity carried out by Cementos Portland Valderrivas, S.A., a group which is quoted on the electronic trading system, and other subsidiaries.

**Net sales of
€1,467 million in 2006**

**Waste recovery and
transport represent 4% of net sales**

Real estate, the sector in which FCC is present through operation of the Torre Picasso building, of which the parent company owns 80%, and the 49.17% interest in the company Realía Business, S.A., acting in promoting real estate products for subsequent sale and the operation of individual buildings and shopping centres.

**€766.5 million
of net sales from Realía
and Torre Picasso**

739,000 m² on patrimony



FCC Construcción,
helping to develop and
improve infrastructures

Railway works: stations, tunnels, sections and additional track for train, metro and tram transport systems. FCC Construcción carries out High Speed expansion plans and constructs new urban and suburban lines in different cities.

Urban developments: FCC Construcción is involved in the development of land for business use and housing.

Housing: construction of homes, commercial premises and car parks.

Non-residential buildings: for administrative, educational, cultural, sporting, commercial, hotel and industrial use.

Refurbishment and maintenance: reforms, extensions, refurbishment and refitting of buildings.

Conservation of infrastructures: maintenance of dual carriageways, roads, dams and automatic hydrographic information systems; reforestation, woodland regeneration, forestation of farmland, restoration of natural resources in areas affected by infrastructure works and auxiliary forest work; prevention and immediate intervention against forest fires.

Administrative concessions: companies which own administrative concessions for the construction and operation of various infrastructures, including dual carriageways, tunnels, airports, pleasure ports, tramlines, etc. and the construction and operation of buildings for various activities.

Other activities: the FCC Construcción area includes companies specialised in engineering, air conditioning, pipelines and gas pipelines, prefabricated products, advanced IT systems, corporate image, forest works, repairs and refurbishments.



Cement and respect for
the environment

Through **Cementos Portland Valderrivas**, the FCC cement area is the first Spanish-owned cement group, with facilities in Spain and the United States. In Spain, Cementos Portland Valderrivas has eight cement plants, 130 concrete plants, twenty dry mortar installations, 55 aggregate quarries and two transport companies. In the United States, Cementos Portland Valderrivas has the following divisions: cement, concrete, aggregates, recycling and prefabricated goods.

The **recycling division**, through Giant Cement Holding, Inc., employs safe methods of recovering waste and using waste materials as fuel. Giant offers safe solutions for the problem of destroying this waste. Industrial waste is treated at its facilities and subsequently used in the manufacture of cement and light aggregates.



Making your dreams
come true

Realia Business operates in three business areas:

Patrimony. Engaged in integral management of leased buildings mainly used as offices and commercial premises. Realia has over 739,000 m² on patrimony.

Development. Realia has over 70 real estate developments with products for sale.

Real estate services are managed through companies: Cismisa, specialised in marketing real estate products; TMI, S.A., engaged in buildings' complete maintenance; and TMI Golf, specialised in the construction and maintenance of golf courses.

Realia manages over 8,000 homes annually.

It has over 11 million m² of land for future developments.

Further information on the FCC Group's business areas at <http://fcc/corp/index.htm>



Cement factory. Hontoria. Palencia



Property development. Guillena. Sevilla

Key indicators

Grup FCC	2004	2005	2006	Variation 05-06	% of 2006 total
Net sales (millions of Euros)					
Construction	3,123	3,347	4,395	31.30%	46.40%
Services	2,347	2,800	3,703	32.27%	39.00%
Cement	887	978	1,467	49.90%	15.50%
Total Grup FCC	6,349	7,090	9,481	33.70%	100.00%
Gross operating profit (Ebitda) (millions of Euros)					
Construction	178	191	269	40.40%	19.39%
Services	376	453	606	33.77%	43.60%
Cement	268	312	485	55.40%	35.00%
Total Grup FCC	842	989	1,387	40.30%	100.00%

Grup FCC	2004	2005	2006	Variation 05-06
Works and services Backlog (millions of Euros)	16,405	20,497	30,510	48.90%
Investments (millions of Euros)	625	943	4,855	414.80%
Works and services contracts (millions of Euros)	5,785	8,489	10,907	28.40%
Equity (millions of Euros)	2,447	2,608	3,418	31.00%
Net financial debt (millions of Euros)	270	403	5,204	1,191.10%

Grup FCC	2004	2005	2006	Variation 05-06
FCC Group's net sales by geographical area (millions of Euros)				
National	5,698	6,387	7,763	21.50%
International	651	703	1,718	144.30%
Total Grup FCC	6,349	7,090	9,481	33.70%

Corporate governance and value creation

145	FCC Corporate responsibility culture
151	Value creation through corporate responsibility
154	Economic value generated and distributed

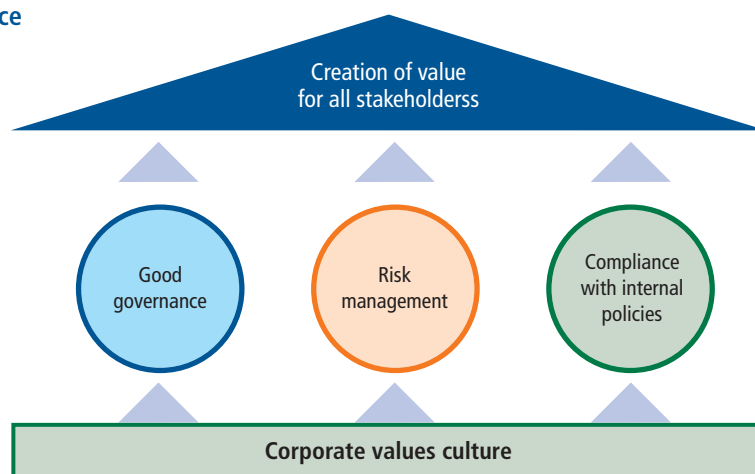
The creation of value and its distribution to shareholders, customers, employees, suppliers and the societies in which the Group companies operate is the responsibility of all persons comprising FCC, especially its governing bodies

For FCC, corporate governance of the Group implies greater emphasis on the leadership of the organisational culture, the internal climate and the processes designed to promote a shared vision. In 2006, the Group established policies, action plans and objectives with a view to enriching its corporate responsibility and sustainability culture.

In 2006, FCC's social responsibility strategy focused on a vision of sustainability shared between its different areas, the planning of objectives and the understanding of relevant events, risks and opportunities in the sustainable environment in which the Group companies operate.

The Corporate Responsibility Master Plan establishes corporate governance as a strategic objective of the Group, which aims to be recognised for its integrity and transparency in relations with its stakeholders.

Corporate governance



FCC Corporate responsibility culture

Leadership in corporate responsibility culture, a key task for the governing bodies of this century-old company

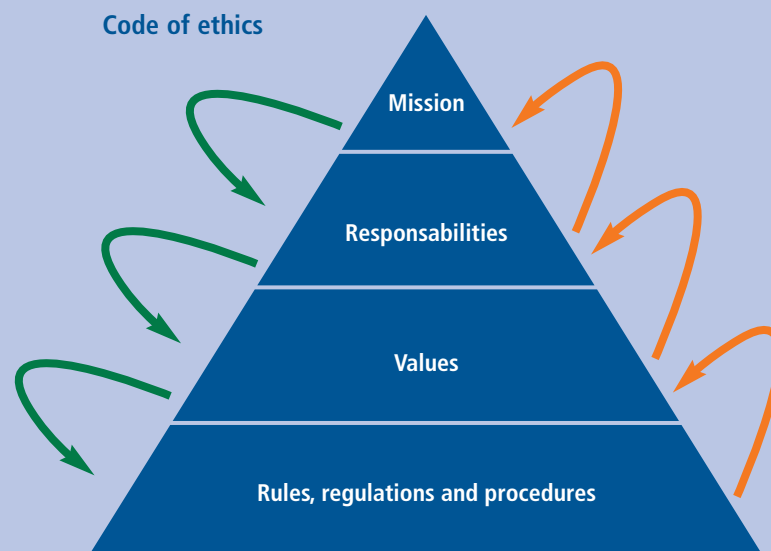
One of the strategic objectives of the Master Plan is **corporate governance**, which entails the preparation of the Corporate Integrity Plan. The objective of this plan is to establish a common framework for ethical behaviour for all FCC areas, which reinforces the Group's business culture and commitment to its employees

The Board of Directors of the FCC Group has defined the strengthening of a common culture as a priority. FCC culture is based on its social responsibility as a century-old company and its vocation of providing services to the community. Consequently, the Board of Directors and Senior management have created a favourable environment for the coordination of activities throughout the year to bring together the social responsibility of the different levels and areas of activity of the Group.

Three projects related to the corporate governance of FCC in 2006 are noteworthy: the Group's Corporate Responsibility Master Plan; the efforts to adapt internal regulations to Group ethics and integrity; and the adaptation of FCC to the recommendations of the new Unified Code of Good Corporate Governance, approved by the CNMV (Spanish stock exchange commission) in May 2006. The first project was completed during the period analysed in this report, while the two remaining projects will be completed in 2007.

The corporate governance of FCC is based on the corporate values culture and compliance with internal regulations. Risk management also forms part of the Group's strategy as it involves all members of the organisation and is accompanied by preventative, supervisory, control and, where applicable, corrective policies to achieve the organisation's objectives.

Business ethics, a determining value of FCC's culture



The promotion of ethics and integrity within the FCC Group stems from the desire to establish a common framework for ethical behaviour for the company in all its areas, which applies not only to our employees but also to members and customers. In compliance with the

recommendations of the Unified Code of Good Corporate Governance, FCC will integrate a system into its internal regulations for the confidential receipt of inquiries and complaints regarding anomalies that may arise, especially in the fields of finance and accounting.

Business ethics, a determining value of FCC's culture

The corporate values culture is promoted from the highest level of responsibility of the Group, thereby fostering corporate governance and developing a common framework for ethical behaviour. In this context, a highlight of 2006 was the corporate conference on business ethics held in Torre Picasso, FCC Group's head office.

The conference was attended by the principal shareholder, Esther Koplowitz, and other members of the Group's Board of Directors, such as Alicia Alcocer and Fernando Falcó. The presiding committee was comprised of Rafael Montes (Managing director), Felipe B. García (General Secretary and Chairman of the Corporate Responsibility Committee), and the Chairmen of FCC Group's lines of business, José Luis de la Torre (Services), José Mayor (Construction), José Ignacio Martínez-Ynzenga (Cement) and Ignacio Bayón (Real estate). The session was attended by 175 of the organisation's Senior Executives.

FCC's General Secretary, Felipe Bernabé García, spoke on principal issues regarding ethical values and business integrity.

RFCC reflections on business ethics and integrity

- "Integrity and respect for the Company's ethical values underpin an organisational culture capable of generating positive attitudes and qualities that are indispensable for the future of our company."
- "Respect for these values is the responsibility of all of those forming part of FCC, especially those of us with the opportunity to assume certain responsibilities within the Company."
- "The Company, and more specifically markets, demands ethical, upright, honest and impeccable conduct. The Company rewards us for acting along these lines and reprimands us if we do not."
- "The Company has implemented measures to set in stone our commitment to integrity and to ensure that all persons forming part of FCC act accordingly."
- "Although no organisation of our size is fully protected from the risk of bad practices, we should strive to be vigilant to avoid such risks."



Adaptation to the new Unified Code of Good Corporate Governance has also been an object of consideration for the Group's governing bodies, particularly the Audit and Control Committee and the Board of Directors. The Code

recommendations may be voluntarily applied by listed companies, however, as of 2008 companies will be obliged to state in their Annual Corporate Governance Report whether or not they have adopted these recommendations.

Unified Code of Good Corporate Governance recommendations directly related to corporate responsibility	FCC corporate governance practices
Establishes the responsibility of the Board of Directors regarding corporate social responsibility strategy and policy.	In 2006, the Corporate Responsibility Master Plan comprising the social responsibility commitments of FCC Group was approved by mandate of the Board of Directors and Senior management.
Where there are few or no female board members, the Board of Directors should explain the reasons and the initiatives taken to correct the situation.	Five of the 19 members of FCC Group's Board of Directors are female, which is among the highest of the Ibex-35 companies. No explicit or implicit conditions in favour of women are applied during the selection process for FCC's Board of Directors.
The Board of Directors is responsible for monitoring compliance with the internal codes of conduct over and above those relating to corporate governance through the Audit Committee or the Appointments Committee or, if they exist independently, the Compliance and Corporate Governance Committees.	One of the strategic objectives of FCC Group's Corporate Responsibility Plan is good corporate governance, which entails the development of the Corporate Integrity Plan. The objective of this plan is to establish a common framework for ethical behaviour for all Group FCC's areas, which favours the strengthening of the Group's business culture and reinforces the commitment of FCC employees. The FCC Audit and Control Committee tasks include monitoring compliance with the codes of conduct and corporate governance regulations.



Reputational risks are included amongst the risks that should be taken into account in the risk control and management system. The Audit Committee is responsible for the risk control and management policy.

Pursuant to FCC Group's Corporate Responsibility Plan, the Corporate Responsibility Committee is responsible for the identification of **reputational risks, which are in turn analysed by the Board of Directors**. Consequently, during the 2007-2008 period, the Group plans to develop a reputational risk map with a view to designing a system to evaluate and manage these risks.

The Audit Committee may establish a **confidential channel** or, if considered necessary, an anonymous channel through which the employees may notify the Board of Directors of any anomalies, especially in the field of finance or any other relevant field.

FCC will incorporate a mechanism into its internal regulations allowing employees to confidentially notify the Audit and Control Committee of the Board of Directors of any anomalies that may arise, especially in the fields of finance and accounting.

For further information on the CNMV's Unified Code of Good Corporate Governance consult:
www.cnmv.es/publicaciones/CUDefinitivo.pdf
www.cnmv.es/publicaciones/gobiernocorp.htm

FCC Group Governing Bodies 2006

GENERAL SHAREHOLDERS' MEETING

Board of Directors

Marcelino Oreja Aguirre	Chairman
	Nominee director
Rafael Montes Sánchez	Managing director
	Executive director
B 1998, S.L.	
Representative: Esther Koplowitz Romero de Juseu	Nominee director
Dominum Desga, S.A.	
Representative: Esther Alcocer Koplowitz ●	Nominee director
Dominum Dirección y Gestión, S.A.	
Representative: Alicia Alcocer Koplowitz ●	Nominee director
EAC Inversiones Corporativas, S.L.	
Representative: Carmen Alcocer Koplowitz ●	Nominee director
Fernando Falcó y Fernández de Córdova ●	Nominee director
Gonzalo Anes y Álvarez de Castrillón	Independent director
Miguel Blesa de la Parra	Nominee director
Juan Castells Masana	Nominee director
Felipe Bernabé García Pérez	General Secretary
	Executive director
Francisco Mas Sardá Casanelles	Independent director
Max Mazin Brodovka	Independent director
Antonio Pérez Colmenero	Executive director
Robert Peugeot	Nominee director
Cartera Deva, S.A.	
Representative: José Aguinaga Cárdenas	Nominee director
Ibersuizas Alfa, S.L.	
Representative: Luis Chicharro Ortega	Nominee director
Ibersuizas Holdings, S.L.	
Representative: Jorge Delclaux Bravo	Nominee director
Larranza XXI, S.L.	
Representative: Lourdes Martínez Zabala	Nominee director

Strategy Committee

Esther Koplowitz Romero de Juseu
Chairlady

Executive Committee

Rafael Montes Sánchez
Chairman

Audit and Control Committee

Fernando Falcó y Fernández de Córdova
Chairman

Appointment and Remuneration Committee

Esther Alcocer Koplowitz
Chairlady

Steering Committee

Rafael Montes Sánchez
Chairman

Fernando Falcó y Fernández de Córdova

Ignacio Bayón Maríné

Antonio Gómez Ciria

José Ignacio Martínez-Ynzenga y Cánovas del Castillo

José Mayor Oreja

Antonio Pérez Colmenero

José Luis de la Torre Sánchez

José Eugenio Trueba Gutiérrez

José Luis Vasco Hernando

Felipe Bernabé García Pérez (Secretary)

Francisco Vicent Chuliá
Secretary (non-member)

● This symbol indicates existing family, commercial, contractual, and business relations between the major shareholders

Typology of Board members	Number of board members	Company remuneration (€M)	Group Remuneration (€M)
Executive directors	3	3.183	138
Nominee directors	13	1.277	843
Independent directors	3	204	—
Total members	19	4.664	981

For further information on FCC Group corporate governance consult <http://www.fcc.es>

- Corporate Governance section on Group web site http://www.fcc.es/fcc/corp/esplrc_gc.htm
- Annual Corporate Social Responsibility reports http://www.fcc.es/fcc/corp/esplrc_idrsc.htm
- Annual Corporate Governance Reports http://www.fcc.es/fcc/corp/esplrc_gc_iadgc.htm
- Company Articles of Association and Regulations http://www.fcc.es/fcc/corp/esplrc_gc_n.htm

FCC Governance Structure

The maximum governing body of the FCC Group is the shareholders through the **annual general shareholders' meeting**.

In accordance with the competences established in the Company articles of association, the **Board of Directors** is responsible for the administration, representation and control of the Group. At 31 December 2006, the Board of Directors comprised 19 members, of which three occupied executive posts in the company meaning that 84.21% of the board members are external and 15.79% are executive directors.

Two new board members were appointed in 2006: Miguel Blesa de la Parra and Max Mazin Brodovka, the latter being an independent director. No Directors have been replaced during the year.

The number of female board members (5) is high compared to the other Ibex 35 companies.

The Board of Directors organises its work through plenary sessions or through committee meetings. According to the annual evaluation report, 10 plenary sessions took place in 2006.

Strategy committee

This committee comprises eight members and advises the board on strategy-related issues and takes decisions related to investments, divestments, third-party agreements, new lines of business and any financial operations affecting the Group's strategy. Number of meetings held during 2006: one.

Executive committee

This committee comprises five members. It runs the Company's business and has the widest-ranging management, administrative, representative and asset-management powers. The Executive Committee of FCC Group is made up of 80% external directors and 20% executive directors. Number of meetings held during 2006: six.

Audit and Control Committee

This committee comprised four members at year-end. It supports the Board of Directors in monitoring the Group's business by periodically reviewing the preparation of financial and economic information, internal controls and external auditor independence. Number of meetings held during 2006: eight.

Appointments and Remuneration Committee

This committee comprises seven members. It informs the Board of Directors of appointments, re-elections, resignations from the board, directors' remuneration and general remuneration and incentive policies for FCC board members and senior management. Number of meetings held during 2006: six.



Lemona Cement plant. Vizcaya



ASA Group Austria

Creation of value from corporate responsibility

In 2006 FCC reached the **age of 106**. Its net sales have grown 33.7% and net profits by 27.1% compared to 2005



Context for growth

The second year of the **strategic plan for 2005-2008** has been completed and targeted growth has already been surpassed.

The main business approach in 2006 has been to increase FCC's international presence and make planned investments, which have reached Euros 4,854 million in 2006, up 414.8% on the prior year.

The integration of newly acquired companies, which has been based on local directives for 2006, has paid special attention to human resources.

Following the priorities set by FCC, modernisation of organisational structures has been promoted, recommendations for good corporate governance applied and the sustainable development model implemented in all areas.

Project Galileo

FCC has introduced project Galileo, which is intended to achieve integration of companies acquired outside Spain through harmonisation of corporate governance policies for legal matters, communication and corporate responsibility.

Corporate areas of the Group are involved in this ambitious project, setting directives for its target areas, by defining an action plan, which was introduced in the last quarter of 2006 and will continue to be developed in 2007 until all newly acquired companies have been fully integrated.

Principal investments made by FCC in 2006

Date	Company	Country	Value of company	Area	Activity
February 2006	Cementos Lemona (96.1%)	Spain	260	Cement	Cement
April 2006	Severomoravské (SmVAK)	Czech Republic	248	Environmental services	Water
June 2006	Uniland (51%)	Spain	1,050	Cement	Cement
July 2006	Waste Recycling Group (WRG)	United Kingdom	2,036	Servicios medioambientales	Waste
July 2006	Alpine Mayreder Bau (80.7%)	Austria	610	Construction	Construction
August 2006	Aeroporti di Roma Handling	Italy	71	Versia	Handling
TOTAL			4,275		

Geographical distribution of FCC's international expansion in 2006

The companies acquired in 2006 as part of the 2005-2008 strategic plan have boosted international turnover, which now represents 18% of the total group net sales. By geographical zones, European turnover is noteworthy, representing two thirds of the total. Activity in eastern and central Europe represents 31% of total international activity.

FCC Group companies stimulate the economic activity of the societies in which they operate. They act as economic catalysts, generating and distributing economic value directly and indirectly. They make an important contribution to the **development and sustainability** of the territory, working in key areas that affect people's lives and well-being



33.7% increase in net sales

27.1% growth in net profit

Growth for sustainability

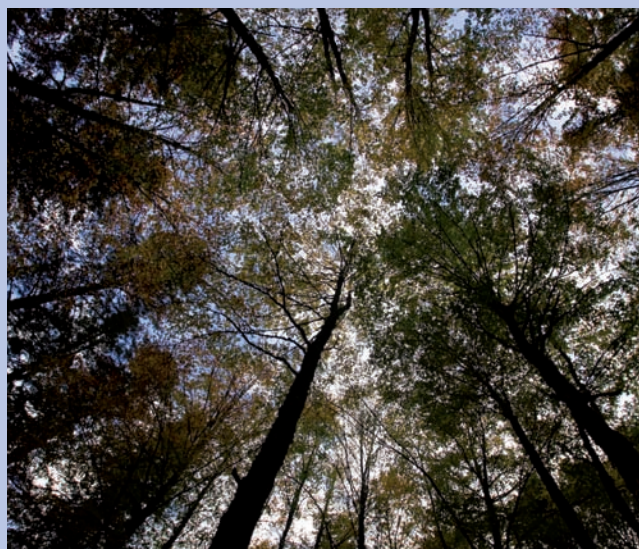
Investment in infrastructure is one of the main drivers behind development. Adequate investment provides greater operability, functional speed and fluid cash circulation, which all have repercussions on productivity and competitiveness:

- Development of land for housing, technological parks, business parks, supermarkets, shopping centres, etc.
- Improvement in railway traffic and availability of the high speed network.
- Arterial road network with greater capacity connecting different areas of cities: motorways, highways and roads.
- Safety and flexibility in land traffic (tunnels, car parks, pedestrian areas, etc.).
- Extension of port and airport capacity.
- Logistic facilities.
- Energy generation, transport and storage capacity.
- Water supply for urban consumption, water sanitation and purification.
- Hydraulic works and irrigation systems, water treatment, purification and desalination plants.
- Waste treatment plant.

An optimum environment for development provided by available infrastructure has a positive effect on economic rationality and well-being of the population as follows:

- Stimulus for private investment.
- Reduction in costs.
- Catalyst for the economy.
- Purchases of supplies.
- Direct and indirect employment.
- Efficiency and productivity of the economic system.
- Increase in tax revenues.
- Decrease in unemployment benefits.
- Private financing of concessions.

A company's approach to development of infrastructure is connected to expectations of greater capacity and growth, bearing in mind that such development is day by day, providing the best service possible.



Economic value generated and distributed

FCC has distributed added value created among the different **stakeholders**, which contribute to its generation. Figures for the creation and distribution of economic value indicate how the **organisation generates wealth for stakeholders and demonstrates its economic profile**

These figures reflect the success of the Strategic Plan, strong organic growth in all areas of the business, rising internationalism, especially in emerging markets and a consistent strategy which has made all this possible.

Value for FCC shareholders

In 2006 the stock exchange yield has continued the upward trend recorded in prior years. FCC's share quotation has risen by 61.2% in 2006, which should be added to the 35.2% recorded in 2005 and 21.2% recorded in 2004. This has almost doubled the performance of the Ibex 35, the index of reference in Spain, which rose by 32%. FCC closed the year with a quotation of Euros 77.20 per share compared to Euros 47.90 the previous year.

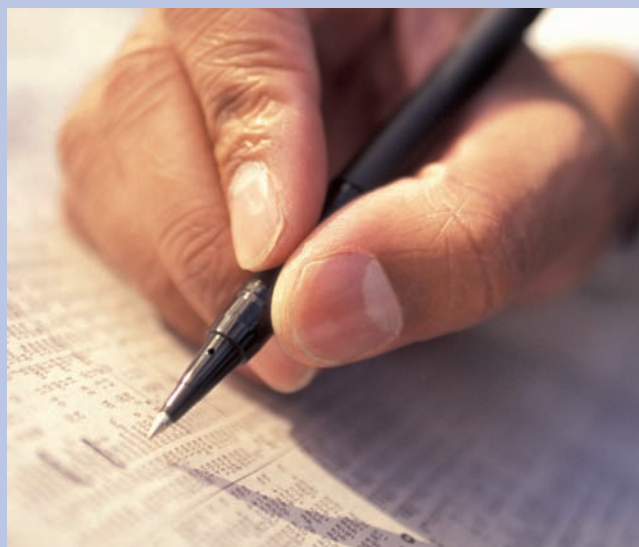
10 Euros invested in FCC at the end of 2001
are worth **36.28** at the end of 2006

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Economic value generated			
	2004	2005	2006
Income (millions of Euros)			
Net sales of products and services	6,348.763	7,089.787	9,480.928
Total economic value generated	6,348.763	7,089.787	9,480.928
Economic value retained			
	2004	2005	2006
Economic value retained (millions of Euros)			
Economic value generated	6,348.763	7,089.787	9,480.928
Economic value distributed	5,923.559	6,684.708	8,903.355
Total economic value retained	425.204	405.079	577.573
Economic value distributed			
	2004	2005	2006
Materials consumed and other external expenses (millions of Euros)			
Materials consumed (suppliers of materials and services)	2,870.019	3,277.051	4,512.844
Other external expenses	962.012	1,069.045	1,512.614
Total	3,832.031	4,346.096	6,025.458
Salaries and remuneration (millions of Euros)			
Wages and salaries	1,715	1,863	2,180
Total	1,715	1,863	2,180
Payments to providers of capital (millions of Euros)			
Dividends payable to shareholders	139.315	177.572	210.736
Interest payable on loans	70.356	80.881	209.139
Total	209.671	258.453	419.875
Payments to governments (millions of Euros)			
Taxes			
Income taxes	166.857	217.159	278.022
Total	166.857	217.159	278.022
Total economic value distributed	5,923.559	6,684.708	8,903.355

**Dividend of Euros
210 million
generated in 2006**

**In the last six years the
dividend distributed has
quadrupled**



The interim **dividend** on account of 2005 paid out on 9 January 2006 was Euros 0.766 per share, totalling over Euros 100 million, which is 12.6% higher than the amount distributed in January 2005. On 10 July a supplementary dividend of Euros 110 million was distributed, representing Euros 0.848 per share. In total FCC has distributed

dividends of Euros 1.614 per share from profits for 2005, which is 18.6% higher than the dividend distributed from profits of the prior year and represents a payout ratio of 50%.

Financial information for shareholders, investors and analysts: reflecting FCC's commitment to transparency, visibility and corporate responsibility

Communication and relations with shareholders, investors and analysts are a substantial responsibility for FCC and are carried out through different channels. The Stock Exchange and Investor Relations Direction coordinate to provide clear and complete historical information on the Company. Quarterly results are produced explaining the main acquisitions forming part of the 2005-2008 strategic plan, such as the acquisition of the Waste Recycling Group and the acquisition of Alpine Mayreder Bau. These are presented to investors and analysts either personally or by webcast. These events demonstrate the Steering Committee's commitment to investor relations. Information on dividends, the date of publication of results, delegation of votes, historical share capital (mergers, splits, etc) is dealt with immediately by the Shareholders' hotline (91 359 32 63). Practically real-time answers are given to all information requests received each day at the Investor

Relations e-mail address (ir@fcc.es). The objective for the year of answering all information requested by mail in less than two days has been achieved.

Quarterly information on own shares and objective prices and recommendations of all the analysts that follow the value of the Group are published on the corporate website.

More information on
<http://www.fcc.es/fcc/corp/index.htm#Inf>



Communication and recognition of FCC financial information

The most relevant information on the Company, its share quotation and other noteworthy data are sent by electronic bulletin each month to people with specific interest in the Company. At the same time, press releases are sent to all the analysts. Roadshows and meetings with investors are held regularly. The sell side financial analysts that monitor the value of the Company's shares are contacted periodically and meetings are generally held at least every six months. In 2006 14 visits were made outside of Spain (USA, Portugal, United Kingdom, France, Switzerland and Andorra) and five visits were organised in Spain (Zaragoza, Barcelona, San Sebastian and Bilbao). In total 300 meetings have been held, of which 67% were to audiences of investors, 21% to analysts and 12% to sales representatives.

The **"Most Improved IR" award shows recognition by the financial community**, within the building sector in Europe, of the considerable effort made by FCC in communication and relations. The award was the result of a survey by the Institutional Investor Research Group, in which a total of 947 analysts took part, representing 102 banks.

**FCC invested Euros 387 million
in concessions
in 2006**

**9.04% increase in
investment in concessions
in 2006**



Parla tram. Madrid

Value for customers and users

Customers have created value for FCC through net sales, which grew 33.7% to Euros 9,480 million.

Customers are FCC's principal asset. The Group undertakes to maintain lasting relations based on confidence and mutual benefit. FCC has very different customers, ranging from corporate clients of Cementos Portland Valderrivas to public administrations and private customers of FCC Medio Ambiente and FCC Construcción, as end and institutional customers of Aqualia or individual customers of Realia. FCC provides services to millions of people, receiving FCC assistance in their homes, districts, towns, airports, companies, etc.

Most Group companies have quality certifications, some companies being pioneers in their sectors with innovative customer service policies.

Quality and customer service are key to the value FCC contributes to the general public. Customer satisfaction surveys show that FCC is globally well perceived.

FCC contributes financial and technical solvency in its collaboration with the public sector, enabling key infrastructure to be developed in the areas and societies in which it operates. Investment of Euros 387 million has been made in public and private projects performed by FCC in 2006 and in development of public infrastructure and equipment

Customer satisfaction 2006	Global indicators* of satisfaction with the company
FCC Construcción	8.7
VERSIA-Parking facilities	8
VERSIA-CyS	8.7
VERSIA-Handling	7.5
VERSIA-SVAT*	8
Medio Ambiente	7.9
Ambito	6.2
Aqualia	6
CEMUSA	8.5
ITV	8.2

* 2005 dates.

* Given the different methodologies used for each area, a proxy indicator has been developed.

**Euros 1,634.445 million
in supplier expenses**

**36.5% increase
in supplier expenses
in 2006**

**Euros 2,180.050 personnel
expenses**

**92,565 employees
37% growth in the headcount**

Value for business partners: contractors and suppliers

Business partners, contractors and suppliers are key in the FCC value chain, as they **share the responsibility** for generating good profits

Operating expenses have risen 32.1% in 2006, but are down 1.1% as a percentage of net sales, demonstrating the Group's greater production efficiency.

As part of the quality and environmental policy, Group companies share social commitments and requirements to comply with environmental legislation with suppliers and contractors. This undertaking is materialised through purchase management procedures and evaluation or inspection of products and services supplied.

FCC's policy is to include clauses relating to the environment and safety in the workplace in all contracts with suppliers and contract extensions. Suppliers are also contractually required to comply with tax obligations and data protection legislation etc. and to contract insurance and accident coverage.

Value for employees

Personnel expenses have risen 16.9% mainly due to the incorporation of personnel from newly acquired companies which have raised the number of employees to **92,565**, 37% up on the end of the prior year

Value distributed to employees includes investment in training, welfare benefits, etc., which are discussed in the sections on attracting and retaining talent and health and safety.



Aqualia sales offices. Vigo

Combating climate change

161	Evidence of FCC's commitment
163	FCC makes progress in the reduction of CO ₂ emissions
177	FCC manages the risk of climate change

Reducing the emission of greenhouse gases is central to all FCC Group activities

The Group assumes its responsibilities to meet one of the most significant challenges facing the company in the 21st century: the fight against climate change, which is based on the application of eco-efficient technologies and processes and on the generation of sources of alternative energy. There is one common goal for all Group policies and procedures: to act specifically on each source of greenhouse gases (GHG) to reduce emissions to a minimum.

In 2006, FCC's commitment to the fight against climate change has been strengthened through its 2007-2008 Corporate Responsibility Master Plan, which establishes FCC's undertaking to "assume, comply with and communicate its role in the fight against climate change" as a strategic objective. The Group will meet this goal through its respective area plans, for which the common objectives are:

- Design of a protocol to measure the different sources of GHG.
- Development of action plans by divisions with specific reduction targets.
- Progress in the use of renewable energy and technologies which maximise energy output.

The Group has agreed on an indicator to measure progress:

GHG emissions (CO₂ equivalent).



Compensatory measures in Casa de Campo, Madrid



Evidence of FCC's commitment

The Group has been investing in alternative technologies and eco-efficient processes for a number of years in its business areas. In 2006, there is new evidence of FCC's commitment to control and reduce its CO₂ emissions:

- The commitment of its cement factories which signed public agreements to reduce their emissions to levels below those established in legislation.
- Investment in installations with eco-efficient furnaces for the manufacture of clinker using materials which minimise emissions, and use of alternative fuels deriving from waste.
- Participation in the Spanish Carbon Fund.
- Establishment of a sustainable mobility services model, which prioritises the purchase of vehicles causing less pollution and investment in R&D&I for eco-efficient equipment such as hybrid electric vehicles.
- Creation of intercompany eco-efficient synergies, such as the use of waste to generate energy as a substitute fuel in the cements division.

- Contribution to the highest international standards in the fight against climate change such as the CDM (Clean Development Mechanism) of the United Nations Framework Convention on Climate Change (UNFCCC).

The reduction of its GHG emissions is a **strategic goal** for FCC in the short, medium and long-term, and FCC has progressed further this year towards this end





FCC makes progress in reducing its CO₂ emissions

The sector most involved in this challenge is the cement sector as CO₂ emissions are inherent in the production of cement and its derivatives. The Services area encompasses waste, transport and logistics management activities, which have great potential for reducing greenhouse gases.



Cements and CO₂

The Cementos Portland Valderrivas Group has made progress with its commitment to reduce its CO₂ emissions, with emission levels in 2006 lower than 2005. Emissions in operations in Spain have been reduced by an average of 1.99%, by the Alcalá de Guadaira, El Alto, Hontoria, Olazagutia, and Mataporquera cement factories in 2004, 2005 and 2006, and the Lemona factory in 2006.

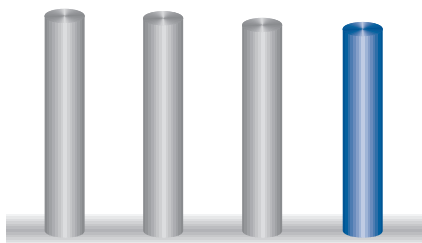
Validation of information on emissions is based on prevailing legislation and, in particular, the "Specific regulation for the verification of reports and information on greenhouse gases of the installations affected by the National Assignment Plan".

The progressive use of alternative fuels and the optimisation of production systems have improved the competitive position of Cementos Portland Valderrivas preparing the company for the expected restriction in emission allowances to be assigned to the cement sector in coming years.

1.99% average reduction in emissions in Cementos Portland Valderrivas operations in Spain

Evolution of Cementos Portland Valderrivas emissions (kg of CO₂/Tm of clinker)

kg of CO ₂ /Tm of clinker	2004	2005	2006
Cement. Spain			
Alcalá de Guadaira	896.10	838.30	848.40
El Alto (grey clinker)	878.00	856.00	843.50
El Alto (white clinker)	1,139.00	1,075.00	1,102.50
Hontoria	903.80	835.50	834.00
Olazagutía	905.10	878.00	855.70
Mataporquera	813.40	856.90	850.70
Lemona			766.20



Recognition of our commitment to reduce emissions

Cementos Portland Valderrivas receives the Environment award from the autonomous region of Madrid for large companies for the El Alto factory. The El Alto factory, situated in Morata de Tajuña, Madrid, has been awarded for its investment and commitment to improving the environment. In 2003, El Alto signed a voluntary agreement with the autonomous region of Madrid, undertaking to reduce its emissions to levels below those established in prevailing legislation. El Alto has certification that its environmental management conforms to regulation UNE-EN ISO 14001 and in 2006 it satisfactorily passed the audit for the EMAS register.

Cementos Portland Valderrivas commitment to reduce CO₂ emissions

The Cementos Portland Valderrivas Group has been working since 2000 to improve its production systems in order to reduce its GHG emissions. The strategy of Cementos Portland Valderrivas is in line with emissions reduction criteria outlined in the Kyoto Protocol, and the emission allowance trading scheme established in Directive 2003/87/EC of the European Parliament and of the Council. It also complies with Spanish legislation, which adopts this directive.

CO₂ is one of the gases present in emissions from clinker manufacturing ovens. This gas, which is emitted in the production of cement, has two origins. Firstly, 60% of the total amount emitted derives from the decarbonisation process, in which limestone (CaCO₃), as the principal material, is transformed into lime (CaO) and carbon dioxide (CO₂). The possibility of reducing these CO₂ emissions is very limited. However, the remaining 40% of CO₂ emissions, produced in the combustion necessary to reach the high temperatures required to activate the chemical reaction allowing the formation of clinker, can be reduced. Therefore, these emissions are directly proportional to the consumption of fuel and the relation between the carbon content and the heating power of the fuel.

The strategy of the Cementos Portland Valderrivas Group for promoting control over and reduction of CO₂ emissions, is based on the following actions:

- Improved energy efficiency, through the manufacture of clinker in more efficient furnaces, with a lower specific consumption per tonne of clinker produced.
- Increased use of materials which include lime (CaO) in their composition, to help reduce CO₂ emissions in the clinkerisation process.
- Promotion of the use of alternative fuels deriving from wastes which would otherwise end up in landfills, especially biomass.
- Improved use of additions in the manufacture of cements, whereby the level of clinker per tonne manufactured is minimised, whilst maintaining product quality.
- Participation as a Group in the Spanish Carbon Fund, to which Cementos Portland Valderrivas has contributed Euros 2.5 million.



Solid urban waste collection. Electric vehicle. Madrid



Solid urban waste treatment plant. Barbanza

Services and CO₂



FCC Medio Ambiente, which is notable for its waste management activities, increased its fleet of industrial vehicles powered with compressed natural gas, which now represent 11% of the company's total vehicles. In 2006, the hybrid-electric KBI rubbish collectors with a 7m³ storage capacity were incorporated into the vehicle fleet. The estimated value of CO₂ emissions associated with vehicle fuel consumption this year was 127,995.29 tonnes of CO₂, which is up 2.5%

compared to 2005. (Sources for the estimation of CO₂ emissions: "Emission factors (kg CO₂)/GJ) based on lower heating values are from IPCC, 1996, Volume 2, Section 1", and the heating capacity of fuels in GJ is from "Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Gas Industry, American Petroleum Institute, 2001").

Growth in GHG emissions in 2006, mainly attributable to consumption of natural gas, is due to the 15.3% increase in the number of industrial vehicles in cities such as Barcelona, Valencia and Oviedo, as well as the rise in services rendered in Madrid with existing vehicles.

Type of fuel	Fuel consumption	Units	CO ₂ emissions (Tm of CO ₂)
Diesel	37,299,552.12	litres	102,416.03
Natural gas	12,733,679.00	Nm ³	24,984.75
Petrol	249,562.96	litres	594.51
Total		tonnes	127,995.29

CDiesel CO₂ emissions calculation = (Diesel consumption (litres) x 74.01 x 0.0371)/1000.

CNG CO₂ emissions calculation = (CNG consumption (m³) x 56.06 x 0.035)/1000.

Petrol CO₂ emissions calculation = (Petrol consumption (litres) x 69.25 (kg CO₂/GJ) x 0.0344 (GJ/litre))/1000 (kg/t).

Calculation source: GHG Protocol Mobile Guide Versión 1.3.

The calculation is made from fuel consumption of the fleet included in the scope of the environmental management system by FCC Medio Ambiente (approximately 80% of contracts).



Biomethanisation Plant



Hybrid-electric waste-collection vehicle

Emission control in FCC Medio Ambiente

Greenhouse gases derive from two main sources in FCC Medio Ambiente's activities: service vehicles and solid urban waste (SUW) treatment and elimination plants, such as landfills, incineration plants, etc.

FCC Medio Ambiente manages SUW treatment plants, although it does not own them. Therefore, contaminating emissions generated in installations subject to identification requirements foreseen by the Spanish Emissions and Sources of Contamination Register (EPER Spain) are recorded based

on public entities' demands. Since December 2002, according to information publication periods (2003, 2006, 2008) established by EC 2000/479, data on emissions is compiled and submitted to the Ministry of the Environment for subsequent verification and validation by the competent body.

Emissions from FCC Medio Ambiente vehicles are monitored by the maintenance service which assures periodic and systematic control of operating vehicles through MOTs. Furthermore, the new services contract prioritises purchasing vehicles from the EURO range which cause less pollution.

Commitment to R&D&I

FCC Medio Ambiente has earmarked considerable budgetary and human capital resources to R&D&I to maximise energy output, looking to improve its own business processes, and develop synergies with other Group business. The most notable projects in 2006 are:

Hybrid-electric waste-collection vehicle

One of the most sought after goals in the field of automotive technology are zero-emission vehicles (internationally known as ZEV). Since July 2006, the first electric waste collector has been in operation daily, with similar results to diesel or natural gas equivalents. This vehicle is the result of research led by FCC, which lasted four years, with noteworthy European battery, electric traction and chassis and bodywork manufacturing firms.

This vehicle has been designed to allow all collection operations to be carried out electrically, with no contaminating emissions and with minimal noise pollution as a result of the

most advanced technology. The batteries are charged through a diesel (biodiesel) motor, connected directly to a generator only when travelling to discharge waste, so the vehicle is independent throughout the working day. Consequently, it is an electric waste collection vehicle and a hybrid in transport, able to work three shifts per day, as it is capable of recovering the electrical energy used within a short space of time while at the same time travelling to the unloading point.

Generating energy through batteries is guaranteed as energy recovered is quickly restored in the latest generation nickel-metal hydrogen batteries, specially adapted to the vehicle as a result of technology used for traction and electricity generation, similar to that used for high-speed trains.

The vehicle is equipped with an elevator for multi-use containers suitable for multi-collection purposes, conventional SUW collection, cartons and even paper and cardboard. It is equipped with a system allowing transfers to an auxiliary lorry by moving the container with a hydraulic scissor mechanism.

This project has been awarded the Eureka seal for its innovative and technological character. The machine is for exclusive use of FCC and investment in R&D&I for this project in 2006 amounted to Euros 373,937.

Alternative fuel using waste: corporate synergy for environmental purposes

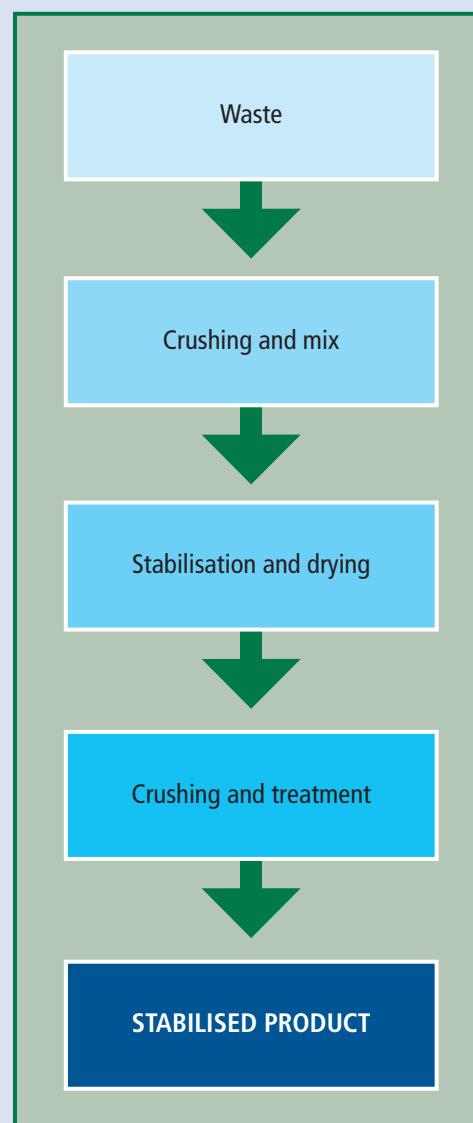
This project aims to produce a new substitute fuel to traditional fuels (gas, coke) from waste from organic waste treatment plants.

Biomechanical waste treatment plants in Spain allow the biodegradable fraction of solid urban waste to be transformed and valued through aerobic treatment processes in compost or even in biogas through anaerobic digestion technology. In turn, these installations generate waste of around 60% of the weight of the original waste entering the plant, which for elimination purposes require a queue-controlled landfill.

The lack of land, social rejection towards the location of landfills, associated with the cement industry's requirements to find alternative sources of energy to petrol in production processes, has led to FCC developing a research project promoting corporate synergy for studying the technical and

economic feasibility of transforming waste generated in waste treatment into a substitute fuel for cement furnaces.

Once the technical specifications of this fuel have been defined (granulometry of the product; heating power, concentration limits, as well as handling requirements, storage and supply), a number of tests will be run through an integrated transformation process to demonstrate the technical reliability of the solution in order to apply it on an industrial scale.



Use of biomass as a fuel in leachate treatment plants

The leachate treatment plant started up in the environmental complex of Barbanza, A Coruña, has led to great achievements from an environmental point of view given the reduction in impacts derived from liquid spillages and emissions into the atmosphere. On the one hand, the contaminated water can be purified in situ with zero spillage. On the other hand, the use of residual biomass (olive stones) as a fuel allows CO₂ emissions to be reduced, as other more contaminating fossil fuels are not being used.

In 2006, the use of olive stones led to a reduction in CO₂ emissions of approximately 1,400 tonnes

Study on the feasibility of biodiesel use in FCC Medio Ambiente vehicles in Girona

In 2006, FCC Medio Ambiente carried out a feasibility study on the use of biodiesel in its vehicles, in collaboration with the Girona council, regional government of Catalonia and the companies Iveco, Repsol and Petrocat. The project, which is in the last stage of experimentation, consists of evaluating the feasibility of using two different types of biodiesel with different mixtures (15% and 30%) for vehicles which collect and clean refuse bins.

Using biodiesel reduces the potential destruction of the ozone layer and, given that it is biodegradable, reduces CO₂ emissions and other pollutants to the atmosphere. Furthermore, it promotes the use of vegetable oil waste as an automotive fuel. Biodiesel has little sulphur in its composition and consequently minimises SO_x emissions which produce acid rain. In its pure state, biodiesel is easily biodegradable and in case of spillage, it does not endanger land or underground waters. It does not contain benzene or any other carcinogenic aromatic substances. Another notable advantage of biodiesel is the generation of wealth in the area it is produced, both in rural and in industrial environments.

Compressed natural gas (CNG) transport

Over the last decade FCC has been committed to innovation in the design of service vehicles for urban sanitation contracts. As a result, the first CNG vehicles entered service in 1998 after lengthy research and experimentation with prototypes which were designed and created specially for these services.

In 2006, new compressed natural gas motors were developed for FCC Medio Ambiente's fleet of industrial vehicles, with better results than their predecessors allowing this fuel to be used in more vehicles. In 2006, FCC's fleet of industrial vehicles in operation run on natural gas totalled 504, representing 11% of the total industrial vehicle fleet, serving 5,079,715 people in Madrid, Barcelona, Valencia, Vigo, Oviedo, Tarragona, Reus, Pozuelo de Alarcón and Paterna.

This technology has enabled FCC to use vehicles which will meet future emission and noise limits, for waste collection services, road sweeping, tubular cleaning and cleaning of sewer network passageways. FCC is the only company able to offer this to date.

Use of bioethanol in light vehicles

In 2006, FCC Medio Ambiente used bioethanol for the first time as a fuel in light vehicles, currently used in inspection service vehicles.





Consumption of renewable energies

Solar energy, like other renewable energies, constitutes an inexhaustible source of energy, unlike fossil fuels. Furthermore, it contributes to national energy self-sufficiency and is less damaging to the environment.

Over the last three years, FCC Medio Ambiente, on its own initiative, has installed a total of 300 m² of solar panels for the production of thermal energy or electricity at the "La Grajera" golf course in Logroño; at the machinery parks in Villaverde; in the new road cleaning fleet in Madrid; at the plant in Vigo; at the environmental facility in Barbanza in Lousame (A Coruña); at the plant in Montoliu; at the plant/workshop at the biomethanisation plant in Burgos, as well as at the transfer plants in Nava de la Asunción, Bodequillas, Cantalejo and Cuéllar in Segovia.

These initiatives have permitted a saving in the consumption of electricity and fossil fuels, achieving a total reduction of atmospheric emissions of approximately 225 tonnes of CO₂ in 2006.

Ecological Office

In 2006, FCC Medio Ambiente extended its "Ecological Office" initiative to the head offices of each of its branches in Spain. At present around 1,000 employees are collaborating in this project. It will be extended gradually to the remaining centres over the next two years.

A policy to reduce consumption of energy resources is being developed as a part of this initiative.

Steps to reduce the use of electricity include the installation of new software for the integrated management of the air conditioning system, the installation of switchboards and probes for office fan coils, the replacement of the old air probes, and substitution of 90% of the conventional fluorescent tubes in offices for low consumption ones.

As a result of these initiatives, in 2006, consumption of electricity was reduced by 3% compared to 2004, and gas consumption was reduced by 45% compared to the same year.



In **Ámbito**, the evolution of specific emissions in 2006 rose slightly by 0.9% compared to 2005, although it remained below the emissions level for 2004.

The generation of GHG emissions associated with transport in the management of industrial waste was of 6543.12 tonnes of CO₂ equivalent. The value of these emissions was calculated for the first time in 2006, and consequently there is no historic data available to show evolution.



Thermal waste treatment plant. Alington, United Kingdom.

CO₂ emissions were calculated on the basis of the consumption of diesel in transport vehicles, using a factor of 2.745771 kg CO₂/l diesel. The scope was defined by taking into consideration the companies in which transportation, carried out by Ámbito itself, is significant. Based on this criterion the scope includes the areas of Aragón, the Centre-Levante, Marepa (national region) and a part of the North and Catalonia.

Due to climate change and erratic rainfall (periods of drought and periods of heavy rain), the use in agriculture of phytosanitary products for the control of pests, to eliminate weeds and boost crop yields is increasing, generating more waste in the form of phytosanitary containers. Inappropriate disposal of these containers, which have held toxic products, would constitute serious risks for the environment by means of soil or water pollution. Ámbito has a plant in La Rioja, TPA

Evolution of specific emissions produced by Ámbito (North, Catalonia and South)

Tm of CO ₂ /year	2004	2005	2006
Waste management <i>(total of tonnes/year)</i>	568.0970	532.9630	542.2790
kg of CO ₂ /Tm treated waste	2004	2005	2006
Waste management <i>(data weighted with respect to tonnes of waste treated)</i>	283.5988	280.7227	283.2573

Ámbito identifies risks and opportunities in relation to climate change

The companies that together form Ámbito specialize in the management of both hazardous and non-hazardous industrial waste. Despite not being a business that is clearly related to climate change, Ámbito has studied how several of its activities contribute in the battle against this negative phenomenon.

Ámbito owns an installation, Recitermia, to manufacture fuel derived from waste for its subsequent use in cement factories, as an alternative to fossil fuels.

Aldeanueva, for the treatment of containers that have stored phytosanitary products. In 2006, 204.71 tonnes of plastic derived from containers holding phytosanitary products were recovered at the plant.

In the physico-chemical treatment plants (TPA-Valdebebas, TEDES and TRISA), measurements of annual emissions are made by an authorised control group and the results are sent to the EPER register, representing an approximate cost of Euros 6,000/year per installation.



Wastewater treatment plant. Salamanca



Wastewater treatment plant. Consentino, Almería



Aqualia emits GHG in the wastewater treatment plants (EDAR) that it manages. The emissions are generated by movement of operators responsible for the maintenance of the infrastructures, and in the generation of waste (such as sludge), which directly emits greenhouse gases during its decomposition.



Aqualia monitors and controls its emissions, through the environmental management system, establishing self-monitoring measures. Greenhouse gas emissions at the plants included in the management system are measured periodically. In this way, Aqualia promotes steps to reduce emissions, such as:

- Encouraging projects that make use of the emissions generated in the EDAR, (biogas), to produce electrical energy, thus reducing the volume of gases emitted.
- Following a policy that promotes the use of technologies to avoid movement of personnel wherever possible. The network's remote control and cartographic management programs (GIS) reduce the need for operators to move from place to place.
- Promoting the use of public transport amongst Aqualia employees.

It is during the purification stage of the integral water cycle that most energy is consumed and processes producing greenhouse gas emissions are carried out. In 2006 Aqualia continued to invest in R+D+I to develop more efficient solutions in the control and reduction of these gases.

Anaerobic reactors in Aqualia

Anaerobic technology is the most suitable for the purification of large quantities of industrial waste due to its having the lowest operating cost (electrical energy, reactive materials and production of sludge). The most notable advantages are:

- 90% reduction in the production of sludge.
- Absence of aeration energy costs.
- Low nutrient requirements.

The treatment is based on the decomposition of the organic material in total absence of oxygen. Emissions of CO₂ and methane (CH₄) are produced in the methane fermentation process, in which the products of acid fermentation are digested by bacteria.

In 2006, two projects aimed at identifying eco-efficient improvements in the water purification process were set in motion:

- Project for the development of new technologies for wastewater treatment.
- Development of a new anaerobic reactor.

The objective of both projects consists of developing new industrial wastewater treatment processes, by means of the study of different technologies and the optimization of different purification processes, thereby obtaining lesser quantities of organic material with a practically negligible generation of sludge.

Aqualia, by means of the company Nilo Medio Ambiente, S.L.U, has received a subsidy from the General Management of Industrial Development, from the Ministry of Industry, Tourism and Trade, of close to Euros 500,000 for the project for the Development of New Technologies for Wastewater Treatment.

Furthermore, the Agency of Innovation and Development from the regional ministry of Innovation, Science and Business of the Board of Andalusia, has approved a subsidy of some Euros 100,000 for the project for the Development of a New Anaerobic Sequencing Batch Reactor (ASBR) for the Treatment of Industrial Wastewater. The total budget for the project is 1.6 million Euros over 2 years.

Turbocompressors

The wastewater purification plant of Guadalquivir has five turbocompressors which provide the air needed to maintain ideal conditions in the biological process of sludge digestion.

Given the number of hours this equipment is used, energy expenditure represents 40% of the total of the wastewater treatment plant (EDAR). Consequently, optimization of hours worked leads directly to a reduction in consumption.

Quantification of saving

	2006 (applying the technology)	2005 (without applying the technology)
Turbo power (kW)	90	90
Hours turbos are in use	13,439,13	13,005.80
Total energy consumed (kWh)	2,056,059	2,198,680
% Contribution of the turbos to the total energy	41.17	46.76
Volume of water treated (m ³)	5,910,795	5,326,984
Unitary consumption of turbos (kWh/m ³)	0.20	0.22

Saving produced (kWh) 2005-2006

89,283.70

% Saving produced 2005-2006

6.87



Proactiva. Collection of hazardous waste. Brazil.

PROACTIVA MEDIO AMBIENTE

FCC Medio Ambiente and Veolia each hold 50% of shares in **Proactiva Medio Ambiente**, which, as part of its integral waste management activity in Latin America, is a pioneer in the promotion of new technologies that contribute to the reduction of greenhouse gases.

In 2006, a Clean Development Mechanism (MDL) gas capture project was started up at the Tijuquinhas landfill in Brazil. The reduction of GHG emissions as a result of the project is 845,513 tonnes of CO₂ equivalent (tCO₂eq) over the first seven years, resulting in an average annual reduction in emissions of 120,788 tCO₂eq/year.

Proactiva Medio Ambiente obtains the Clean Development Mechanism (CDM) seal for its project "Proactiva- Tijuquinhas Landfill (Brazil): Gas capture and installation of chimneys in the landfill", monitored in accordance with ACM0001 version 5

In 2006, Proactiva Medio Ambiente obtained independent validation for the incorporation of the Tijuquinhas landfill, Brazil, onto the CDM project registry of the United Nations Framework Convention on Climate Change (UNFCCC), the objective of which is the stabilization of greenhouse gases concentration in the atmosphere. Once the approval of the respective National Development Agencies of Brazil, Spain and France has been obtained, it will be presented to the Executive Committee of the UNFCCC.

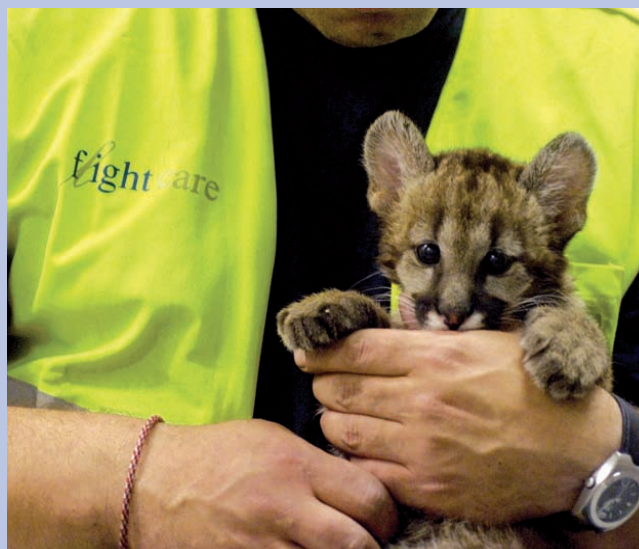
The validated project, planned to start on 1 January 2007, will constitute the installation of a gas capture system and chimneys in the municipal landfill of solid wastes of Tijuquinhas, located in Biguaçu, in the State of Santa Catarina, Brazil. The landfill began operation in 1991 and services 21 municipalities of the County of Florianópolis. The landfill covers an area of 200,000 m², divided into three areas. Areas 1 and 2 have already reached maximum capacity, while area 3 has been built up over areas 1 and 2. The CDM project will have an operational life of 21 years and will reduce significantly the emission of GHG by maximizing capture, which otherwise would have been limited to 10% of passive flaring for reasons of security and odour-control.

The verification process following ACM0001 methodology is of particular interest. The planning model developed by Proactiva is being taken as a reference by other companies and to this end has been posted on the corporate website. This project is an example of the expertise of Proactiva in fighting the battle against climate change.

More information on <http://www.proactiva.es>



Waste Recycling Group. Waste Management. United Kingdom



Handling service



Waste Recycling Group (WRG), specializes in integral waste management in Great Britain and Ireland and was incorporated in 2006 in the Services area of FCC. The principal objective of WRG in its contribution to the fight

against climate change is the minimization of CO₂ and methane (CH₄) emissions, a GHG 21 times more potent than CO₂. WRG have years of experience in the control of the emission of these gases in landfills managed by the company. The capture of gas by means of active abstraction has been the principal measure applied; however the segregation of biodegradable recyclable materials is being studied.

At the date of this report, WRG does not have consolidated data for 2006, because the calendar for environmental accounting followed in Great Britain is different to Spain.

The 2005 data provided by WRG to the Environmental Agency reflected the emission of 92,997 tonnes of methane, representing a 7% reduction compared to 2004. WRG has implemented a strategy to reduce emission of methane from the landfills it manages by means of the capture of this gas which is used to produce electrical energy. This strategy is a response to the program of renewable energies promoted by the British Government.

CO₂ emissions in 2005 totalled 1,978,486 tonnes, 5% less than the previous year.

FCC Versia, also carries out passenger transport, logistics and handling, activities, among others, which are all relevant to the objective of reducing greenhouse gases.



Flightcare España specialises in the airport handling of ramps, passengers and loading. In 2006, the total emissions of the work centres of Flightcare España (Barcelona, Madrid, Las Palmas, Bilbao, Fuerteventura, Lanzarote, Malaga, Santiago de Compostela, Seville and Valencia) reached 3,095.2 tonnes of CO₂ equivalent, up 2.07% on 2005, which is far below the 6% increase in the number of passengers attended. The company has plans for the progressive renovation of its equipment, linked to a plan to promote the use of electrical energy in the monitoring of push-back vehicles, tractors and conveyor belts.



Flightcare España	2004	2005	2006
Total (tonnes of CO ₂ equivalent)	3,045.39	3,032.42	3,095.206



Logistics. Automatic packaging collator in Carrefour warehouse. Seville

Corporación **FCC** **connex**

FCC-Connex specialises in urban and inter-city passenger transport. In 2006, the emissions of the FCC-Connex transport business in the Iberian Peninsula totalled 3,995,744 kg of CO₂, applying a factor of 0.340kg of CO₂ per KWh consumed to the calculation.

FCC-Connex promotes eco-efficiency in driving by means of optimising itineraries and kilometres travelled, and by training its drivers in efficient driving techniques, thereby minimizing the emissions generated by this activity. To the same end, to reduce the number of stops and starts of the trams, and, consequently, the energy consumption and emissions generated, the company aims to implement traffic regulation systems that give preference to trams at traffic lights. In 2006, the number of passengers increased by approximately 9%, compared to a 6% increase in energy consumption.



Transport. Besòs Tram. Barcelona

FCC **logística, s.a.**

FCC Logística, provides logistic services in Spain and Portugal. In 2006 the company registered emissions of 38,889 kg of CO₂ equivalent, using 2.68 kgs of CO₂/litre diesel oil as a conversion factor. Data on evolution is not available as different criteria were used to establish the scope of consolidation in prior years.



Construction and CO₂

The emissions of greenhouse gases generated by **FCC Construcción** are due to its asphalt manufacture activities, its heating boilers, and to the use of different machinery and vehicles. While this emission is not considered one of its most significant environmental features, and currently there is no quantitative information available on CO₂ emitted, FCC Construcción has a methodology for its identification and evaluation, and has implemented measures for the minimization of the possible environmental impact. Amongst the measures taken the most important are:

- Modernisation of machinery.
- Optimum maintenance of equipment.
- Installation of purification systems and self-monitoring of emissions related to asphalt manufacture.
- Suspension of asphalt manufacturing activity in specific weather conditions with wind and thermal inversion.
- Requirement of MOT certification for vehicles where required by law and that are used on a construction site for at least a month.
- Monitoring of unnecessary ignition of machinery on construction sites.
- Planning of traffic and speed control on construction sites.



Project "ARFRISOL"

The objective of this project executed by FCC Construcción is the application of **solar energy and bi-climatic architecture in buildings, with a view to electrical and thermal savings** in heating and refrigeration. Amongst other steps planned, photovoltaic panels will be used to produce electrical energy in several emblematic public buildings, some of them new and others being refurbished, located in different places with diverse climatologic conditions (Almería, Madrid, Soria and Asturias).

These centres will use only 10-20% of conventional energy in comparison with buildings constructed following conventional techniques in the same locations. Consequently, a reduction in energy consumption of 80-90% is hoped for, significantly decreasing CO₂ emissions into the atmosphere.



La Serna Bridge, Salamanca

FCC manages risks impacting climate change



The FCC Group has incorporated the potential impact of climate change into its risk analysis. Management of this risk is carried out both at Group level and in each of the various areas, through the implementation of CO₂ reduction strategies. The FCC Group has contracted an environmental civil liability policy to cover this risk.

The FCC Group has contracted a Euros
6.000.000
environmental civil liability policy

Health and safety

179	Managing healthy and safe workplaces
184	Monitoring health and safety in the workplace
191	Health and safety culture

The Group's health and safety strategy is global, as its scope goes beyond the employees themselves to include the surrounding society (subcontractors, customers, users and the local community) and the environment.

Improvements in the workplace and the range of health and safety services provided are priorities in all the areas in which FCC operates

The areas of health and safety are of critical importance for the Group. They are strictly managed by the General Manager of Human and Media, who in turn reports to the FCC Chief Executive. The supervision of employee health and safety is centralised within the Joint Safety Service. This service provides specific training for employees at all levels of responsibility, as well as for contractors, and ensures compliance with applicable safety legislation from the initial stages of the project management cycle right up to subsequent project verification.

In order to strengthen the quality of its management, the Joint Safety Service has obtained OHSAS certification through the companies which are affiliated to it. With this, the FCC Group has been accredited at the highest international level in terms of safety in the workplace, which also means that the Group complies with the recommendations that the ILO (International Labour Organisation) has included in its guide on health and safety system management. The Joint Safety Service covers 63.4% of the Group's entire workforce.

Health and safety are also main priorities in terms of the Group's corporate responsibility. The Master Plan has set FCC the objective of "being a model company in terms of the health and safety of our employees and contractors, as well as in the environment in which we perform our activities". This goal will be achieved throughout the entire Group through area plans with one single objective: "Raising safety".



Managing healthy and safe workplaces

FCC remains active on this issue, taking initiative and responding to health and safety risks for employees, contractors and the environment.

The Group has a Corporate Medical Service, which is responsible for supervising employee health, as well as duly complying with all current applicable legislation and the concerns which constantly surround this subject.

Health and safety management at FCC:

- Is an integral part of all the company's activities.
- Adapts and coordinates the health and safety system with production, quality control and environmental protection policies.

63.4% of the FCC Group's workforce is covered by the Corporate Safety Service

- Ensures that everyone in the entire organisation, from the General Manager to less qualified employees, as well as contractors, is committed to meeting all legally required safety measures.
- Distributes material that is understood, developed and kept up-to-date by all levels of the organisation.
- Provides employees, contractors and customers with sufficient and appropriate information and training.
- Ensures that all workers participate and remain informed, and are consulted through their representatives, to ensure continuous improvement of management systems.
- Is audited, both internally and externally.
- Is updated and adapted to technical progress, to ensure its continuous improvement.

The "Raising safety" area plans tackle a double goal:

- The alignment of health and safety action plans implemented in the Group's various divisions.
- Continuous development and improvements in the procedures implemented for the management of accidents and incidents, as well as work-related illnesses.

OHSAS 18001 Certification Joint Safety Service

FCC's Joint Safety Service has obtained OHSAS 18001 Certification for its associated companies. This accreditation covers all of the Group's areas, with the exception of Cementos Portland Valderrivas, which has its own safety service, and shows how firmly the Group has implemented its health and safety management system.

OHSAS (Occupational Health and Safety Assessment Series) certification is considered the highest international level in terms of safety in the workplace. It certifies the company takes the subject beyond the minimum requirements demanded by applicable legislation, and allows companies to achieve improved efficiency in the prevention and reduction, or elimination, of occupational risks.

This certification also implies that FCC activity complies with the recommendations that the ILO (International Labour Organisation) has included in its guide on health and safety system management.

Further information on health and safety within the FCC Group at <http://www.fcc.es>

Further information on OHSAS certification at <http://www.bsi-global.com>

Correspondence between OHSAS 18001, OHSAS 18002, and the ILO-OSH:2001 *Guidelines on occupational safety and health management systems*

B.1 Introduction

This annex identifies the key differences between the Int'l ILO-OSH *Guidelines* and the OHSAS documents, and points out their differing requirements.

It should be noted that *no areas of significant difference*

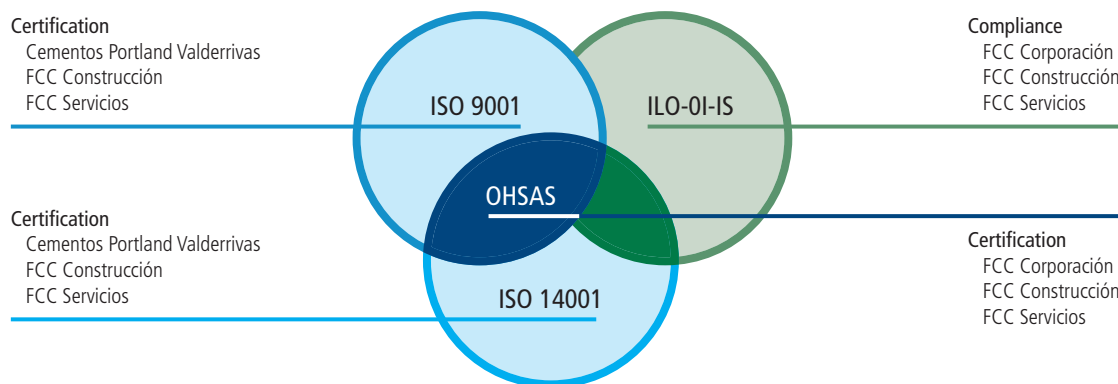
Consequently, those organizations that have implemented a system that is compliant with OHSAS 18001 may be reassured that their system will also be compatible with the recommendations

A correspondence table between the individual clauses of those of the ILO-OSH *Guidelines* is given in B.4.

Table A.2 — Correspondence between OHSAS 18001, ISO 14001:1996 and ISO 9001:2000 (continued)

Clause	OHSAS 18001	Clause	ISO 14001:1996	Clause	ISO 9001:2000
4.4.6	Operational control	4.4.6	Operational control	7	Product realization
				7.1	Planning of product realization
				7.2	Customer-related processes
				7.2.1	Determination of requirements related to the product
				7.2.2	Review of requirements related to the product
				7.3	Design and development
				7.3.1	Design and development planning
				7.3.2	Design and development inputs
				7.3.3	Design and development outputs
				7.3.4	Design and development review
				7.3.5	Design and development verification
				7.3.6	Design and development validation
				7.3.7	Control of design and development changes
				7.4	Purchasing
				7.4.1	Purchasing process
				7.4.2	Purchasing information
				7.4.3	Verification of purchased product
				7.5	Production and service provision
				7.5.1	Control of production and service provision
				7.5.2	Identification and traceability
				7.5.4	Customer property
				7.5.5	Preservation of product
				7.5.2	Validation of processes for production and service provision
4.4.7	Emergency preparedness and response	4.4.7	Emergency preparedness and response	8.3	Control of nonconforming product
4.5	Checking and corrective action	4.5	Checking and corrective action	8	Measurement, analysis and improvement
4.5.1	Performance measurement and monitoring	4.5.1	Monitoring and measurement	7.6	Control of monitoring and measuring devices
				8.1	General

FCC Group certifications in 2006



Division	ISO 14001	ISO 9001	OHSAS 18001
Corporate Level			✓
Construction Area	✓	✓	✓
Cement Area	✓	✓	
Services Area	✓	✓	✓

✓ > 50% of the area certified

Of all the companies affiliated to the Joint Safety Service, 77.8% have been audited and hold OHSAS certification.

With regard to the status of Cementos Portland Valderrivas' health and safety management systems, the company has undertaken the following commitment (as stated in the 2005 sustainability report):

OHSAS certification for the health and safety management systems in the aggregate and cement plants:

1. Aggregate plants in 2006.
2. Cement plants in 2007.

The Mataporquera and Lemona plants, owned by Cementos Alfa and Cementos Lemona respectively, have been certified since 2005. Certification for the Aripresa quarry, where Cementos Portland Valderrivas extracts aggregates, was obtained in July 2006, thus meeting the deadline set in the report. Those cement factories that still have to obtain certification (Alcalá de Guadaira, El Alto, Hontoria and Olazagutía), are working to apply for certification at the end of this year, thus allowing the company to fulfil the commitments undertaken in the abovementioned report.



Street cleaning. Buenos Aires, Argentina



Water analysis laboratory. Colombia

The FCC Construcción Safety Service has also obtained OHSAS 18001 Certification

The FCC Construcción Safety Service forms part of the FCC Group's Joint Safety Service and, as is company policy, safety is part of the FCC Construcción management role. In 2006 it obtained OHSAS 18001 certification for the first time. Safety is an issue which is taken into consideration from the moment the contract for a specific construction project is awarded. Before each project is begun, the possible risks are analysed and evaluated, with corrective measures planned, as well as the means deemed necessary for their execution. All levels of the company involved in the project participate.

Normal construction risks include work carried out at height, handling of heavy loads, excavation, electricity, etc. In order to avoid and reduce these risks, corresponding safety plans are drawn up for each construction project, in which the protective measures to be employed are determined and the auxiliary and machinery features analysed, to make sure that they are equipped with all necessary protective elements once they arrive on site. Due to the intrinsic characteristics of the sector, with a large number of work centres that constantly change, and also due to the succession of construction projects being undertaken, which require different employee profiles and mobility, the changes in the projects take place on a day-to-day basis. As a response to this, preventive measures are regularly renewed, and in situ training ac-

tivities are constantly worked upon in order to increase employee awareness.

The training plan includes safety for technicians and newly-recruited managers, re-training and specialisation courses, and on-the-job training for employees, all carried out in accordance with the stage which the project has reached. All those responsible for construction projects (site managers, assistants, managers, foremen) must undergo a 50-hour course, in compliance with the terms of the Safety Act. Team managers and heads for certain activities, as well as the appointed safety representatives, must also take this course to become a safety resource. In 2006 FCC Construcción also launched an online training programme to contribute to continued improvements in employee knowledge on health and safety issues.

The Medical Service is responsible for monitoring employee health care. Based on the available information, maintaining strict levels of confidentiality, it sets up prevention campaigns and encourages healthy habits.

Looking to the future, policies will be developed to improve integration for everyone involved in a project, including subcontracted workers, leading to stronger coordination between companies.



Water management. Czech Republic



Activities undertaken by the Aqualia Safety Service, which is also OHSAS 18001 certified

Complying with annual planning and objectives, Aqualia's safety technicians have developed a number of specialist activities for the Group's contracts. The most significant are as follows:

- Risk evaluation for newly-incorporated work centres and constant review of those already in existence.
- Training activities which cover the risks specific to the work.
- Preparation and implementation of Emergency Plans for centres with specific risks or frequented by a large number of the general public.
- Preparation of Health and Safety Plans for contracts awarded to Aqualia.
- Regular visits to the sites on which work is underway to evaluate the safety conditions.
- Research into accidents, whether injured employees are required to take time off work or only receive medical assistance.

The management system also has specific procedures to identify, analyse, evaluate, prevent and manage safety in the workplace.

Number of incidents which occurred in the FCC Group in 2006	2004	2005	2006
Own staff	54	37	53
Contracted staff	26	30	48
Total Incidents = serious accidents and fatalities	80	67	101
Accident rate Number of recordable accidents with accumulated loss of days and deaths for the year, for every million hours worked	57.34	54.22	52.21

Monitoring health and safety in the workplace

3.1% reduction in the frequency accident index

53 serious accidents in 2006

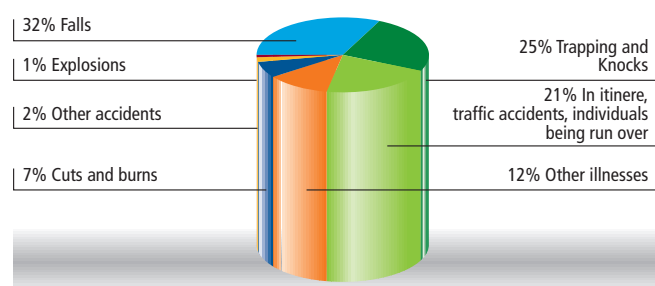
The Joint Safety Service monitors and records all health and safety incidents which take place through out the year in the companies which are associated to it.

In each and every case the accident is investigated, with precise information being collected and a technical investigation report being drawn up. This report contains analysis of the causes of the accident and the preventive

measures undertaken to ensure that the incident is not repeated. These preventive measures generally consist of reinforcing safety training on all levels, adapting machinery and equipment, regularly checking working conditions and carrying out awareness campaigns.

In 2006 the FCC Group's frequency accident index was 52.21, a 3.7% reduction on 2005's rate and 8.9% down on the figures for 2004. In 2006, for the tenth year running this indicator has once again been reduced. Of particular note is the Aqualia area, where the frequency accident index is 17.05.

Number of serious incidents in 2006 at the FCC Group



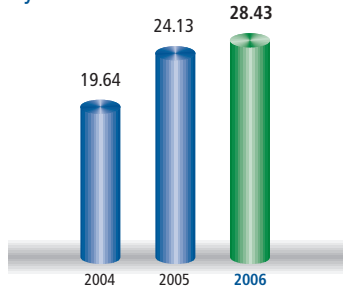
The main health and safety indices per area show the various different levels of risk associated with each kind of activity.



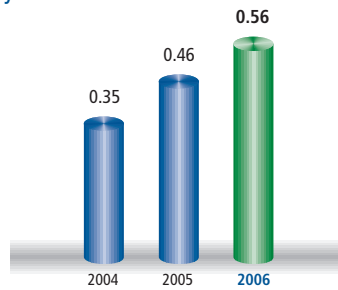
FCC Construcción+Subcontractors

Does not include subsidiaries or companies with different activities

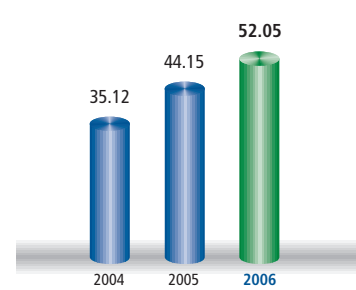
Frequency index



Severity index



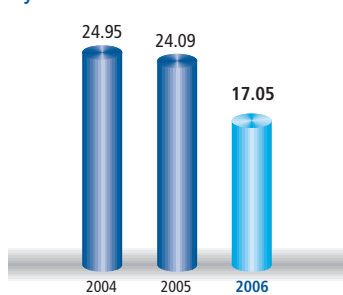
Incident index



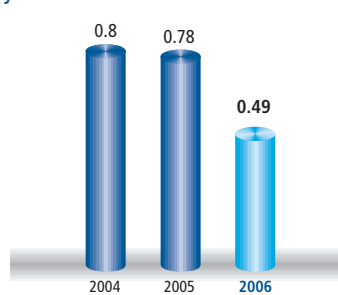
Aqualia

Does not include SEARSA or SEAFSA

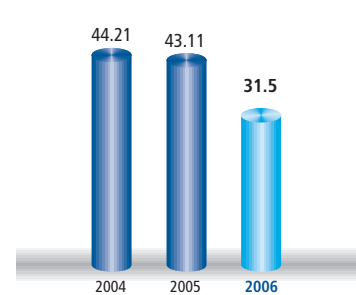
Frequency index



Severity index



Incident index



$$\text{Frequency index (AR)} = \frac{\text{Number of accidents resulting in sick leave} \times 10^6}{\text{Number of hours worked}}$$

$$\text{Severity index (DS)} = \frac{\text{Days lost} \times 10^3}{\text{Number of hours worked}}$$

$$\text{Incident index (IR)} = \frac{\text{Number of accidents resulting in sick leave} \times 1,000}{\text{Number of workers}}$$



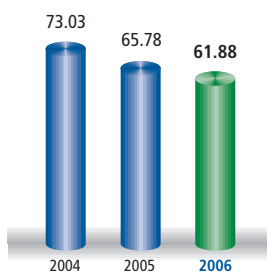
Cleaning in Bilbao City Hall



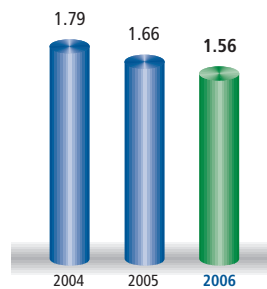
Handling, Belgium

FCC Medio Ambiente

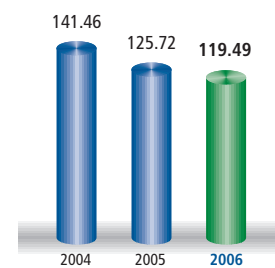
Frequency index



Severity index

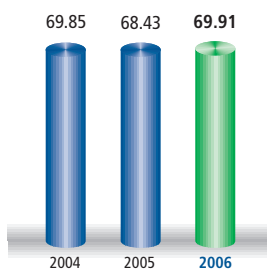


Incident index

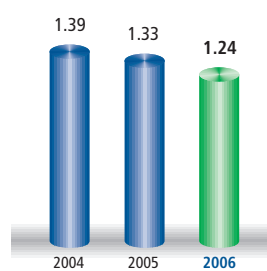


FCC Versia

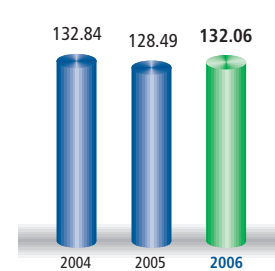
Frequency index



Severity index



Incident index



$$\text{Frequency index (AR)} = \frac{\text{Number of accidents resulting in sick leave} \times 10^6}{\text{Number of hours worked}}$$

$$\text{Severity index (DS)} = \frac{\text{Days lost} \times 10^3}{\text{Number of hours worked}}$$

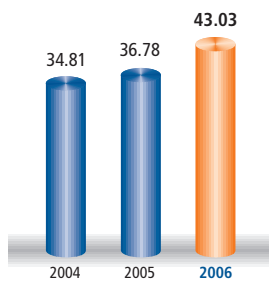
$$\text{Incident index (IR)} = \frac{\text{Number of accidents resulting in sick leave} \times 1,000}{\text{Number of workers}}$$



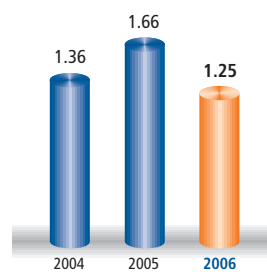
Proactiva. Controlled landfill. Chile

Transport

Frequency index



Severity index

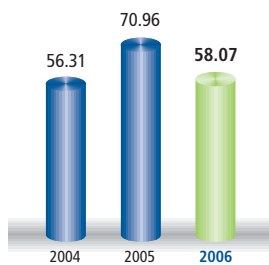


Incident index

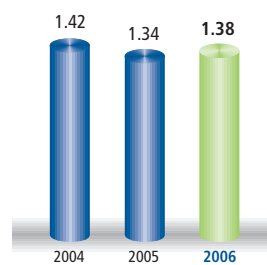


Ámbito

Frequency index



Severity index



Incident index



Frequency index (AR) = $\frac{\text{Number of accidents resulting in sick leave} \times 10^6}{\text{Number of hours worked}}$

Severity index (DS) = $\frac{\text{Days lost} \times 10^3}{\text{Number of hours worked}}$

Incident index (IR) = $\frac{\text{Number of accidents resulting in sick leave} \times 1,000}{\text{Number of workers}}$

At FCC, health and safety in the workplace aims to protect **workers and contractors**, as well as **users and those who live in the areas surrounding FCC operations**

FCC is constantly strengthening its activity in this area. In line with this commitment, corporate responsibility plans will promote, as strongly as possible, health and safety knowledge, awareness and compliance among all those people who are related to the Group.

The Group's accident and illness figures for 2006 for work-related illnesses, lost days and work absenteeism (in calendar days) are slightly higher than those recorded in 2005. Upon examining this trend, however, it must be remembered that the total number of hours worked increased by 10.25% between 2005 and 2006, meaning that the ratios based on the number of hours worked have improved.

Comprehensive health and safety concerns within the FCC Group are tackled from three perspectives: 1) the OHSAS 18001 certified Joint Safety Service, 2) the Environmental Management System, which is ISO 14001 certified and discussed in the chapter on eco-efficiency and the reduction of environmental impacts, and 3) the Quality Management System, which is ISO 9001 certified and decentralised by area and sector of activity.

Several of the FCC Group's business activities are directly linked to the health and safety of the population as a whole, as can be seen in the presentation of the Group's various areas in the first part of this report and, in more detail, in the annual report on economic activity, as well as on the corporate website. Aqualia and FCC Medio Ambiente are the main Group businesses whose business activity implies a direct contribution to public health.

FCC Construcción also contributes to health, by providing infrastructures and constructing hospitals, health centres, housing, etc.

FCC Group	2004	2005	2006
Absenteeism (illness and injury leave)	26,635	31,968	34,487
Accidents (number of employees/accident leave)*	4,439	4,594	4,846
Labour effects			
Days lost (due to accident)	109,303	114,195	117,100
Days lost (due to illness)	792,412	918,201	1,029,205

*Excludes accidents in itinere or involving third parties



Water purification laboratory. Salamanca

Water and health for the population

Within the services area, Aqualia manages the integral water cycle for local councils, local communities and public companies, carrying out its activity in over 800 towns and providing services for over 11 million Spaniards.

For Aqualia, each and every stage of the integral water cycle is crucial. Of prime importance for maintaining quality in each of these stages are the various laboratories run by Aqualia in each of the geographical areas in which it operates. The laboratories in Jerez de la Frontera, Oviedo, Lleida and Ávila provide services to the councils in which Aqualia is present. All of these laboratories are certified and accredited with the ISO 9001 and ISO 17025 standards, which represent the highest levels of professional certification available within the sector.

All the resources within a laboratory must be focused exhaustively monitoring and identifying the characteristics of the water in the various stages of the cycle to ensure quality water distribution within the parameters required by Royal Decree 140/2003, which sets out the sanitation quality criteria required of water for human consumption. Water is considered clean and healthy when it contains no type of micro-organism, parasite or other substance in quantities or concentrations which may represent a health risk.

488,337,270 m³ of purified water
+1,000 analyses each day

99.8% met the specifications of the regulation in force

In 2006 Aqualia carried out over 1,000 analyses each day, ensuring the quality of the water it distributed. 99.8% of the 374,595 samples of water produced during this period met the demands of the regulation in force.

Water which remains untreated may be a significant source of illness. Some of these illnesses are not directly related to water, but they are, however, closely connected to its supply and a lack of sanitation.

In this spirit, Aqualia's commitment to quality is of vital importance for the health of the societies in which it operates. The process of making water fit for human consumption purifies the water of all those components which may be damaging for the health and wellbeing of the consumer. Therefore, once the water has been collected, it is subjected to a series of treatments of varying complexity, depending on its quality at source. In 2006, Aqualia produced a total of 497,954,152 m³ of drinking water.

Completing the integral water management cycle, the waste water treatment plants (EDAR) treat the water, before returning it to the natural environment in optimum conditions. Purification ensures that the quality of the water meets all the required specifications in order for it to be returned to the environment, meaning that suitable treatment of excellent quality has a significant impact on the preservation of our natural resources. In 2006, Aqualia purified 488,337,270 m³ of water.

According to a study published by the OCU in March 2006, of the top 11 cities rated in terms of water quality by their inhabitants, (with private management), five were managed by Aqualia: Almería, Jaén, Lérida, Oviedo and Salamanca.



Street cleaning. Mechanical pavement sweeper. Vitoria and Oviedo

Recognition for FCC Medio Ambiente of its contribution to healthier cities

The Group proudly welcomes public recognition for the positive impact its activity has on the surrounding areas. In terms of public health, in 2006, four of the five cities qualified as the cleanest in Spain by the OCU (Organisation of Consumers and Users) enjoy urban sanitation services supplied by FCC.

FCC in the cleanest cities in Spain

A study carried out by the Organisation of Consumers and Users (OCU) in Spain's 59 largest cities revealed that, in the opinion of the general public, the cleanest are Oviedo, Pamplona, Getxo, Vitoria and Bilbao.

FCC cleans and collects waste in four of these cities: Oviedo, Pamplona, Vitoria and Bilbao.

Noise and vibrations

Noise pollution and vibrations stand out among the factors which have most impact on the health of workers, users and neighbours. The Joint Safety Service tackles these problem areas, as does the FCC Group's business areas, which manage these polluting agents through their environmental management systems.

Monitoring regulatory changes with respect to noise and vibrations

- a) Noise includes any sound that may provoke a loss of hearing, may be damaging to health or could lead to any other type of danger.
- b) Vibrations include any vibration transmitted to the human being by solid structures, which may be damaging to health or could lead to any other type of danger.

The Joint Safety Service directs FCC in protecting against risks in the workplace due to noise and vibrations. During the year through AESPLA it has monitored the draft Royal Decree on employee health and safety protection against risks associated with exposure to noise (underway in 2006).

**234,232 hours of training on
Safety in the Workplace**

38,413 participants

Health and safety culture

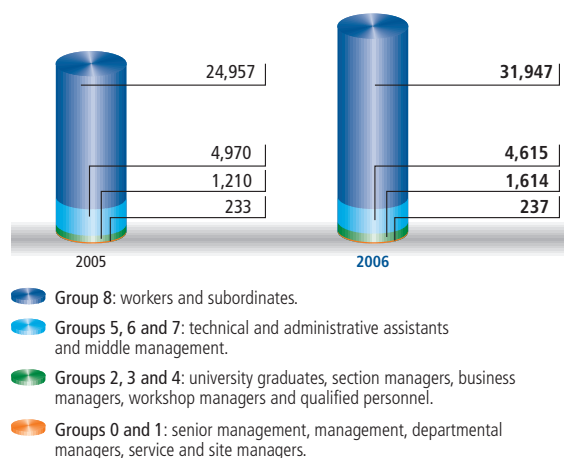
To complete the risk management and supervision cycle, the FCC Group encourages a health and safety culture among all its employees, contractors and other interest groups. This is instilled through training, awareness campaigns, participation in forums and consultation on regulatory developments.

In 2006 the Group ran 234,232 hours of health and safety training, **22,625 hours more than in 2005**. The number of participants rose to 38,413, which represents a **7,043 increase on last year's figures**

Training of employees and contractors

Employees and subcontractors receive specific training and preparation, in accordance with regulations, the requirements of the business and the sector of activity. Basic health and safety training is also given. The Medical Service carries out continuous courses covering first aid and other health issues, directed at employees to complete their health culture. Health and safety training is given both by trainers and in mixed format, and lasts for an average of 6.07 hours.

Health and safety training at the FCC Group
Per category of worker





FCC's Medical Service has implemented drug and alcohol rehabilitation programmes. There are also protocols to help employees to stop smoking, and to give them general advice on how to cope with other addictions (such as gambling, for example). These programmes also include the direct families of the workers.

Awareness campaigns are regularly carried out from the Group and from the various areas, with activities being organised and leaflets, guides and safety manuals being drawn up and published.

The safety management system also involves suppliers, through certain purchasing specifications incorporated into the various areas' purchasing protocol.

Internal and external audits are carried out on a yearly basis, and are aimed at certifying processes and equipment. Global audits are also carried out, such as for OHSAS certification for the Joint Safety Service.

Continuous health and safety **improvements** are achieved through the management of quality, environmental and safety processes. The evaluation of these identifies improvements which FCC has implemented, suitably adapting plans to meet the corrective and development actions identified by the audits. This goal of continuous improvement is also achieved through study projects.

Safety in the workplace at Cementos Portland Valderrivas: "Safety and the Individual" Campaign

Throughout 2006, Cementos Portland Valderrivas has continued to publicise its safety in the workplace campaigns through a website totally dedicated to broadening its scope as far as possible. In this way, safety has been turned into a **vital attitude** that can avoid accidents, both in the workplace and at home.

This work on raising health and safety awareness incorporates the social dimension of sustainability through the "Safety and the Individual" Campaign. This initiative explains that the social dimension of sustainability is related to the impact that an organisation has on the social systems within which it operates. In this spirit, it aims to avoid the treatment of employee rights as something unrelated to human rights, or of less importance than these.

This reflects Cementos Portland Valderrivas' conviction that an organisation's contribution within the area of labour practices should not be solely limited to safeguarding and respecting basic rights, but that it should also encourage quality within the working environment and value relationships with employees.

Further information on safety and the individual and other campaigns at <http://www.canalportland.com>



Proactiva Medio Ambiente promotes the "workplace workout" and the "Wash Your Hands" Campaign in Brazil

The "workplace workout" is a voluntary programme offered by Proactiva Medio Ambiente to the waste management company's employees, twice a week, first thing in the morning.

The "Wash Your Hands" initiative is part of an international campaign to raise health awareness in the workplace, which is promoted through training workshops, posters and informal chats, which focus in particular on dining areas.

Further information at
<http://www.proactiva.es>

Project to fully optimise the composting process at a solid urban waste treatment plant, and the repercussions on its farming applications

FCC leads the abovementioned project, and is supported by the participation of the Universities of Vigo and Santiago de Compostela.

The aim of the project is to find the metal concentration level (aiming to comply with applicable legislation) in the compost during the composting process. This identification will allow for improvements to be implemented, and the solution to the problem to be checked. The project will contribute knowledge on the real applications of compost before and after the improvements, as well as the impact on those crops to which it is applied.

The project, which began in 2006, is scheduled to come to an end in 2009. The total budget is Euros 171,755.00, 60% of which is being subsidised by the Galicia Regional Council's Department of Innovation and Industry.



Public commitment to the promotion of health and safety

The FCC Group is a member of the Spanish Association of Safety in the Workplace Services (AESPLA), and has regularly participated throughout the year in the main health and safety forums, where it has presented its experience and best practices, as well as its standpoint on regulatory developments. Of particular note are the following:

- Various talks during safety forums, on the Occupational Health Report, the Durán 2 Report; Conclusions on the 4th International Health and Safety Congress, ORP; the COPSOQ method, ISTAS 21, and others.
 - Participation in the analysis of documents submitted for consultation, such as royal decrees, agreements and basic criteria on the organisation of resources to develop health activity for safety services, good practice guides, etc.
- FCC also collaborates with institutional initiatives to promote safety, including:
- Welcoming placement students from various training centres, including the University of Zaragoza and CREA (the Aragón Regional Confederation of Employers).
 - Collaboration with consultancy firm Qualitas and the CEPYME (Confederation of Small and Medium-sized Enterprises) in providing informative activities on training in the field of safety in the workplace in companies, as part of the creation and development of training tools by the INEM (Spanish National Employment Institute).
 - Participation in the technical conference "Updating Safety", organised by the Confederation of Employers of Pontevedra and Fermap, in the CEP auditorium, for a duration of three hours.
 - Forums debating on safety, to analyse accident rates and study different courses of action to reduce accidents.
 - FCC Construcción will hold the presidency of the Safety Commission of the FIEC (European Construction Industry Federation) and of the SEOPAN Safety Commission, co-leading a strategic line of the Spanish Construction Technological Platform.



FCC's position on the Spanish strategy on health and safety in the workplace (2007-2011)

Within the framework of the AESPLA association, which brings together heads of internal safety services of some of Spain's largest companies, FCC has debated on the recent Spanish Strategy on Health and Safety in the Workplace (2007-2011), which develops the precepts of the Act on Safety in the Workplace.

The new Spanish Strategy on Health and Safety in the Workplace, which is being developed by the Ministry for Employment, has as its fundamental objectives the strengthening of mechanisms for safety integration, the creation of preventative resources, a reform of the auditing system, and definition of the impact of dangerous activities.

Significant fines for non-compliance with the regulation on the supply, information, marketing and use of products and services

All of the FCC Group's areas operate in highly-regulated environments, both at the national and European level. Internal and external audits, which are linked to certification processes, contribute to the maintenance and control of those solid internal procedures which are implemented through process management. Furthermore, the highly competitive market in which FCC operates through public tender bids for infrastructures, equipment and services concessions, demands accreditation that proves operational solvency. All this demonstrates FCC's active steps to comply with regulations in all areas, and in particular those linked to the supply, information, marketing and use of products and services.

FCC's various types of business activities require that employees, clients and users know the components and, where applicable, the substances which may have an environmental or social impact, and that the corresponding instructions on the safe use of these products and services are also made available.

The dimension, complexity, business volume and diversity of the various players involved in this area may lead to occasional non-compliance with internal and external norms: **this, however, is not relevant to the volume of FCC's activity.**



Hotel Balneario Las Arenas, Valencia. 2006 quality award winner

To achieve this team culture, FCC has established socialisation guidelines for newly-recruited employees of the Group. Getting to know the structure of the companies that make up the Group and the complex organisational chart is fundamental for orientation purposes and to achieve maximum cooperation amongst the more than 90,000 employees. New employees receive comprehensive information through manuals.

Both the general rules manual and the conduct ethics document, which are posted on the Group's intranet, include codes of conduct that must obligatorily be observed. The

manual explains the conduct to be adopted by each employee in terms of internal relations and external relations with public entities and other potential interlocutors from subsidiaries and investees. This FCC culture reference document also includes a section on ethics. Each employee must consider himself a representative of the company and therefore has the moral obligation to use good judgement in dealing with public and private entities with which professional contact is maintained.

The FCC Group is particularly demanding of its people in terms of cooperative behaviour and ethical culture.

Acknowledgement of teamwork

Hotel Balneario Las Arenas (Valencia): the reconstruction of this former spa, designed in the 1930s by the renowned architect Gutiérrez Soto, has respected most of the original areas, while replacing a twin pavilion that was destroyed during a bombing. The resulting luxury hotel offers 250 rooms and the capacity to hold events for up to 3,000 participants. The reconstruction of this building, owned by H. Santos S.D.L., marks the initial step towards recovering the Valencia seafront walk.

Zaragoza-Delicias interchange railway station: for the construction of the Madrid-Zaragoza-Barcelona-French border high-speed railway line, the railway facilities in Zaragoza needed to be extended. The solution was to construct a new

station to integrate long-distance services (which use AVE high-speed and Spanish broad-gauge lines) with suburban trains. The interchange railway station is located on the grounds of the former Delicias station in Zaragoza, and the old Portillo station is now unused.

Navia bypass on the Cantabrian motorway: for this bypass, which runs alongside the Asturian towns of Navia and Coaña, an innovative system has been used for building precast wide-span concrete bridges. This system has afforded FCC a privileged positioning in bridge construction as the only company in Spain capable of industrial construction of wide-span concrete bridges for two-way motorways.

Attracting and retaining talent

197 FCC corporate responsibility
in talent management
198 Talent in FCC
217 FCC, leader in talent

For FCC, a reference group in business leadership, attracting and retaining talent is a priority, while sharing with its professionals the responsibility for their knowledge, know-how and potential

The convergence of talent and experience within the Group enables FCC to maximise its leadership position in the sectors in which it operates, while also contributing to the development of the specialist and personal skills of its professionals.

FCC's human resources policy aims to boost an internal environment of productivity, safety, instruction and training, personal satisfaction and integration within the company. Retaining and developing the company's human capital is an essential task for the Group, since its people are the key to FCC's competitiveness and differentiation.

The prestige of a large, international business group with a hundred-year track record enables communication channels and relations to be established with the best Spanish and European universities, to attract optimum qualified talent and innovation capacity.

The Corporate Responsibility Master Plan reinforces FCC's commitment to its current and future professionals, promoting new management indicators and the commitment of all people within the Group to the actions defined in the Plan.



FCC corporate responsibility in talent management

Corporate Human Resources and Media Management is at the helm of FCC's activities in the challenge of attracting and retaining the best talent. The general manager of Human Resources and Media is responsible for implementing the human resources policy and the actions approved by the Management Committee.

Application of the guidelines established by this managing direction is mandatory for all the organisation's business activities and corporate groups (joint ventures, mixed companies and others) in which FCC holds an interest of over 50% or has management responsibility.

The corporate responsibility approach to human resources management for the Master Plan period is defined in three Group-scale corporate plans, promoted by the Corporate Social Responsibility and Human Resources and Media Management.

The **Group's Corporate Responsibility Master Plan** marks a significant step forward by encouraging the management of key social responsibility indicators, for the Group as a whole, in the human resources field and by promoting the strategic objective of being a company of choice for current and future employees.

The **Corporate Training Plan** is aimed at employees in strategic positions in all business areas. Its objective is to guarantee the correct implementation of the Corporate Responsibility Master Plan and the different action plans, by carrying out training activities to ensure continuity in the Group's actions and enhanced commitment to social responsibility.

The FCC Group's **Corporate Responsibility Policy Diffusion Plan** aims to publicise the corporate responsibility action plan to all Group employees and the main subcontracted companies, so they can adopt the principles and become aware of the importance of their role in achieving FCC's social responsibility objectives. The Master Plan has been communicated through the Group's intranet.

**Average Group headcount
in 2006: 76,054 employees**

**92,565 employees
at 31 December 2006**

**37% growth in
employment in 2006**

Talent in FCC

**FCC's people contribute
their talent to the Group.
It is the driving force behind
the productivity, innovation
and competitiveness of its
companies**

In 2006 the FCC Group had 92,565 employees in over 40 countries, of which 67% were based in Spain. The Group's average headcount in 2006 totalled 76,054 employees.

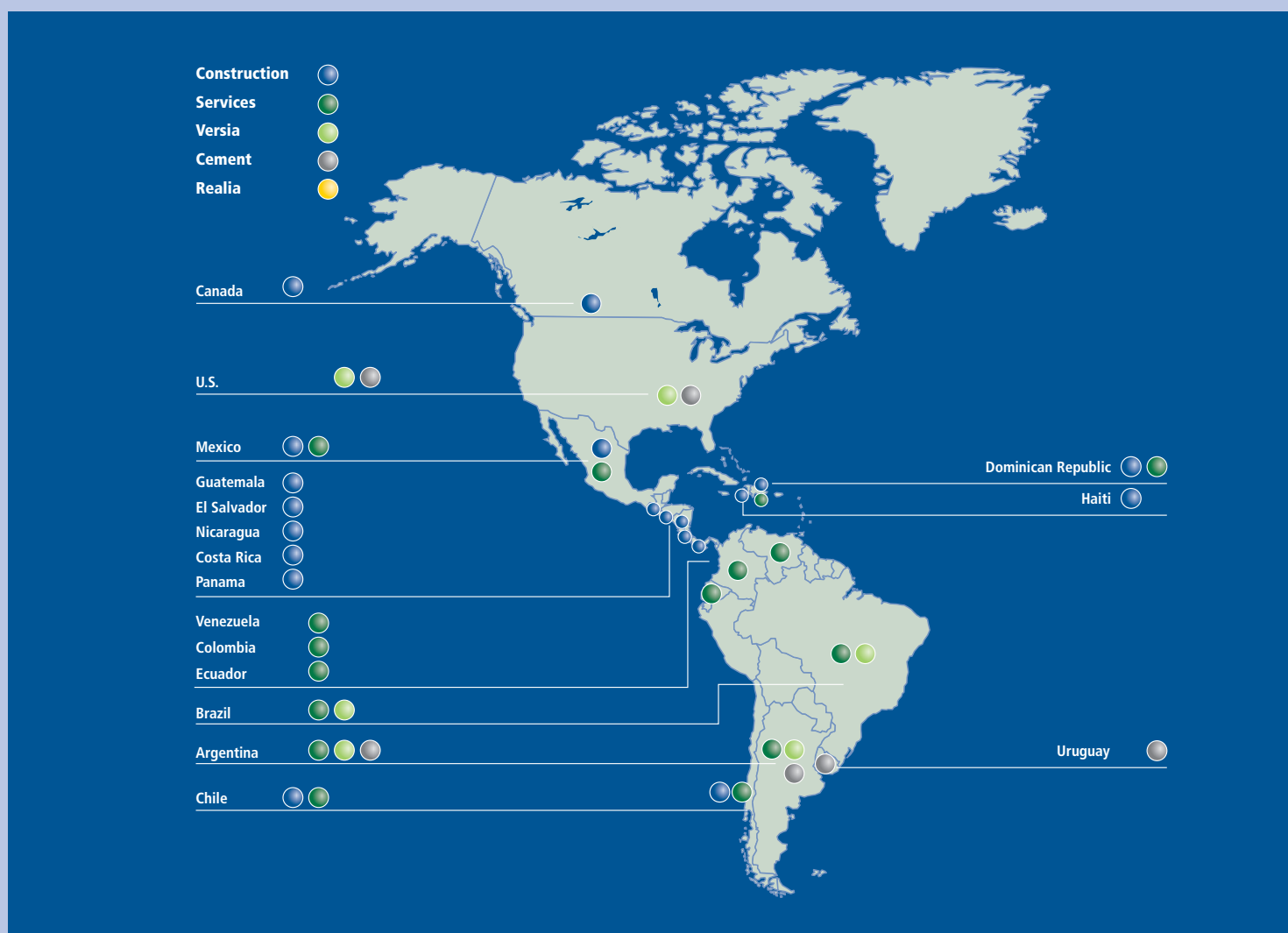
The Group has grown in line with the number of FCC employees. In 2006 the Group's personnel included a greater variety of profiles, reflecting the international expansion of the Group.

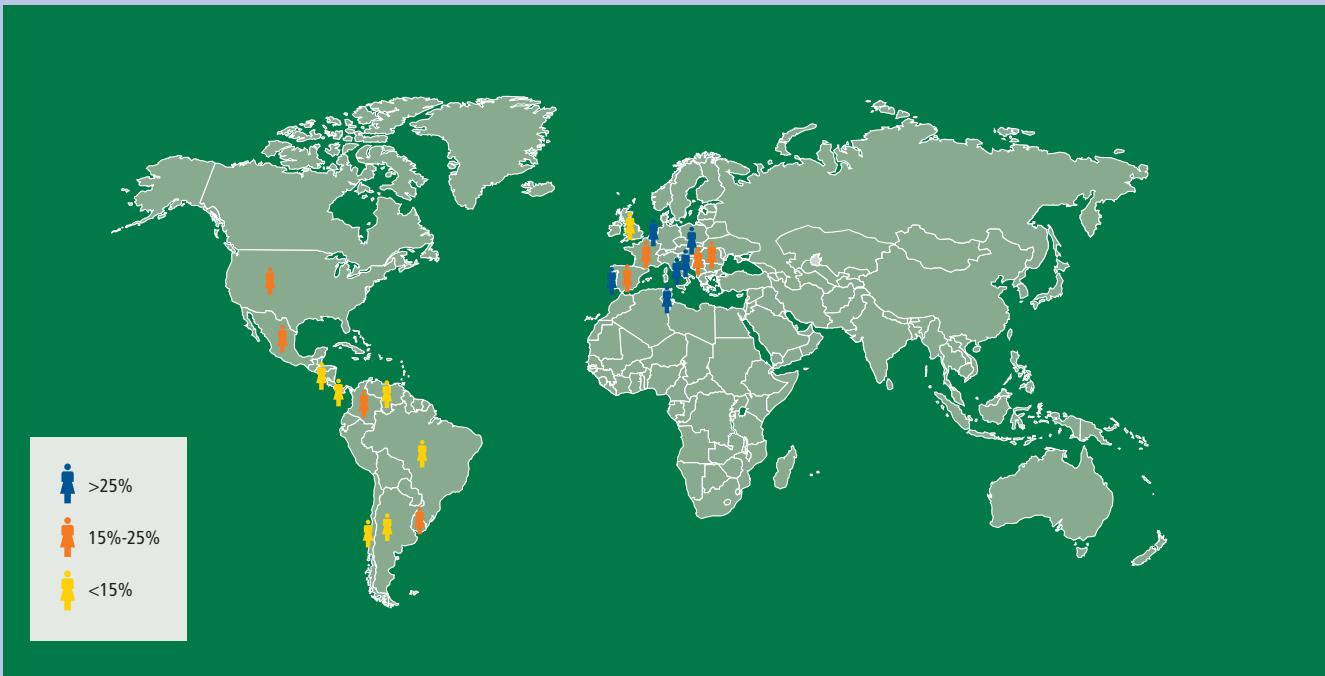


2006 Workforce by sector

	Construction 27%	Services 53%	Versia 13%	Cement 7%
North America				
U.S.				
Canada				
Europe				
Spain				
Andorra				
U.K.				
Holland				
France				
Portugal				
Germany				
Austria				
Switzerland				
Italy				
Belgium				
Eastern Europe				
Romania				
Poland				
Czech Republic				
Slovakia				
Slovenia				
Hungary				
Croatia				
Estonia				
Latin America				
Argentina				
Brazil				
Venezuela				
Mexico				
Colombia				
Chile				
Dominican Republic				
Haiti				
Ecuador				
Uruguay				
M & S Central America				
Costa Rica				
El Salvador				
Guatemala				
Nicaragua				
Panama				
Asia				
China				
Rest of the World				
Morocco				
Egypt				
Algeria				
Tunisia				
Saudi Arabia				
Australia				

FCC Group in 2006





EUROPE

Spain	
Germany	
Andorra	
Austria	
Belgium	
France	
Holland	
Italy	
Portugal	
U.K.	
Switzerland	

EASTERN EUROPE

Croatia	
Czechoslovakia	
Slovakia	
Slovenia	
Estonia	
Hungary	
Poland	
Romania	

AFRICA

Algeria	
Egypt	
Morocco	
Tunisia	

REST OF THE WORLD

Saudi Arabia	
Australia	
China	



Cement factory control room in Olazagutia, Navarra

Managerial and technical personnel posts are filled by residents of FCC operational areas. If no candidate with the required profile is found, other sources are used. The diversity of the workforce reflects the Group's expansion in line with the Strategic Plan.

Creation of employment within the group

Creation of employment FCC Group	2004	2005	2006
Total workforce	63,602	67,562	92,565
Annual variation (%)	2.93%	6.23%	37%

Companies incorporated in 2006

			The Czech group, SMVAK, with 924 employees.		The Uniland group with 2,043 employees.		The British group, WRG, with 1,113 employees.		• The Austrian group, Alpine, with 12,662 employees. • The Italian workforce of Rome airport with 1,314 employees. • The workforce of various companies in the cement sector with 2,000 employees.			
	February		April		June		August		October		December	
January		March		May		July		September		November		
Endesau, Entemanser S.A, Instugasa, Gemecan, Marepa Group, Papeles Vela S.A. and Aremi Asociados with a total of 344 employees.		The Austrian group, ASA, and Spanish group, Cementos Lemona with a total of 2,469 employees and 292 employees respectively.										

Companies excluded in 2006: AIE Auxel Electricidad Auxiliar



Collection of Solid Urban Waste, Vitoria

FCC Group is present in over 40 countries

In 2006 the total workforce was increased by 37% amounting to 25,000 employees more than in 2005. A significant part of the increase is linked to the acquisition of existing companies.

Diversity and Equality

Equal employment and promotion opportunities are company policy. FCC recruits, selects and promotes its employees on the basis of their qualifications, skills and ability.

FCC supports equal opportunities and diversity amongst its employees

The principle of equal remuneration for men and women is implicit in the collective labour agreements of FCC, in line with Convention no. 100 of the ILO on "equal remuneration for men and women workers for work of equal value".

Workforce diversification is in line with the evolution of the business both in terms of the growing international profile of employees (as shown by the table per country) and in the particularities of the Spanish labour market with a rising number of people from other countries and qualified women, although there are still relatively few women with technical degrees. Women currently represent 21.62% of FCC's workforce.

FCC is committed to including people with disabilities in its workforce. Through the equal opportunities policy, action has been taken at management level with Adecco (a company specialising in Human Resources). Through its foundation, Adecco works on integrating disadvantaged groups into the job market.

Working towards a more equal and diverse workforce FCC and the Adecco foundation

During the first quarter of 2007, FCC Construcción entered into a collaboration agreement with the Adecco foundation to facilitate integration of people with disabilities within the Group's workforce.

The foundation will hold training courses for future employees with the aim of facilitating adaptation to the new positions. Fundación Adecco will monitor the process during the first few months to ensure its success.

In the social benefits area, the Adecco foundation will introduce the Family Plan directed at members of employees' families who are disabled. The aim is to give beneficiaries enough personal independence and the resources needed to actively look for a job. Social and labour integration is provided through training together with other leisure and sport activities adapted to encourage social integration of this group.

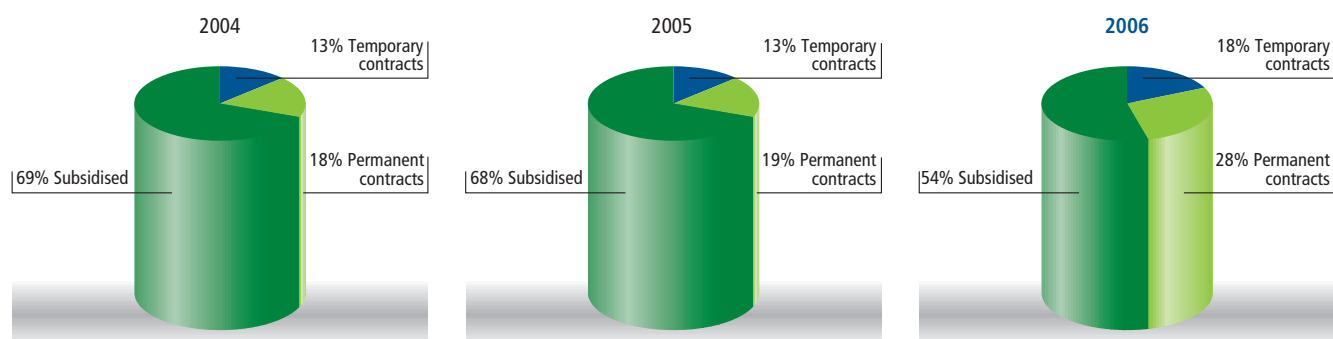
Further information available at <http://www.fcc.es>

49.4% increase in the number of permanent contracts

Employment stability

Workforce data broken down by contract type show a rise in permanent contracts, representing 49.4% of the Group total. These data reflect a clear tendency towards employment stability offered by FCC, and lower staff turnover.

Contract type



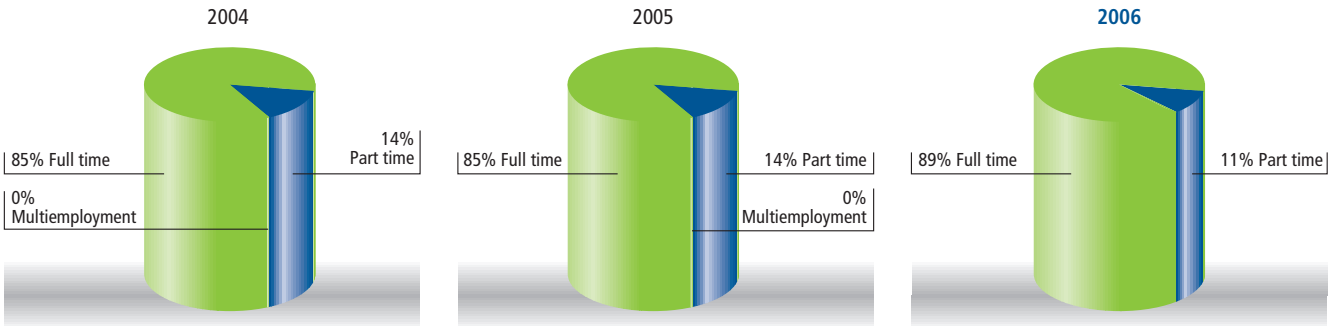
FCC Group	2004	2005	2006
Permanent contracts	11,191	12,502	25,588
Temporary contracts	8,026	8,939	17,045
Subsidised	44,385	46,121	49,932
Total	63,602	67,562	92,565



Of the total number of employees 82,641 work full time, currently 89.2% of the total and a 43% increase compared with 2005.

In 2006 the percentage of staff turnover stood at 18,025 with employees leaving for either voluntary or other reasons. This number includes the total number of staff who left in 2006, excluding loss of contracts or company sales.

Type if working day



	2004	2005	2006
Full time	54,605	57,878	82,641
Part time	8,997	9,684	9,924
Multiemployment	74	66	259
Retirements	405	371	431
Total	63,602	67,562	92,565

Euros 2,180 million
in personnel expenses

Euros 1.28 million
in social benefits

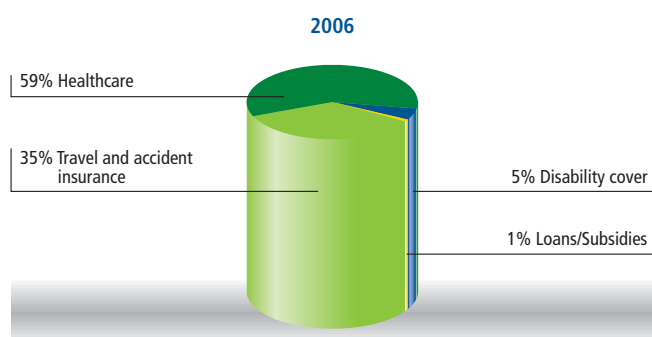
Remuneration and other benefits

In 2006 group personnel expenditure in wages, salaries and other similar costs grew to Euros 2,180.05 million, representing 25% of operating costs.

The FCC Group offers social benefit programmes to its personnel. Through these programmes the company caters to the needs of its employees. The programmes have a positive effect as they promote integration and commitment to the company and contribute to attracting new talent.

In 2006, FCC provided its employees with social benefits totalling Euros 1.28 million. Social benefits which are not required by law and offered by FCC include healthcare, cover for people with disabilities, subsidised loans and more comprehensive travel and accident insurance than required by prevailing legislation. The benefits obtained through these programmes carry certain obligations both for FCC as well as the employee.

Social benefits not required by law



Social benefit	Required by law		Total cost Millions of Euros	Cost paid by company (%)	Cost paid by employee (%)
	Yes	No			
Healthcare (1)		X	0.75	50	50
Disability cover (1)		X	0.07	100	0
Loans/ Subsidies (1)		X	0.01	20,30 or 40	80,70 or 60
Travel and accident insurance (2)	X	X	0.45	100	0
FCC Group Total			1.28		

(1) D.T.A. and S (Management, technicians, administrative staff and subordinates) who have served more than one year, with permanent contracts, belonging to consolidated Group companies.

(2) D.T.A. and S (Management, technicians, administrative staff and subordinates) with permanent contracts belonging to consolidated Group companies.



For FCC, maintaining and improving its human capital through training is a key element, not only in improving employee performance and satisfaction but also in retaining and attracting workers

All social benefits are offered to workers with permanent contracts, which currently represent 28% of the FCC Group's employees. Some of these benefits are also provided by FCC to the majority of full time employees, currently 89.2% of the workforce. The benefits received by almost the entire workforce include healthcare, cover for the disabled, subsidised loans at 20, 30 or 40% depending on their purpose and accident and travel insurance, which also covers workers with temporary contracts.

As required by the collective labour agreements, FCC has introduced measures for maternity care that go beyond the legal requirements. These agreements include voluntary and temporary suspension of contracts owing to childbirth, functional mobility enabling pregnant women to transfer to posts more suitable for their condition, reduction in the working day for baby feeding and childcare leave.

Personal and professional development-training goals

The FCC Group invests in the development of its employees' knowledge, skills and abilities to help them reach their full potential. Their personal success has a knock on effect on the company's own success. The talent-development programmes based on training, knowledge transfer and the inclusion of technological development to the business are a priority for FCC.

**Euros 7.87 million
invested in training**

**54,042 participants in FCC
training activities in 2006**

Continuous professional training of personnel takes place through different annual training programmes which each area introduces according to the needs identified. At present, the programmes are at different stages of development.

**In 2006, Group investment
in training totalled Euros 7,875,339
with 54,042 employees taking part**

2006 Key training indicators

Number of participants

	Total number of participants	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2006	54,042	1,642	5,470	8,823	38,107
Total FCC Group 2005	47,151	1,284	4,870	11,122	29,875
Total FCC Group 2004	37,387	1,329	4,479	7,772	23,807

Number of participants per area of activity

	Total number of participants		Category 1		Category 2		Category 3		Category 4	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Medio Ambiente	23,919	21,366	218	155	578	499	1,233	1,537	21,890	19,175
Ámbito	1,930	1,073	79	55	337	81	447	199	1,067	738
Aqualia	6,235	1,847	554	105	562	862	795	330	4,324	550
Versia	13,762	15,567	108	95	443	577	4,246	6,931	8,965	7,964
Construction	4,977	4,847	364	680	2,838	2,266	1,049	1,341	726	560
Cement	2,899	2,194	195	108	578	462	996	739	1,130	885
Functional areas	320	255	124	85	134	123	57	45	5	2

Hours of training

	Total number of training hours	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2006	468,523.14	34,674.55	105,353.19	121,341.04	207,154.36
Total FCC Group 2005	460,992.85	12,553.60	47,613.73	108,739.21	292,086.31
Total FCC Group 2004	492,230.00	17,497.00	58,970.00	102,325.00	313,439.00

Number of training hours per area of activity

	Total number of training hours		Category 1		Category 2		Category 3		Category 4	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Medio Ambiente	100,171.70	79,637.00	3,948.50	577.72	8,054.50	1,859.90	13,824.50	5,728.79	74,344.20	71,470.00
Ámbito	17,665.14	6,358.00	601.25	325.87	6,023.00	4,79.92	4,511.75	1,179.07	6,529.14	4,372.63
Aqualia	34,762.00	27,550.00	6,998.00	1,566.16	8,152.50	12,857.43	6,134.00	4,922.22	13,477.50	8,203.70
Versia	168,892.50	205,393.00	3,200.00	1,253.44	9,435.69	7,613.00	62,250.29	94,006.52	94,006.52	105,078.00
Construction	99,129.00	100,561.00	8,195.00	14,107.97	55,577.00	47,013.00	22,716.50	27,821.74	12,640.50	11,618.32
Cement	33,359.00	26,495.00	5,858.50	1,304.20	11,387.50	5,579.06	10,049.50	8,924.08	6,063.50	10,687.16
Functional areas	14,543.80	14,973.50	5,873.30	4,991.17	6,723.00	7,222.51	1,854.50	2,642.38	93.00	117.44

Training expenses FCC Group (Euros)

	Total training expenses	Category 1	Category 2	Category 3	Category 4
Total FCC Group 2006	7,875,339.91	1,147,526.51	2,777,057.77	1,974,504.70	1,976,250.93
Total FCC Group 2005	8,327,036.72	226,759.03	860,059.57	1,964,185.33	5,276,032.79
Total FCC Group 2004	7,952,685.14	282,695.02	952,739.64	1,653,202.15	5,064,048.34

Training expenses per area of activity (Euros)

	Total training expenses		Category 1		Category 2		Category 3		Category 4	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Medio Ambiente	806,914.89	141,614.00	66,833.51	1,027.00	89,851.80	3,307.00	139,519.95	10,187.00	510,709.63	127,092.00
Ámbito	153,911.10	24,153.00	6,360.09	1,238.00	58,974.38	1,823.00	46,916.52	4,479.00	41,660.11	16,612.00
Aqualia	741,345.87	287,924.00	207,615.23	16,368.00	165,318.30	134,375.00	149,352.20	51,443.00	219,060.14	85,738.00
Versia	1,376,815.91	3,694,226.00	111,927.80	22,545.00	143,727.41	136,929.00	409,075.86	1,644,805.00	712,084.84	1,889,948.00
Construction	3,262,183.74	2,898,128.00	286,940.15	406,587.00	1,878,869.27	1,354,891.00	816,432.11	801,813.00	279,942.21	334,836.00
Cement	1,186,688.00	1,051,103.00	288,247.00	51,741.00	306,950.00	221,335.00	378,697.00	354,041.00	212,794.00	423,987.00
Functional areas	347,480.40	229,436.00	179,602.73	76,479.00	133,366.61	110,669.00	34,511.06	40,489.00	0.00	1,799.00

- Category 1** Includes groups 0 and 1: senior management and management; departmental managers; service and site managers.
- Category 2** Includes groups 2, 3 and 4: university graduates; section managers; business managers; workshop managers and qualified personnel.
- Category 3** Includes groups 5, 6 and 7: technical and administrative assistants and middle management.
- Category 4** Includes group 8: workers and subordinates.

2006 Training by subject matter

Participants

	Total number of participants		Category 1		Category 2		Category 3		Category 4	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Health and safety	38,413	31,370	236	233	1,613	1,210	4,615	4,970	31,947	24,957
Environment	1,163	1,893	78	75	317	267	129	774	639	777
Non-technical skills	292	1,345	90	104	146	208	56	842	0	191

Training hours

	Total number of training hours		No. of training hours per worker		Type of training activity	
	2006	2005	2006	2005	2006	2005
Health and safety	234,231.70	211,606	6.10	6.75	Mixed	Mixed
Environment	7,229.50	7,766	6.25	4.10	Attendance	Attendance
Non-technical skills	5,509.00	14,470	18.93	10.76	Attendance	Attendance

Health and safety training

	Total number of participants	Total training hours	Total number of action
Medio Ambiente	20,124	68,961.70	1,878
Ámbito	1,628	11,467.50	410
Aqualia	4,799	18,100.00	490
Versia	9,476	98,219.00	1,716
Construction	927	28,440.50	137
Cement	1,457	7,823.00	227
Functional areas	2	1,220.00	2
Total	38,413	234,231.70	4,860



FCC promotes **corporate responsibility** through strategic training and publicising this policy

One of the strategic components of the Corporate Responsibility Master Plan is training in Corporate Social Responsibility. Action has already taken place within the framework of FCC's corporate training and communication programme, to publicise the Group's corporate responsibility policy.

The Corporate Responsibility Direction has presented the Master Plan to the board of directors and to key figures in all FCC Group business areas. Initiatives to promote awareness of the Plan will continue in 2007 through the training programme, to guarantee that the Master Plan itself and the different action plans are implemented properly, while also ensuring continuity in the Group's actions and an enhanced social responsibility commitment.

The Corporate Responsibility Direction has also started to communicate the Corporate Responsibility Master Plan amongst Group employees, for example by publication on the intranet. A corporate responsibility section has been incorporated into the bi-monthly FCC newsletter and this channel has been used to inform Group employees and the main subcontracted companies of commitments undertaken, to raise personnel awareness of the importance of their role in achieving FCC's social responsibility objectives.

Impact on the development of human capital

Recruiting talent is a priority amongst the Group's human resources policies. As a large business group with a hundred-year leadership track record in the sectors in which it operates, FCC offers considerable development potential to its professionals. FCC's corporate responsibility strategy is to encourage communication of this potential and of the human resources policies that aim to optimise this capability.

The Corporate Responsibility Master Plan therefore aims to create synergies with universities and higher education institutes, enabling FCC to incorporate young talent into its companies. Career opportunities for young graduates in technical subjects have a positive impact on the development of human capital, particularly in a country such as Spain, where there is little capacity to absorb highly-qualified technical employees.

Impact on the development of human capital

According to the 2006 Sustainability Report published by the Spanish Sustainability Monitoring Centre (OSE), in relation to work specialisation, Spain is above the European average in terms of the number of people who hold a higher education degree.

8,570 university graduates

5,484 engineering graduates

The FCC Group attracts a significant number of recent Spanish graduates in technical subjects relating to the Group's different business areas.

The level of demand for graduates in the Group highlights its ability to stimulate development of human capital in the countries in which FCC operates and where it recruits young graduates.

In 2006 the Group's personnel comprised 92,565 employees, including 8,570 university graduates.

Further details at <http://www.fcc.es>

FCC Group, in touch with Spanish universities: collaborations with the Polytechnic and Rey Juan Carlos universities in Madrid and with the university of Almeria

FCC has an annual agreement with the Institute of Road, Canal and Port Engineers (Colegio de Ingenieros de Caminos, Canales y Puertos) to train over twenty-five students. Throughout the academic year members of the FCC Construcción management team give practical classes to students who will become the construction work foremen of the future.

FCC is a member of the Friends of the Institute of Road, Canal and Port Engineers Association.

This association aims to create synergies between the institute and a number of leading companies in Spain, to generate relations with students and student associations, to support the institute in training future industrial engineers by advising on training plans and academic quality, exposing students to best business practice and encouraging innovation and educational research.

The association also collaborates in the organisation of employment round tables which, besides comprising a unique instrument to facilitate the introduction of students into the work market, help to attract the best talent towards the business organisations that support the Institute of Road, Canal and Port Engineers in Madrid.

FCC collaborates with the Rey Juan Carlos university in Madrid through various programmes.

Aqualia has signed an agreement with this university to carry out seminars and courses on sustainable water management and research, and to issue publications on this matter.

The collaboration with this university also includes FCC's backing of qualifications such as the master in urban mobility and the international air transport management diploma.

Aqualia and the university of Almeria have signed an agreement whereby the company takes on students on work experience programmes.

Further details at <http://www.fcc.es>

**Respect, dialogue and dignity are
the three key words that sum up
the working environment within
FCC group companies**

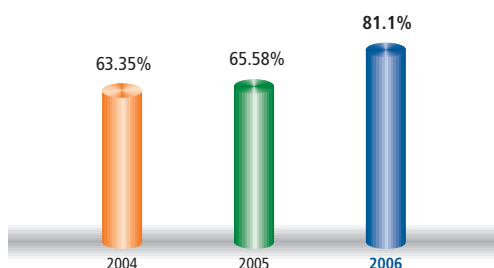
**81.10% of employees are
represented by workers' unions**

Working environment

The FCC Group dates back a hundred years and this success is largely due to the working environment, to which the company's people contribute.

Respect and dignity characterise the relationship between FCC and its employees. Discrimination and coercion are unacceptable within the company and the relationship between management and employees, and amongst the employees themselves, complies with basic rules of respect, fair treatment and non-discrimination. Behaviour that goes against these principles is not permitted and is subject to disciplinary measures.

% of FCC Group employees represented by trade unions



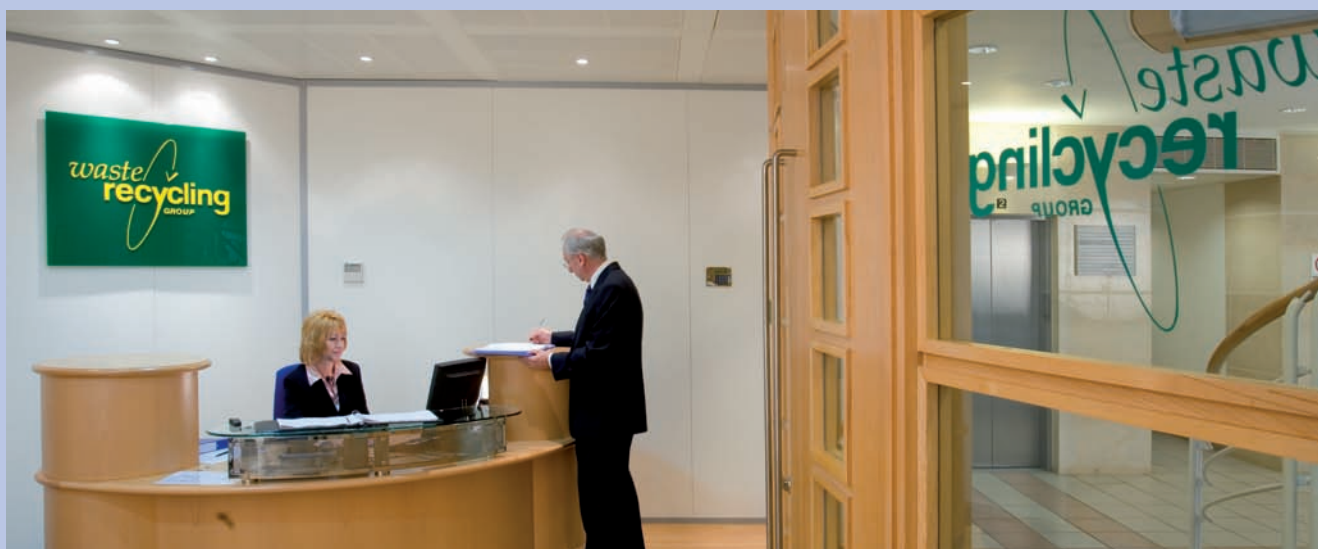
The FCC Group respects the freedom of association of its employees and guarantees their right to be represented by trade unions in the various representation and negotiation bodies, both in the different sectors of activity and the Group's companies and work centres.

All the Group's employees in Spain are covered by collective bargaining agreements, in line with the sector of activity and in accordance with the workers' statute. In 2006, 48.11% of employees were covered by collective bargaining for the company or work centre. This percentage is based on the average headcount of the FCC Group in Spain for 2006, amounting to 61,619 employees.

The FCC Group respects the freedom of association of its employees and guarantees their right to be represented by trade unions in the various legal employee representation bodies in the Group's companies and work centres. In 2006, 81.10% of employees were legally represented by unions.

The Group provides staff representatives, members of the management committee and union representatives with the information they should receive in line with their employee representation functions, with a view to improving working conditions and employee expectations.

The FCC Group also guarantees the application of collective labour agreement pacts for its employees. At year end 2006, 367 company or work centre collective agreements were in force for FCC Group employees in Spain, applicable to 29,645 employees. A further 38 collective agreements are under consideration and negotiations are expected to take place within the year. These additional collective agreements apply to 1,609 employees.



Waste Recycling Group offices, United Kingdom

The number of days lost through strikes in 2006 amounts to 3,183, slightly above the 2005 figure of 3,005 days (up 5.92%) and slightly below that of 2004, which stood at 4,441 days (down 23.33%). This indicator refers to the number of days lost through strikes multiplied by the number of employees who backed the strike.

3,183 days lost through strikes in 2006

5% up on 2005

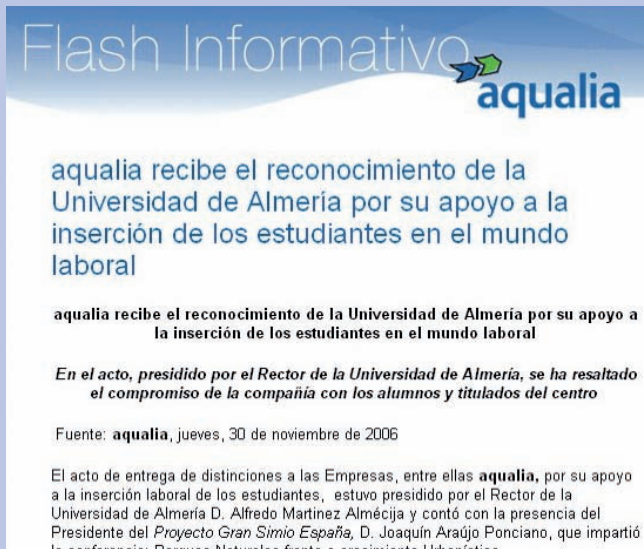
28.3% down on 2004

Internal communication

FCC promotes internal communication, establishing two-way information and communication channels while encouraging cooperation. The main channels used are the bimonthly corporate newsletter, the Group Intranet, internal memoranda issued by electronic and ordinary mail, the corporate website (extranet) and the specific channels of the various areas and subsidiaries.

FCC is aware of the importance of maintaining employee satisfaction and motivation during significant changes within the company structure. It therefore uses the entire range of internal communication channels to guarantee that all Group personnel receive the appropriate information. Notification of significant organisational change is provided as required by prevailing legislation. Consequently, both the policy and the procedures adopted are those required by prevailing labour legislation at any given time.

The acquisitions strategy promoted in 2006 went hand in hand with a Group human resources policy that aimed to retain the personnel from the acquired companies.



Communication in Aqualia

Aqualia issues an internal newsletter, "Aqualia en breve" ("Aqualia, news in brief"), which it uses to convey all news occurring in the Aqualia environment or which affects the company, including specific information relating to each service, branch or area.

Employees also regularly receive information in the form of newflashes relating to the company's activities in different fields.

Cooperation culture and ethical conduct

FCC promotes cooperation, teamwork and knowledge sharing, aiming for optimum internal communication, encouraging contact networks and establishing multi-directional communication and information channels.

In acknowledgement of teamwork, each year FCC Construcción presents a quality award and an innovation award to the most outstanding teams.

The FCC Construcción Sustainability Committee presented the quality award for 2006 to the Hotel Balneario Las Arenas in Valencia and to the Zaragoza-Delicias interchange railway station. The innovation award for 2006 was presented to the Navia bypass.

The Marketing Forum – an Aqualia tool for diffusing and sharing best practice

The Marketing Forum is a work tool devised to facilitate horizontal and vertical communication. This is an interdisciplinary group comprising representatives of the organisation's different areas. The objectives of the Forum include the following:

- I) Make the organisation aware of the importance of basing management practice on marketing.
- II) Provide all Aqualia people with the means to use marketing as a management tool.
- III) Promote horizontal and vertical internal communication and inform on the initiatives undertaken by the marketing department.
- IV) Acquire and share experiences, as part of a continuous improvement system that serves as a catalyst for initiatives.
- V) Generate new solutions for new requirements and compare and perfect marketing developments and tools, with the collaboration of managers from all areas.

The Forum members meet every two months to discuss priority issues.

Further details at <http://www.aqualia.es>



Hotel Balneario Las Arenas, Valencia. 2006 quality award winner

To achieve this team culture, FCC has established socialisation guidelines for newly-recruited employees of the Group. Getting to know the structure of the companies that make up the Group and the complex organisational chart is fundamental for orientation purposes and to achieve maximum cooperation amongst the more than 90,000 employees. New employees receive comprehensive information through manuals.

Both the general rules manual and the conduct ethics document, which are posted on the Group's intranet, include codes of conduct that must obligatorily be observed. The

manual explains the conduct to be adopted by each employee in terms of internal relations and external relations with public entities and other potential interlocutors from subsidiaries and investees. This FCC culture reference document also includes a section on ethics. Each employee must consider himself a representative of the company and therefore has the moral obligation to use good judgement in dealing with public and private entities with which professional contact is maintained.

The FCC Group is particularly demanding of its people in terms of cooperative behaviour and ethical culture.

Acknowledgement of teamwork

Hotel Balneario Las Arenas (Valencia): the reconstruction of this former spa, designed in the 1930s by the renowned architect Gutiérrez Soto, has respected most of the original areas, while replacing a twin pavilion that was destroyed during a bombing. The resulting luxury hotel offers 250 rooms and the capacity to hold events for up to 3,000 participants. The reconstruction of this building, owned by H. Santos S.D.L., marks the initial step towards recovering the Valencia seafront walk.

Zaragoza-Delicias interchange railway station: for the construction of the Madrid-Zaragoza-Barcelona-French border high-speed railway line, the railway facilities in Zaragoza needed to be extended. The solution was to construct a new

station to integrate long-distance services (which use AVE high-speed and Spanish broad-gauge lines) with suburban trains. The interchange railway station is located on the grounds of the former Delicias station in Zaragoza, and the old Portillo station is now unused.

Navia bypass on the Cantabrian motorway: for this bypass, which runs alongside the Asturian towns of Navia and Coaña, an innovative system has been used for building precast wide-span concrete bridges. This system has afforded FCC a privileged positioning in bridge construction as the only company in Spain capable of industrial construction of wide-span concrete bridges for two-way motorways.



Navia bypass. 2006 innovation award winner

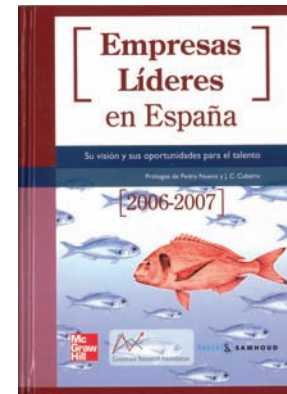
FCC, leader in talent management

Group recognition: FCC, leader in talent management in Spain

FCC has been acknowledged as a leader in talent management in Spain. Analysis performed by Corporate Research Foundation (CRF), which has been documented in the book "Leading Companies in Spain", includes FCC amongst the best companies in Spain, one of the leading firms, where people want to work and of which they can feel proud. During this project, an in-depth study of FCC was performed through questionnaires and interviews with management and professionals carried out by journalists specialising in management and economic resource administration.

As stated in the prologue, this publication "emphasises the companies' contribution to relations with employees, shareholders and the social entourage, while also evaluating their contribution to the innovation of results and, consequently, their future potential".

Further details at <http://www.fcc.es>



Dialogue and cooperation with the community

219	Approach to relations with the community
220	FCC Group dialogue and cooperation initiatives
239	Recognition

Establishing lasting relations in the communities in which FCC is present not only allows for a better understanding of the wide-ranging and complex environment of the Group's businesses, but also favours better management of operating and reputational risks, the possibility of identifying strategic opportunities for cooperation and, more importantly, contributes to the progress and confidence of the community in which the Group operates

FCC has a permanent vocation to provide services to the community. The Group's relations with its stakeholders underpin the creation of value. Knowledge of the expectations and concerns of our stakeholders allows FCC to provide market solutions and identify cooperation initiatives in the community.

FCC is involved in numerous collaboration initiatives with entities in the societies in which it operates. Maintaining relations with the community implies exercising the Group's values and therefore contributes to reinforcing its social image. Consequently, this is a strategic area that contributes intangible value to the Group.

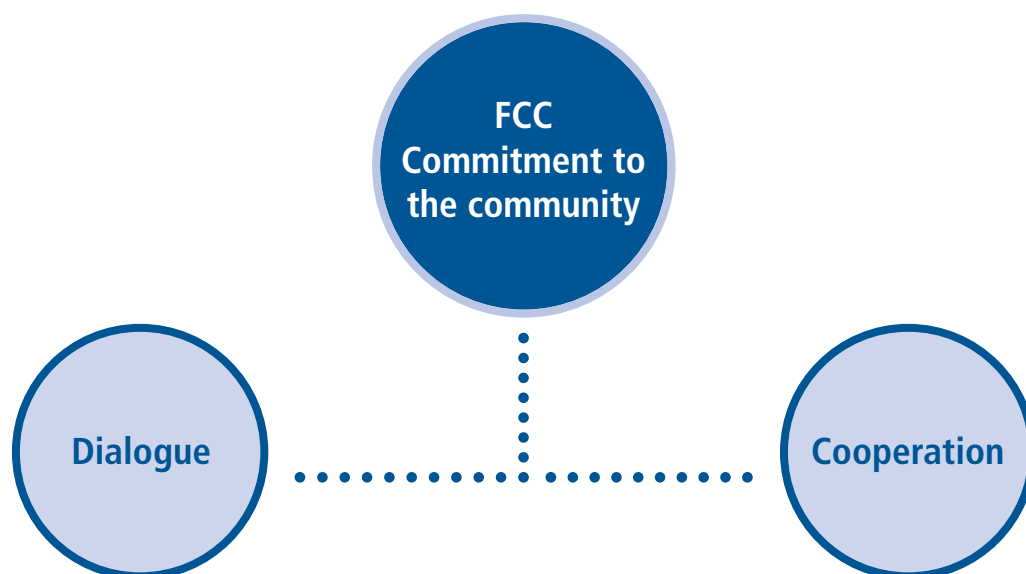
The Corporate Responsibility Master Plan gives fresh impetus to the objective of dialogue and cooperation with the community. This plan provides a basis for the development of long-term social responsibility initiatives with non-contractual stakeholders, which are fundamental to all other strategic areas of the Group. The development of plans (corporate or by the areas) to improve dialogue and cooperation with the community will allow FCC to analyse and evaluate its requirements, thereby optimising the impact of the Group's investments in this social field, increasing recognition and therefore society's confidence in the company. The composition of FCC Foundation provides the solid institutional capacity to fulfil this commitment.



Approach to relations with the community

FCC's commitment to the community is based on two lines of action: dialogue and cooperation. FCC aims to consolidate the public presence of the company in the countries and cities in which it operates by establishing lasting relations with the main stakeholders. The Group also promotes participation in initiatives that favour socio-economic and local environmental development, which in turn fosters stability of the environment and the emergence of new opportunities to contribute reciprocal value.

The Group actively maintains collaboration initiatives established in prior years and also aims to establish new institutional relations with stakeholders, especially those also engaged in sustainability and corporate responsibility initiatives.



FCC group adheres to the United Nations Global Compact



FCC Group dialogue and cooperation initiatives

The FCC Group dialogue and cooperation initiatives are designed to reinforce the local economy, protect the environment, improve the socio-community climate and develop the positioning and public communication of these efforts.

In 2006, FCC set in motion an intense dialogue initiative maintaining contacts, participating in networks and monitoring public debate. This initiative was promoted by representative entities of local and global civil societies.

During the same period, FCC took part in numerous social responsibility initiatives by contributing financing, human resources, knowledge and time.



Dialogue with the community

The scope of this report does not allow for an exhaustive list of all FCC initiatives in this field, however, the most significant of these initiatives have been considered.

Participation in forums

The participation of FCC in public debates is an exercise of transparency of the Group's stance on relevant issues relating to both the sector and the community in which it operates. This activity allows FCC to monitor and make known its stance on issues related to its business area and operating environment. Forums are also a public platform to present proposals to improve the current regulatory framework.

FCC's contribution to the forums in terms of personnel and resources is noteworthy. These forums are a meeting point with other leaders and are an effective way to exchange work experiences with other companies, NGOs and administrations by providing both technical and human interaction spaces.

In 2006, FCC took part in the main corporate responsibility forums in Spain (Excellence in Sustainability Club, Forética, Carolina Foundation, Spanish Confederation of Business Organisations (CEOE), Spanish Global Compact Association (Asepam), Spanish Institute for Business) to put forth its opinions and experiences and to promote the development of joint initiatives with other companies and stakeholders.

The FCC Group joins the Spanish Global Compact Association (ASEPAM)

FCC recently adhered to the United Nations Global Compact, joining other Group companies such as FCC Construcción and Cementos Portland Valderrivas, who became participants in 2004 and 2005, respectively. The FCC group now forms part of ASEPAM, the Spanish Global Compact Association.

Consequently, FCC aligns itself with the United Nations initiative for an ethical commitment to the reconciliation of the interests and processes of business activity with the values and demands of global civil society. The FCC Group will also actively share its experiences and good practices in the implementation of the 10 principles of the Global Compact in the areas of human rights, labour, environment and the fight against corruption, which may serve as an example to other entities undergoing the same process. In this context, in 2006, FCC Construction presented its experiences during the 4th Conference on case examples of the implementation of the ten Global Compact principles in the head office of the Spanish Instituto de Empresa in Madrid.

Further information at <http://www.pactomundial.org/index.asp>

FCC: working together with Fundación Entorno – the Spanish Business Council for Sustainable Development

The Group, represented by one of its most important companies, FCC Construcción, has joined the Spanish Business Council for Sustainable Development (FE-BCSD Spain) with a view to carrying out joint initiatives in the field of sustainable development and business social responsibility, providing support in the implementation of information, dissemination, training, presentation and investigation initiatives.



Fundación Entorno

Consejo Empresarial Español para el
Desarrollo Sostenible

Due to the nature of its activities, FCC focuses on the sustainable construction activities of the Group, and is assisted by both Spanish and international experts and the different stakeholders.

Fundación Entorno provides FCC with the opportunity to collaborate with other large companies through discussion groups on issues as complex and relevant as climate change, the role of businesses in the composition of society and sustainable construction. Membership of Fundación Entorno will also allow FCC to form part of other work groups of the World Business Council for Sustainable Development (WBCSD), an international organisation bringing together over 180 companies. The Fundación Entorno-BCSD Spain is the WBCSD's Spanish representative. The outcome of the work groups of this institution will define the stance of the Spanish business world in the big world debates on sustainable development.

*Further information at
<http://www.fundacionentorno.org>*

FCC Group and the 8th Spanish National Conference on Environment (CONAMA)

FCC contributed largely to the eighth edition of the Spanish National Conference on Environment, **CONAMA 8**, which brought together over ten thousand people interested in the sustainability debate.

The entire FCC Group contributed to this important event, with all the different business areas working on its organisation for several months prior to it taking place under the supervision of FCC Construcción. The Group sponsored the event and was a member of the organisational committee and also introduced the interactive session "Improving the present."

Big names from the business and administration world took part in the session, which dealt with issues related to sustainability and management of water, the evaluation of environmental behaviour and the incorporation of social aspects of the new bill on public sector contracts. Issues such as the role of women in the construction sector were also discussed.

Over twenty FCC Group professionals formed part of the different technical committees, round tables, work groups and technical conferences during CONAMA 8. These professionals contributed their knowledge and experience to the Conference with the aim of providing the information required by society's business community and other sectors involved in the different environmental areas. The FCC representatives actively participated in all thematic forums during CONAMA.

The FCC speakers at CONAMA 8 gave an idea of the extent of institutional knowledge contributed by the Group to public debate:

Sustainable economy

- Role of businesses in a globalised world.
- Corporate social responsibility trends in Spain.
- Sustainability reports.
- Opinions to improve communication; ask to inform.
- Practical cases of corporate social responsibility in Spain. "Awareness reports".
- Knowledge management for sustainable development.
- Sustainable production and consumption in the industry: ecoefficiency.
- Integrated environmental authorisation.
- Public contracting based on sustainability criteria.

Water

- Integral management of water cycle resources and services: challenges and difficulties of the reuse of water.
- Water and the city: challenges in management and citizen education and participation.
- Challenges of water management.
- Use and protection of underground waters.
- Water for human consumption.

Climate change

- Use of alternative fuels in cement factories.
- Trading of GHG emission allowances.

Rural development and protecting nature

- Restoration of rivers and wetlands.
- Incendios forestales.
- Gestión forestal para el desarrollo rural.

Energy

- Incorporation of energy conservation, efficiency and renewable energies criteria: the residential sector case.

Infrastructure and transport

- Mobility. Models and infrastructures for the transport of persons and goods.
- Social perception of the environmental situation in the development of infrastructures.

Waste and pollution

- Waste management systems and models: "Construction waste."
- Noise pollution. Noise maps and municipal regulations : "Noise on building sites"
- Atmospheric pollution. "The Commitment of Portland Valderrivas to atmospheric pollution; the role of atmospheric pollution in sustainability."
- USR management: evaluation of the three "R's" phase
- Management of contaminated soils.

Society and action policies

- From action to the evaluation of the A21 Local. 21 Indicators.
- New trends in environmental education.

FCC and CONAMA8 was supported by a further 320 entities and over 700 speakers and 650 persons from technical committees.

Further information at <http://www.fcc.es>



Aqualia and Proactiva Medio Ambiente in the 4th World Water Forum

The forum was held in Mexico City and was sponsored by the Spanish Institute for Foreign Trade (ICEX) and the Ministry of the Environment. The sessions focused on “Local Actions for a Global Challenge”, including a specific topic on the achievement of the Millennium Development Goals for water supply and sanitation. During the work group sessions on the financing of “water for all”, the analysis of the aqueduct and sewer system concession in Montería, Colombia, co-financed by FCC, was presented. The work group aims to make recommendations on innovative financing mechanisms and to prepare specific proposals for immediate action to improve local government access to financial resources for investment in water management systems.

Over 20,000 people participated in the forum, including 150 ministers or officials responsible for the environment from a similar number of states. The most significant conclusions drawn from this 4th World Water Forum refer to the need to:

- Push for a resolution from the UNO Human Rights Council emphasising the right to water and sanctioning any violation of this principle.
- Invest approximately eleven thousand million dollars per year until 2015, to improve the water service worldwide and consider hydro-resources as a growth instrument.
- Govern and manage available hydro-resources appropriately, as a basic instrument to satisfy the incessant increase in worldwide demand for water.



FCC and the European Federation of Waste Management (FEAD) initiative

FCC participates in the European Federation of Waste Management (FEAD) inter-professional work groups as a representative of the public sanitation association ASELIP, of which FCC is a member, collaborating on matters relating to recycling, recovery, biological and thermal treatment, waste disposal sites and audits.

ASELIP is the national sector association that represents the most significant companies in the environmental sector. It aims to defend the legitimate rights of its members, which it represents in order to contribute to the achievement of its objectives, and to manage and encourage the common business interests of its members.

FCC and the Carolina Foundation, training Latin American leaders in environmental management

In 2006, FCC provided 15 grants to cover all the expenses of Latin American graduates on the “Environmental Management Policies and Instruments” course at the Carolina Foundation.

This initiative aims to prepare public and private administrators of Latin American countries in all environment-related aspects, while conveying the knowledge acquired through the experience obtained during the last fifteen years in Spain, due to the obligatory adaptation of environmental policies to EU quality standards as a result of the country’s incorporation into the European Union.

The course covers the main environmental issues, the threats and dangers faced by the company in relation to the various existing pollutants and the possible solutions for each situation. The different means available to public and private entities, for the application of an efficient environmental policy, are also analysed, with particular emphasis on the need to integrate the environment into other sector policies.

FCC in the ISMS Forum Spain, a meeting point for professionals

A group of experts from the information security field has launched an initiative aimed at promoting and distributing information on this matter, in order to create a permanent forum for all people, companies and organisations to share their experiences and points of view on the subject.

This initiative, known as the ISMS Forum, is chaired by FCC’s Director of Information Security and Risk Management.

The main objectives of the Forum are to support and promote the diffusion of information on the ISO 27000 standard in Spain; to encourage the pooling of information and experience; to collaborate with the overseas sections on the resolution of problems relating to implementation of the standards; to encourage development and application of the standard in the Spanish market; and to cooperate with public and private entities, on both a domestic and international scale, to promote an information security management culture.

Participation in social-educational activities

FCC participates in the sharing of knowledge relating to sustainability and the day-to-day situation of the social community. The Group collaborates in research by contributing, with grants and financial assistance, to the implementation of studies, conferences, seminars, workshops and other knowledge generation and diffusion activities.

During 2006, FCC companies have participated in a number of initiatives, in order to convey their knowledge of and best practice in sustainable resource management, and to encourage social-educational initiatives relating to challenges and solutions, so that the people, the communities to which they belong and local sustainability may reach their full potential.





Collaboration agreement between Aqualia and the Rey Juan Carlos University in Madrid

Aqualia and the Rey Juan Carlos University have signed an agreement for the joint development of research and knowledge-sharing initiatives in relation to water and sustainability

In 2006, as a result of this collaboration, the book "Agua en tus manos: usos, gestión y nuevas fuentes" ("Water in your hands; uses, management and new sources") was published. This publication is a compilation of various articles in which the different authors explain, from their own specialist perspective, the challenges facing the players involved in the management of the integral water cycle, due to changes in Spanish society. This book also includes the Water Framework Directive, details of the search for new water supply sources, drought management and irrigation situations, the obligatory change in orientation for companies in the sector, and the use of mathematical applications to achieve greater efficiency in water usage. The idea for the book arose during the summer course at the Rey Juan Carlos University in Madrid, sponsored by Aqualia.

Further details at
<http://www.aqualia.es>

Ámbito and "New Perspectives in the Characterisation and Recovery of Contaminated Ground"

Ámbito, the FCC Group's industrial waste subsidiary, organised the first environmental issues update seminar under the title "New Perspectives in the Characterisation and Recovery of Contaminated Ground". This seminar, aimed at both customers and interlocutors from autonomous regional entities, was attended by over 90 professionals from various industrial sectors, including experts in energy and refinery, fuel distribution and storage, the chemical and metallurgical industries, real estate agencies, etc., as well as representatives from public administrations. Ámbito reviewed current trends in the definition of location characterisation strategies and the technical-economic viability of technological decontamination principles.

Further details at
<http://www.ambitofcc.com>



FCC and the Complutense University research the environmental impact of youth group drinking in cities

Under the patronage of FCC, a research team comprising teachers and university students, directed by the university professor Felicísimo Valbuena de la Fuente, of Madrid's Complutense University, is studying the "motivation of young people to drink in groups and the personal, social and environmental consequences for Spanish cities".

The research aims to propose a number of recommendations to serve as guidelines for city councils to establish communication plans aimed at young people who gather to drink in groups.

These proposals and recommendations will aim to significantly reduce antisocial behaviour and progressively educate young people to make positive use of their free time. City councils will be able to devise a communication plan aimed at young people, encouraging them to seek out alternatives to group alcohol consumption.

*Further details at
<http://www.fcc.es>*

FCC Medio Ambiente, backing education

Initiatives relating to participation in educational tasks carried out by FCC Medio Ambiente during 2006 include collaboration with the following entities: the Carolina Foundation, for the visit to the Villaverde park in Madrid; the Aragon regional government in the EAREA (Aragonese Environmental Education Strategy) programme; the Leizaola Elkargoa Foundation, for the 7th Bilbao summer course aimed mainly at recent graduates; the Forum Ambiental Foundation, to promote the incorporation of environmental culture into business culture; the Mediterránea Ecological Initiatives Centre in Tarragona, promoting environmental activities aimed at pupils of state and private schools in towns and social-cultural entity groups; and the Environmental Resource Centre in San Sebastian, the local Agenda 21 base, created to generate learning processes aimed at various publics and to encourage participatory sustainability policies within San Sebastian society.

Guided tours of the treatment plants prove to be highly successful citizen awareness initiatives in educational terms and for the promotion of selective waste collection. The recipients of these types of actions mainly comprise schools, students on specific environmental technique courses, technical staff and sector professionals. The following treatment plants were visited in 2006: Castellón ecopark, Jaén treatment plant, container selection plant and land-fill site of the La Ribera joint waste management unit, Manresa composting plant, Barbanza environmental centre, Almanzora ecopark, Migas Calientes composting plant

In Las Palmas de Gran Canaria visits to the local beaches were organised for groups of primary school children, so that they could learn how the beaches are cleaned and become aware of environmental protection. In Blanes (Gerona) schoolchildren visited the company's installations, while in Madrid the 'Puntu Limpio' ('Clean-up Points') programme has been developed, with awareness activities including visits to the city's waste disposal spots.

Beneficiaries:
11.526 pupils

In the environmental area, the FCC Group has participated in the integration of underprivileged groups, in social and employment terms, in collaboration with different associations, foundations, city councils and NGOs, including the Spanish Red Cross, the Federation of Physically and Organically Handicapped Persons Associations in the Autonomous Community of Madrid (FAMMA-Cocemfe Madrid), TIRGI, CERCA, the Tallers de Catalunya Foundation, Recursos Solidaris, L'Arca del Maresme, ASCODEL (Association for the Correction of Long-term Unemployment), Lasarte-Oria city council, Rentería city council, the ECOM Federation, Talleres Baix Camp, the La Safor Mentally Handicapped Association, FEAPS (federation of organisations in favour of the mentally handicapped and cerebral palsy sufferers) in the Murcia autonomous region.

A number of collaboration agreements have been signed with Spanish universities and education institutes to promote internships within the company, such as: Seville University, Santiago de Compostela University, Lleida University, Tarragona University, the Joan XXIII Foundation, the Politècnica de Catalunya University Foundation, the Escola Monalu, the Escola Salesiana de Sarria and Deusto University. FCC has also collaborated with the Salamanca University faculty of sciences on environmental seminars.

Collaboration agreements have also been signed with the following associations and training centres: CREA (Aragon Entrepreneurs Confederation), CEG (Galicia Entrepreneurs Confederation), the Hispalis Secondary Education Institute in Seville, Servicios Parque Delicias, S.L., Hernani city council, the Municipal Gardening School of Zaragoza city council, the Pérez de Lema Educational Centre, gardening training and research centres and schools in Cartagena and the Lan Ekintza Bilbao city council public company.

Beneficiaries:
135 pupils

FCC supports the disabled (ASPRONA)

FCC Medio Ambiente has signed an agreement with the Association for assisting people with learning disabilities and their families in the province of Albacete (ASPRONA). Support is focused on the nurseries where plants are grown for subsequent replantation in Albacete's garden cultivation areas. Help is also provided at the workshop producing plastic liners for litter bins and the graphic arts workshop where printing works are carried out for FCC. Finally, FCC collaborates free-of-charge in cleaning the Albacete bull ring following the traditional Asprona charity bullfight, televised by TVE.



Although industrial development makes Ámbito's industrial waste management activities absolutely necessary, such activities are not usually well received by the communities in which they are carried out. Therefore, despite the positive environmental and economic effect, in terms of job creation, Ámbito usually only carries out occasional activities in each location.

These activities, carried out to benefit the community, aim to convey Ámbito's commitment to each municipality. Ámbito company experts collaborate in local initiatives, giving educational talks on industrial waste management and environmental protection. The company bears the cost of the hours dedicated by the experts and the materials necessary for this activity.



Con el Relleno Sanitario erradica los basurales a cielo abierto.

Evitando así la multiplicación de microbios, moscas, cucarachas, ratas, otras alimañas causantes de enfermedades cardíacas, respiratorias, e intestinales.

Misiones implementó un Sistema de Gestión Integral de Residuos para cuidar el ambiente y la salud.

MISIONES Salud
Secretaría de Estado de Hacienda, Finanzas, Obras y Servicios
Aesa

Collaboration between INGES, an Ámbito subsidiary, and Vall d'Uxó city council for the implementation of the local Agenda 21 initiative

Agenda 21, an initiative developed by Vall d'Uxó city council, aimed to evaluate the situation of the municipality, detect requirements and shortfalls from an environmental perspective and establish corrective and preventive strategies to remedy the weaknesses detected.

This initiative comprised experts from the city council and from the main companies located in Vall d'Uxó, as well as members of the public.

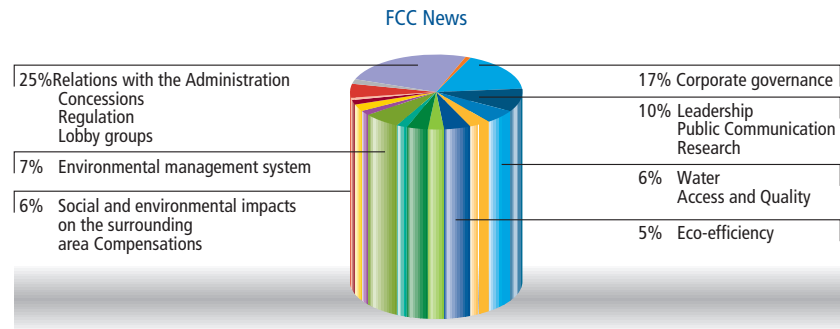
Meetings were initially held every two weeks and subsequently at longer intervals, in the form of follow-up meetings three or four times a year, in line with the confirmation of the proposed actions.

The action plan included several environmental strategies, implemented through specific programmes.

INGES participated in the strategy relating to the "adaptation of integral waste management to minimisation, re-use and recycling criteria and the consideration of the safe elimination of waste". Specifically, INGES participated in the "environmental education and citizen awareness campaign" in collaboration with the city council, organising environmental awareness seminars aimed at individuals and companies.



Thematic profile of corporate responsibility events



FCC communicates its corporate responsibility policy

The Group aims to inform its internal and external stakeholders of its efforts and achievements in corporate responsibility using different channels of communication.

The web pages of the areas and subsidiary companies of FCC include press articles about FCC, and reflect not only its public image but also topics relevant to the entity and its stakeholders.

Furthermore, the corporate web site includes a comprehensive section on corporate responsibility where FCC shows its stakeholders its commitments and advances in corporate governance, sustainability and social benefits, and its work in the community.

For the external stakeholders, the publication by FCC of three sustainability reports for FCC Construcción, Cementos Portland Valderrivas and FCC Medio Ambiente is particularly noteworthy. The biennial FCC Construcción report was prepared in accordance with the new criteria of the G3 standards of the Global Reporting Initiative (GRI).

Following the directives of the United Nations Global Compact, FCC Construcción published its progress report on compliance with the ten principles included in the pact.

Internally, FCC publishes its corporate responsibility policy and actions through different channels.

The corporate newsletter already includes a section of several pages on this subject. The Intranet also keeps employees informed of the main initiatives in corporate responsibility of the Group.

Attention to the press

The Communication Direction of FCC is in constant contact with the media. Beyond purely informative activity, communication with the non-financial press allows the Group to monitor positive and negative impacts on the communities in which the Group is present.

In 2006, over 1,500 non-financial news reports related to the Group were monitored, analysing events by thematic area to determine which issues are most relevant to public opinion.

Corporate governance, leadership and public communication in sustainability and relations with the Public Administration/concessions of public contracts are the topics that receive most attention in the FCC press releases analysed. 52% of releases about FCC focus on these three topics.

Attention to society

As in previous years, in 2006, FCC monitored areas of particular interest to the most dynamic organisations in society on a world scale. The Group recognises the capacity of well-known and powerful social organisations to set events in motion and form opinions. This analysis determines the topics which are most predominant in the Internet



communications of the organisations monitored and provide information for the preparation of the present Report.

The relation of companies with public administrations, in aspects such as concessions of public contracts and the development of regulation and lobbying activities, are the predominant topics in the communication studied. Traditional global concerns such as climate change and health and safety in the workplace are dealt with in press releases and reports about their impact on the sector, and less frequently, about specific companies. Other topics that have also received a lot of news coverage include customer education on sustainable consumption, atmospheric emissions (noise and particles) and soil pollution, social and environmental impacts on the environment, and compensatory actions.

Cooperation in the community

FCC directs its cooperation towards the needs of the communities in which the Group companies operate. These activities include purchases of local supplies, direct economic contributions to social action projects, collaboration agreements with NGOs, and patronage and sponsorship programs. It is not possible to give exhaustive details of all FCC's initiatives in this field in this chapter and therefore only certain initiatives have been mentioned.

Purchase of local supplies

For FCC the local purchasing of supplies is a matter of responsible provisioning, and the main means of contributing to the local economy, beyond the direct creation of employment, payment of taxes and the work or service carried out.

FCC exercises a positive influence on the local economies where it operates. Wherever possible the company contracts locally in the supply chain, following reasonable criteria. There are conditioning factors such as established trading relationships, technical capacity, response time and technical specifications to be considered in the areas of quality, safety, prevention and the environment.

The directives included in the purchase procedures list the factors to be taken into consideration when evaluating suppliers. These include the proximity of the supplier or distance that goods have to be transported. Similarly, to minimise the possible impact of breakdowns, priority is given to local suppliers to facilitate rapid response time and contribute to the efficiency of FCC plants. Nevertheless, other factors may discourage hiring small scale local operators such as the requirement for quality, environmental management and standardisation certifications, the limited supply of machinery or specific equipment for exclusive use by FCC.

Responsibility and management of supplier relations is a priority for all FCC companies, guaranteeing efficiency in the

Credits for local development. WRG, an example from the United Kingdom

Waste Recycling Group, a UK subsidiary of FCC Medio Ambiente, runs a credits program linked to the activity of the landfills that it manages. The objective of this program is the socio-environmental benefit of the communities in which its landfills are located. The majority of the projects are initiatives for the construction of local meeting places for recreational and cultural activities, and green areas. There are groups of volunteers and panels of local advisors that offer their support to this program, ensuring that the financing of WRG is allocated to the most needed projects and those of greatest impact.

Further information at <http://www.wren.org.uk>

making of decisions concerning operations. With the due exceptions, FCC policy is to support the stability of the local economy through the contracting of supplies.

Cooperation in social action projects

In 2006, FCC reformulated its foundational commitment to the development of the areas in which it operates, and the promotion of initiatives that benefit the environment and contribute to the local communities.

The Corporate Responsibility Master Plan includes the commitment of FCC to both dialogue and cooperation by means of the development of socially responsible action programs in the short and medium-term with non-contractual interest groups in strategic areas.

The implementation of this objective within the Group by means of corporate plans and plans divided by area will provide FCC with a tool for the development of action plans in the community.

Proactiva Medio Ambiente Colombia, social commitment in "Presidente"

Proactiva Medio Ambiente, a company 50% owned by each FCC Ambiente and Veolia, has an advanced program of cooperation in community development projects in the Latin American countries where it operates.

The objective of the Presidente landfill project is to contribute to social development and to mitigate the environmental impact on the area close to the landfill, lending support to activities that contribute to improving the quality of life of the local population, with particular attention to the most disadvantaged groups. The projects are intended to achieve:

- A reduction in poverty, with projects related to generation of employment, training and the generation of micro-businesses.

- Mitigation of the environmental impact, with actions intended to diminish odours; promote health and environmental education; and workshops on the handling of solid waste.
- Training and instruction in leadership; workshops in sensitisation and basic principles for coexistence; theatre workshops, painting and activities for senior citizens.
- Communication and transparency, especially of the environmental management plan, the social management plan, and by means of the creation of a community services office.

Further information about Proactiva at <http://www.proactiva.es>

Aqualia educates on responsible use of water



IV Annual children's drawing competition, at a national level and in all towns where Aqualia is present. More than 800 schools participate and over 20,000 drawings are submitted. The competition is for children in their third or fourth year of primary school and there are large individual and group prizes (trips, computers, teaching and educational material).

Aim: to make children aware of the importance of intelligent water consumption to guarantee future development through games and teaching. The initiative involves all actors in the area in which Aqualia works (town councils, users, educational centres, media and company employees).

World Water Day campaign

On this day (22 March), Aqualia organises a number of events in all the areas in which it renders services. The most noteworthy events are those directed at children and teenagers, although there are many more for other groups (neighbourhood associations, consumer associations, etc). There are workshops, tours of the installations (water treatment and purification plants), games, competitions and talks, and conferences in the open air, in public places (marquees), and in public buildings or schools. More than 300 school children participated in the event in Badajoz alone.

Teaching material

As its own initiative and/or in collaboration with public entities, Aqualia has developed a number of educational tools to make school children aware of the integral water cycle and its correct management and consumption. We use workbooks (three levels) to teach this topic in classrooms, either with schoolteachers or Aqualia employees.

We also have PC games, "Water in the home", "The integral water cycle" and "Hydrokid" where children and adults learn about managing water by computer. Comic "Hydrokid, the guardian of water" is a challenging PC game, where children can enjoy themselves whilst at the same time learning about the importance of water and how to manage it correctly. It is also place specific with information on each municipality.



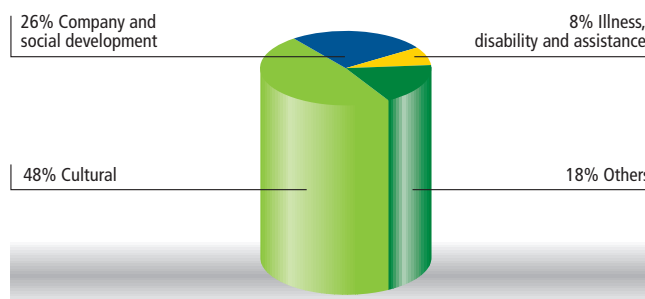


Patronage programmes

The commitment of the FCC Group to society is also demonstrated through a patronage programme, which places emphasis on the promotion of values and of social awareness resulting in a large number of initiatives covering a wide range of areas. Examples of the main FCC Group patronage initiatives in 2006 are listed below.

The following chart shows the distribution of investments made in 2006 based on the type of initiatives.

Breakdown by area of FCC cooperation initiatives

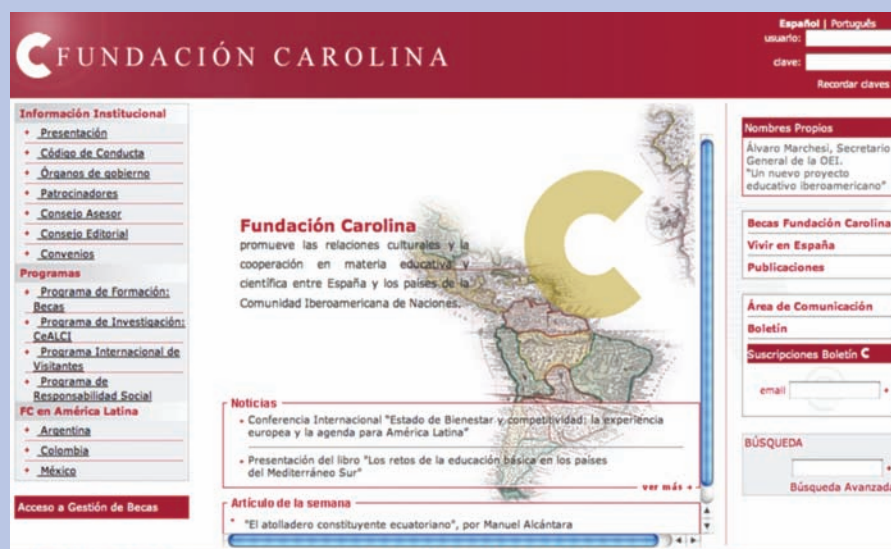


Relation between FCC and the entities and foundations with which it cooperates

Institution	Collaboration
Association for External Promotion of Seville	Social development
Seville Prevention Conference. Prevexpo	Social development
Civitus Nova Forum 2006	Social development
Employment Fair 2006. Valencia	Social development
Environment, Company and Sustainable Development Foundation	Social development
Ernest Lluch Foundation	Social development
I Citizen Participation Conference, Madrid	Social development
III Conference on Civil, Land and Environmental Engineering	Social development



Institution	Collaboration
Intercaminos Project Valencia 2006	Social development
Civil and Environmental Engineering Week. Universidad Pública de Valencia	Social development
VIII Conama. National Conference on the Environment. Sustainable Development Summit	Social development
XIV Conference on Ground Mechanics and Geotechnical Engineering	Social development
Action Against Hunger	Social development
Ad+Solidarity Projects	Social development
SOS Children's Villages Spain	Social development
Help in Action	Social development
Roman Academic Centre	Social development
National Centre for Cardiovascular Research	Social development
Autonomous Region of Madrid Women's Council	Social development
Amigó Foundation	Social development
Carolina Foundation	Social development
Codespa Foundation	Social development
Rtve Crecer Jugando Foundation	Social development
Economic Studies Foundation	Social development
Youth Sport Foundation	Social development
General Foundation of the Universidad Politécnica de Madrid	Social development
Prince of Asturias Foundation	Social development
Vicente Ferrer Foundation	Social development
Claretian Missionaries in Peru – Proclade Bética	Social development
Nuevos Caminos	Social development
San Manuel and San Benito Parish	Social development
Kingdom of Navarra Cup	Social development
Afandice	Assistance
Ribera-Tudela Association for the Physically Handicapped	Assistance
Spanish Association Against Cancer	Assistance
Oncological Children's Association of Madrid	Assistance



Institution	Collaboration
Association for the Promotion of and Attention to Adult Mental Illnesses, Apadema	Assistance
State Coordinating Confederation for the Physically Handicapped in Spain, Cocenfe	Assistance
Spanish Federation Against Cystic Fibrosis	Assistance
Afin Foundation	Assistance
Concerto Foundation	Assistance
Juan XXIII Foundation	Assistance
Leukaemia and Lymphoma Foundation	Assistance
Pequeño Deseo Foundation	Assistance
Promete Foundation	Assistance
Down Syndrome Foundation	Assistance
Theodora Foundation	Assistance
Payasospital	Assistance
Avila town council	Cultural
Cultural Albacete	Cultural
Information Theory Department Universidad Complutense de Madrid	Cultural
Ordovician Tunnel Exhibition. Geomineral Museum of Spain	Cultural
Zaragoza under Transformation Exhibition	Cultural
Friends of the Universidad de Navarra Foundation	Cultural
Friends of the Prado Museum Foundation	Cultural
Canary Island Opera Festival Foundation	Cultural
Silos Foundation	Cultural
Lyric Theatre Foundation	Cultural
Three Mediterranean Cultures and Anne Frank Foundation	Cultural
Universidad Rey Juan Carlos Foundation	Cultural
Hispania Nostra	Cultural
Donostiarra Choir	Cultural
Royal Toledo Foundation	Cultural
XX Castell de Peralada Music festival	Cultural
The Ages of Man (Ciudad Rodrigo)	Cultural

FCC Medio Ambiente promotes the communities in which it is present

The special link between FCC Medio Ambiente with the local communities in which it operates has led to a wide range of sponsorships from this area by FCC. This has contributed to social/community improvement. Throughout 2006 there have been numerous sponsorship and patronage activities undertaken in the social, cultural and sports arena, etc.

FCC supports the World Heritage Site through the Royal Toledo Foundation

The Royal Toledo Foundation, of which FCC is the patron, is a private non-profit-making cultural institution presided by HM the King. It aims to contribute to the conservation and revitalisation of the historic city of Toledo, UNESCO World Heritage Site, through carrying out activities to promote its living conditions and protection, and studies and awareness of its cultural assets. It also strives to conserve and spread the legacy of the sculptor Victorio Macho. The following actions undertaken by the Foundation in 2006 are notable:

- Museum activities, development projects, development of heritage, conservation and restoration of cultural artefacts and exhibitions.
- Heritage awareness, conferences and work meetings on cultural and regional scenery, archaeology and the historic city.
- Research projects, including historical themes, Visigothic Toledo, Toledo at present, studies on the general public and tourism.
- Publications and announcement of the Royal Toledo Foundation Awards, 13th edition.
- Landscape conservation of Vega Baja, Toledo.

Awards received

In recognition of its work, the Royal Toledo Foundation has received the gold medal for Merit in Fine Arts, the medal of honour from the San Fernando Royal Academy of Fine Arts and the gold medal from the City of Toledo.



Proactiva and environmental education in Latin America

- Guardians Project: environmental education for children, which won the silver Escoba award in 2006.
- Recycling: different educational campaigns on recycling led by the Argentinean industrial waste subsidiary (Deltacom).
- Beach cleaning: campaign to keep the environment clean (Brazil).
- Avance Programme: training for Proactiva Mexico and Brazil employees.

Sharing knowledge about "Scenarios in Spain"

For fourteen years FCC has edited a book published annually that is part of a valuable collection, which is widely consulted in universities and by academics for its scientific and informative content.

These books provide in-depth historical analyses of matters that are usually related to activities carried out by the FCC Group.

An average of 15,000 copies are printed every year and each book comprises approximately 400 pages with more than 350 illustrations that are distributed free of charge. To date the following titles have been published:

1993	Recuerdo urbano de España
1994	Puentes de España
1995	El hombre y el agua
1996	Arte y arquitectura de la vivienda española
1997	Viaje por la historia de nuestros caminos
1998	La ciudad. Recorrido por su historia
1999	Memoria viva de un siglo
2000	Historia de las técnicas constructivas
2001	Historia de los parques y jardines
2002	Fiestas de España
2003	El municipio. Recorrido por su historia
2004	Obras singulares de la arquitectura y la ingeniería en España
2005	Historia del carruaje en España
2006	Escenarios de España

In 2006 FCC unveiled its latest book entitled "Scenarios in Spain" describing places that accommodate audiences and the atmosphere for these events.

Around twenty prestigious authors participated in this new volume with many illustrations that provide an attractive image of scenarios in Spain.

The book covers different historical periods and is very general; from the Greek-Roman heritage up to the present time, and includes a large selection of scenarios: Roman theatres and amphitheatres, churches, comedy houses, opera houses, Zarzuela theatres, cafes, cinemas, auditoriums, concert halls, stadiums, racetracks, and many more.

Historical periods

As in previous volumes, the book is divided into historical periods, with four chapters, 480 pages and 929 illustrations.

It begins with the Greek and Roman times and moves on to the end of the Middle Ages, describing the first public spaces dedicated to housing events, with magnificent examples. It continues with the Spanish Golden Age and then on to the Century of Lights, with a splendid selection of places used for theatre representations, public squares,

scenarios for large celebrations and shows; then it moves to the illustration period and on to the birth of cinema. It was during the latter period when there was an enormous increase in the number of stages: the Zarzuela Theatre and the Royal Theatre were built in Madrid at this time, as well as the Lyceum Circle in Barcelona and the first cinemas.

The last chapters are dedicated to the twentieth century and the beginning of the twenty-first century when mega premises start to appear; large cinemas, sports stadiums, velodromes, dog racing tracks, auditoriums and sports pavilions. The last part of the book includes three illustrated appendices of theatres, auditoriums, arenas and sports stadiums in Spain, classified by autonomous regions, provinces and municipalities. This compendium offers an image of our customs and is undoubtedly a very valuable contribution to the history of architecture and construction in Spain.





Teatro-Circo de Abacete. Façade and room (XIXC)

Recognition

Throughout 2006 FCC has received numerous awards and recognition for its work as a company. Due to space limitations, only a few of them are detailed here:

- **FIB Excellent Structures Award 2006, Civil Engineering Structures Category.** Floating dike in Monaco, awarded by the International Federation for Structural Concrete whose headquarters are in Lausanne, in January 2006.
- **International Dedalo Minosse Architecture Award 2005-2006.** Zaragoza Delicias train station, awarded by the region of Veneto, the Ala-Assoarchitecti Association and the architecture magazine, L'Arcadestaca, in June 2006.
- **Arco Award for the Best Architectural Work 2004-2005.** Plaza del Mar and Toyo sea front, Almeria, in development, scenery and public spaces category, awarded by the Almeria Colegio de Arquitectos in November 2006.
- **Award for Aqualia as the best water management company in the world in 2006,** awarded by Global Water Intelligence (GWI).
- **Award for FCC as "Best company in the autonomous region of Madrid",** awarded by the magazine, Mundo Empresarial Europeo.
- **Environmental award from the autonomous region of Madrid for Cementos Portland Valderrivas.**
- **Several awards for the cleanest cities in Spain,** where FCC is in charge of conservation and cleaning.
- **"Aster Award for business track record"** for FCC presented by the ESIC business school.
- **"Best of European Business" award** to Aqualia for its European vocation, presented by Roland Berguer Co.
- The Boadilla del Monte town council received the **X award from the Spanish Association of Public Parks and Gardens for maintaining cleanliness and conservation in green areas,** a service rendered by FCC.
- CTSA, a subsidiary of FCC Transportes, was awarded **"Company of the year"** for services rendered in Avila.
- Proactiva Medio Ambiente Brazil received the **Garopaba award for "Top Business 2006",** for its participation in promoting recycling in the municipality of Garopaba, an award sponsored by the Jornal do Sul.
- Proactiva Mexico, through Setasa, was presented with the **Silver Escoba award,** for its awareness campaigns "Guardians of the environment" and "With you in your colony". Presented at the International Town Planning and Environment Fair.

Eco-efficiency and reducing environmental impacts

241	Protecting the air
248	Protecting the water
255	Protecting the land
261	Compliance with regulations

FCC integrates eco-efficiency and reducing environmental impact objectives into all its business areas. This is the Group's reasonable response to global challenges whose short, medium and long-term repercussions on the quality of life of persons and ecosystems makes them strategic objectives for the Company

The increase in atmospheric pollution shows the need to improve systems to control and reduce contaminants. The ever-increasing gap between demand and availability of water highlights the need to ensure efficient management of this scarce and valuable resource. Contamination of the land may be alleviated through efficient waste management. The loss of wealth of biodiversity evidences the need to restore vulnerable areas.

Aware of the impact of the Group's activity on the environment, FCC has integrated environmental protection and eco-efficient management into the Group's strategic planning and decision-making.

The **Corporate Responsibility Master Plan** pays testament to FCC's commitment to eco-efficiency. This plan establishes the development of programmes that place the Group at the forefront of innovation of eco-efficient processes and services. In order to reinforce this objective, the Group has also established the "green centre" plan, which focuses on identifying and reducing the environmental impacts associated to the Group's work centres.



El Alto Cement Factory, Morata de Tajuña, Madrid

Protecting the air

Cement production, due to the volume and complexity of the production process, is the Group activity that most contributes to atmospheric contamination

One of the direct consequences of the notable economic growth in Spain in recent years has been the development of the urban sector and large-scale investment in infrastructures. Consequently, the consumption of cement has significantly increased.

In this context, in 2006, Cementos Portland Valderrivas Group, the leading national cement producer in Spain undertaking activity in all stages of the cement business cycle: aggregate, cement, concrete and mortar, increased its efforts to continuously improve the prevention and integrated control of the impact of its activities on the environment, incorporating the best techniques available and innovative alternatives that favour maximum eco-efficiency.

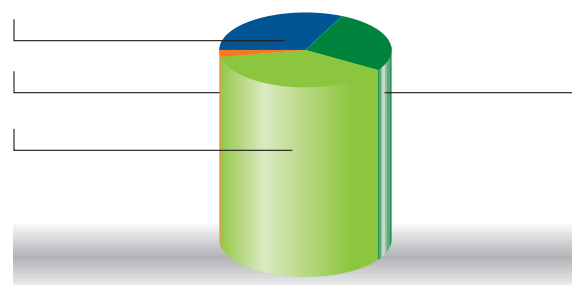
Cementos Portland Valderrivas has also created two committees to oversee compliance with the commitments undertaken in the field of sustainability; a strategic committee, the Sustainability Committee; and an executive committee, the Sustainability Work Committee.

The increase in demand and production leads to a rise in production inputs, of which the consumption of raw materials and energy are particularly relevant. In 2006, Cementos Portland Valderrivas consumed a total of 45,690,340 tonnes of raw materials, of which 42,317,522 tonnes were used in the production centres in Spain and 3,372,818 tonnes in the cement production factory in the US.

The following table shows raw materials consumed in the last three years by product type. In 2006, the scope of activity in Spain has varied compared to 2005 as it includes details of Cementos Leona and the aggregate and mortar production of Cementos Alfa Group.



Percentage consumption of raw materials of Cementos Portland Valderrivas Group in Spain in 2006



Consumption of raw materials of Cementos Portland Valderrivas Group in Spain (tonnes)		2003	2004	2005	2006
Cement	Limestone marl	8,374,046	9,082,318	9,188,385	10,111,246
	Clay	451,054	420,768	367,000	388,351
	Sand	22,896	23,526	13,804	40,701
	Limonite	41,955	36,545	67,818	66,893
	Gypsum	395,407	410,169	407,721	451,226
	Pozzolan	84,855	74,507	107,720	163,776
	Ashes and slag	784,731	751,501	776,008	913,328
	Ferrous sulphate	0	3,577	17,150	30,550
	Kaolins	76,023	60,680	81,246	62,797
	Other materials	319,976	431,346	463,095	748,190
Total cement		10,550,943	11,294,937	11,489,947	12,977,058
Concrete	Cement	823,475	831,744	996,908	1,493,413
	Aggregate	5,867,882	6,131,822	6,854,109	10,337,877
	Ashes	25,862	56,570	54,787	51,564
	Additives	7,451	7,276	9,249	14,104
	Arlite	923	711	965	3,201
Total concrete		6,725,593	7,028,123	7,916,018	11,900,159
Aggregate	Wet-mix macadam	9,042,580	10,124,399	10,593,305	16,224,076
Total aggregate		9,042,580	10,124,399	10,593,305	16,224,076
Mortar	Cement	35,696	33,673	42,498	131,162
	Aggregate	282,316	287,461	392,069	1,033,997
	Ashes	6,711	10,953	17,689	46,262
	Additives	223	197	218	1,168
	Lime	4,848	4,012	3,807	3,639
Total mortar		329,794	336,296	456,281	1,216,228
Total raw material consumption		26,648,910	28,783,755	30,455,551	42,317,522



Consumption of raw materials of Cementos Portland Valderrivas Group in the US (tonnes)		2003	2004	2005	2006*
Cement	Limestone marl	1,961,252	1,946,954	2,031,273	2,775,962
	Sand	88,409	93,026	88,467	199,687
	Gypsum	80,359	78,336	87,569	107,894
	Ashes and slag	126,439	113,493	117,264	168,387
	Other materials	28,995	26,605	29,151	120,888
Total cement		2,285,455	2,258,415	2,353,724	3,372,818

*Includes Thomaston figures

Cement Production and atmospheric contamination

Cement is a basic construction material, which is made using an intermediary product called clinker and is then ground with gypsum and other additives. Clinker is manufactured using mainly minerals, limestone and clay after passing through automated and physio-chemical processes requiring calorific energy.

Emissions of SO₂ (KgSO₂/Tm cement) in 2006:
+0.48% of
weighted average in Spain 2005

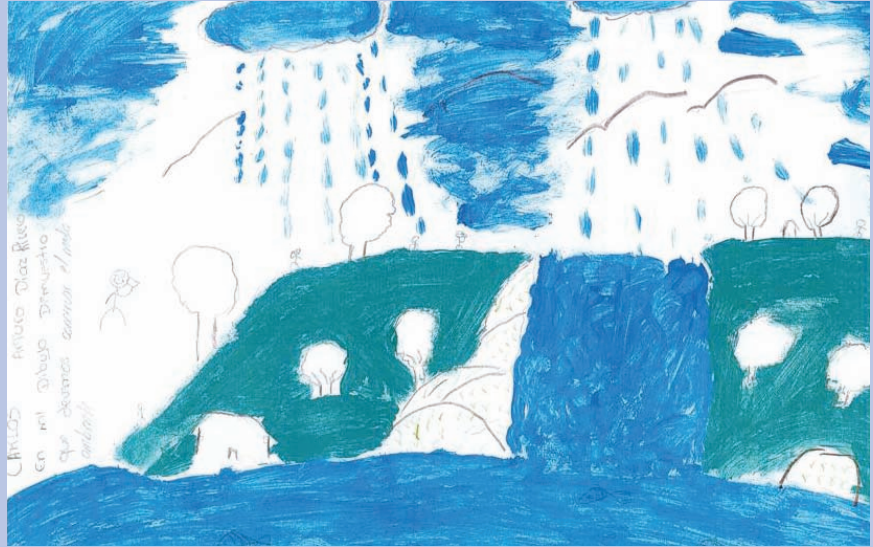
Emissions of NO_x (KgNO_x/Tm cement) in 2006:
-14.61% of
weighted average in Spain 2005

Emissions of particles
(Kg particles/Tm cement) in 2006:
-31.8% of weighted average
in Spain 2005



The emission of contaminants into the atmosphere is the most significant environmental issue of the manufacture of cement.

Environmental aspects	Installation	Operation	Impact
Fugitive particle emissions	Quarries	• Start-up • Crushing • Transport	• Perturbances to the population • Effect on vegetation
	Cement factories	• Transport • Grinding	
Canalised particle emissions	Quarries	• Crushing	• Photochemical smog • Effect on vegetation and fauna • Perturbances to the population
	Cement factories	• Grinding of raw materials and fuels • Manufacture of clinker • Grinding of cement • Bagging cement	
SO ₂ , NO _x , CO and CO ₂ Combustion gas emissions	Cement factories	• Manufacture of clinker	• Acid rain • Photochemical smog • Global warming
Noise and vibration emissions	Quarries	• Blasting • Crushing • Transport (vehicles)	• Perturbances to the population and fauna
	Cement factories	• Grinding of raw materials and fuel • Manufacture of clinker • Grinding of cement • Transport (vehicles)	



Drawings by children during environmental conferences

Monitoring of emissions and air quality

Two fundamental aspects of atmospheric contamination must be taken into consideration: the handling of large quantities of diverse solid materials, such as raw materials, intermediary products, additions and fuels, many of which must be crushed into powder form; the burning of crude oil in a high temperature furnace to obtain clinker.

The different treatments applied to the materials used throughout the production process, transport, storage, grinding, etc. may cause the emission of particles into the atmosphere, however, the main gas emissions occur during the clinkerisation process in the furnace. These emissions are produced as a result of the physio-chemical reactions to which the raw materials are subjected and the use of fuels to burn crude oil. The most significant emissions related to the clinker furnaces are:

- Particles.
 - Nitrogen oxides (NO_x).
 - Sulphur dioxide (SO₂).
 - Carbon dioxide (CO₂).
- Specifically analysed in the
Fight Against Climate Change Chapter.*
- Carbon monoxide (CO).
 - Volatile organic compounds (COV).

Emissions are controlled using three measurement systems:

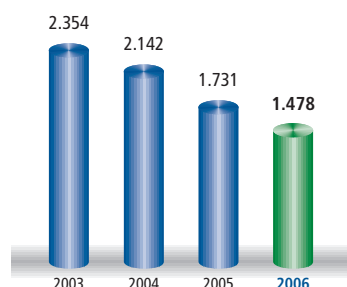
- Continuous systems to measure particles in clinker furnaces and coolers, cement grinders and combustion installations.
- Continuous systems to measure NO_x, SO₂ and CO in the furnaces.
- Annual measurements of chlorohydric acid, fluorhydric acid, VOC, benzene, polyaromatic hydrocarbons (PAHs), heavy metals (arsenic, cadmium, chrome, copper, mercury, nickel, lead, zinc), PM-10 particles and dioxins and furans.

Air quality in the surroundings of each installation is controlled by the vigilance networks that monitor the following parameters:

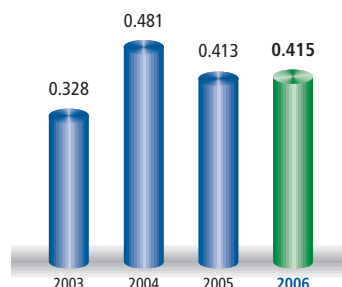
- Sedimentary particles.
- Total suspension particles (TSPs).
- PM-10 suspension particles.
- Nitrogen oxides (NO, NO₂).
- Sulphur dioxide (SO₂).
- Ozone (O₃).
- Meteorological parameters.

Cementos Portland Valderrivas has signed voluntary agreements with the Administration to reduce **the emission of particles and combustion gases into the atmosphere**. These have allowed the Company to prepare its installations sufficiently in advance to comply with Spain's Law 16/2002 on Integrated Pollution Prevention and Control (IPPC).

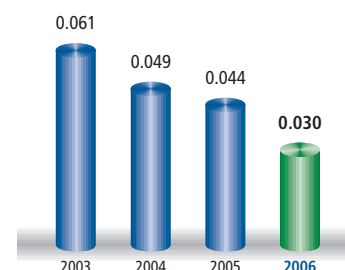
Emissions of NO_x, Spain
Kg/Tm cement. Weighted average



Emissions of SO₂, Spain
Kg/Tm cement. Weighted average



Emission of particles, Spain
Kg/Tm cement. Weighted average



In 2006, the Company also obtained the Integrated Environmental Authorisation for the Mataporquera, El Alto and Alcalá de Guadaira factories.

The Company has also promoted the use of the Best Available Techniques (BATs) in all of its cement division installations. An example of the implementation of BATs is the use of selective non-catalytic reduction (SNCR) in the El Alto cement factory, a technique based on the injection of ammonia to control NO_x emissions. The Company has also carried out trials to use this technique in the factories in Alcalá de Guadaira (Seville),

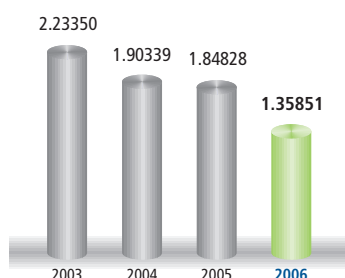
Hontoria (Palencia) and Olazgutia (Navarra) and is awaiting the final authorisations to commence operations in these installations.

In 2006, the Company has continued to achieve positive results regarding the reduction of NO_x, SO₂ and particle emissions. The figures should be interpreted taking into consideration that the weighted average of Spain for 2006 includes details of Lemona and the weighted average of the US for the same year includes details of the Thomaston installation.

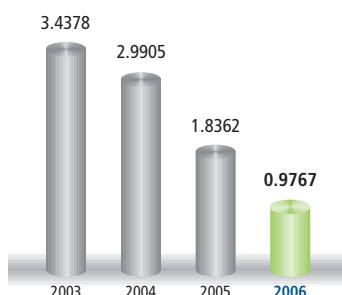
Emissions of SO₂, NO_x and particles of Cementos Portland Valderrivas

	NO _x (Kg/Tm of cement)			SO ₂ (Kg/Tm of cement)			Particles (Kg/Tm of cement)		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Spain									
Alcalá de Guadaira	1.758	1.526	1.522	0.017	0.022	0.019	0.028	0.030	0.033
El Alto	1.900	1.650	1.371	0.390	0.330	0.220	0.037	0.059	0.045
Hontoria	2.420	1.930	1.900	0.020	0.060	0.060	0.060	0.040	0.005
Olazagutia	3.905	2.461	2.440	1.219	1.238	1.390	0.104	0.011	0.020
Mataporquera	1.200	1.340	0.676	1.190	0.840	0.780	0.044	0.067	0.026
Lemona			0.878			0.624			0.021
US									
Harleyville	1.934	1.823	0.901	3.533	1.348	0.505	0.728	0.754	0.691
Bath	1.869	1.877	1.770	2.381	2.391	2.776	0.339	0.341	0.488
Thomaston			1.669			0.047			0.027

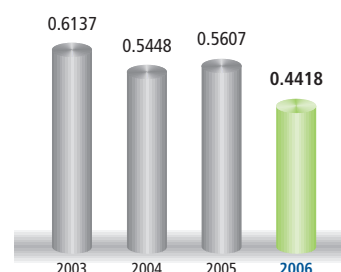
Emissions of NO_x, US
Kg/Tm cement. Weighted average



Emissions of SO₂, US
Kg/Tm cement. Weighted average



Emissions of particles, US
Kg/Tm cement. Weighted average



Energy efficiency in the production of cement

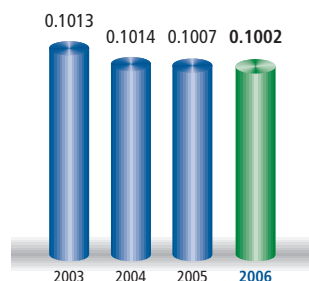
In 2006, energy consumption of Cementos Portland Valderrivas' operations in Spain amounted to 927,747 MWh, while operations in the US amounted to 318,038 MWh.

The ratios for electrical energy consumption and calorific energy per tonne of cement produced show that the measures implemented by Cementos Portland Valderrivas have produced positive results in terms of progress in energy eco-efficiency.

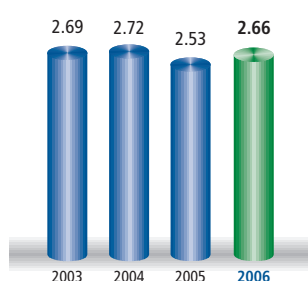


Further information at www.cementosportland.es

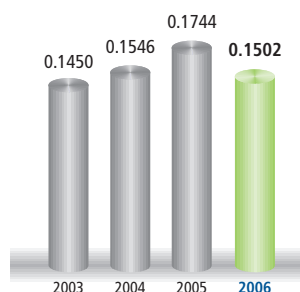
Electrical energy consumption in Spain
MWh/Tm of cement



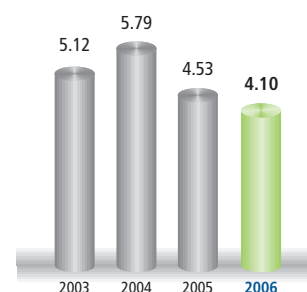
Calorific energy consumption in Spain
GJ/Tm of cement

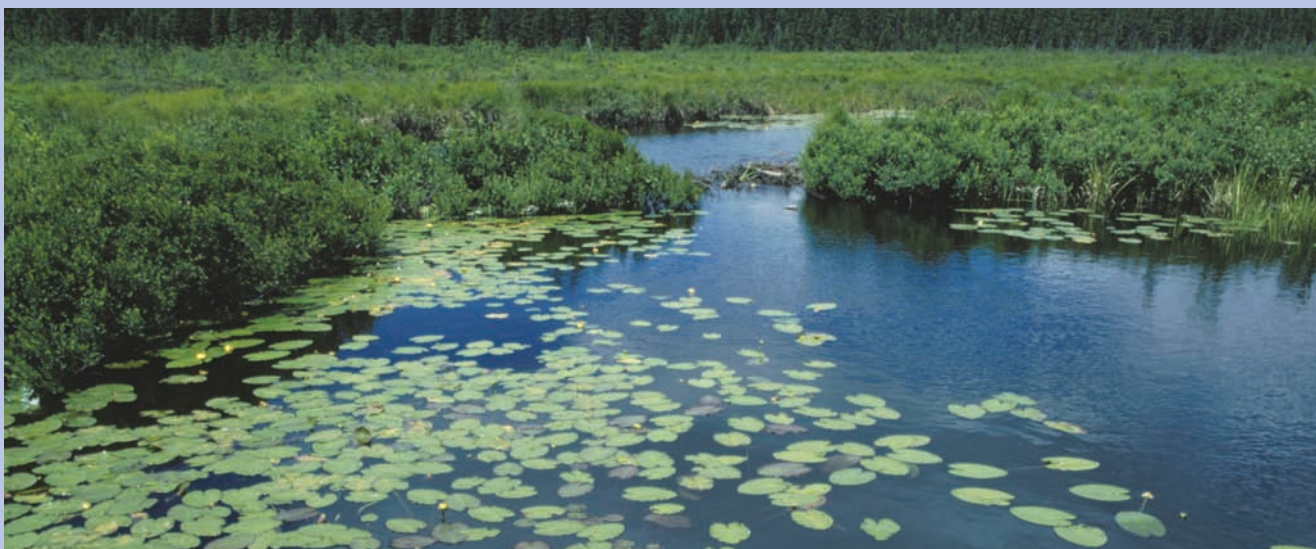


Electrical energy consumption in the US
MWh/Tm of cement



Calorific energy consumption in the US
GJ/Tm of cement





Protecting the water



Collection

562,275,000 m³ of water collected

Conversion into drinking water

5,885,061 kg of reactive materials used in the disinfection of the water

Distribution

174,158,972 m³ of drinking water distributed each quarter

Purification

117,149 m³ of solid waste in wastewater treatment plants

Aqualia is the FCC group company that specialises in integral water cycle management. It provides services to 13 million inhabitants in over 800 municipalities in Spain, Italy, Portugal and the Czech Republic. It has a staff of 6,000 employees and an annual turnover of over Euros 750 million.

Aqualia and integral water management

Aqualia manages a business committed to accessible quality water. This is an important activity due to its implications for public health and sustainability of the ecosystem. This FCC subsidiary assumes a responsible approach to the challenge of the sustainable management and development of scarce water resources under high demand: drinking water, water for purposes of hygiene, food production, energy and industrial goods and maintenance of natural ecosystems.

Aqualia's business activities are diversified and include: solutions for the use of water in industry, design and construction of water treatment plants, optimisation of water for irrigation, and public hydraulic infrastructure concessions, which can in turn include financing, specialised consultancy, site construction and equipment supply, as well as maintenance and operation of hydraulic infrastructures.

At the date of this report, Aqualia has been elected the world's best Water Management company of the year, by the international publication Global Water Intelligence, acknowledging its evolution over recent years and international presence.

Further information at
<http://www.fcc.es> and <http://www.observatorioconstruccion.com>

Aqualia is not limited to the management of water as an economic resource, but performs a second role: the integral management of the accessibility and maintenance of this scarce commodity, making customers and users aware of their own responsibility with regard to sustainable water management.

Aqualia's plan for the management of quality and the environment integrates environmental sustainability into the management of the company. Aqualia has established tools to ensure compliance with this plan:

- Periodic meetings of the quality committees to carry out follow ups and review of action taken.
- Internal audits of all the installations with management systems implemented. In 2006, the majority of subsidies and associated companies had certified management systems in accordance with regulation UNE-EN ISO 14001.

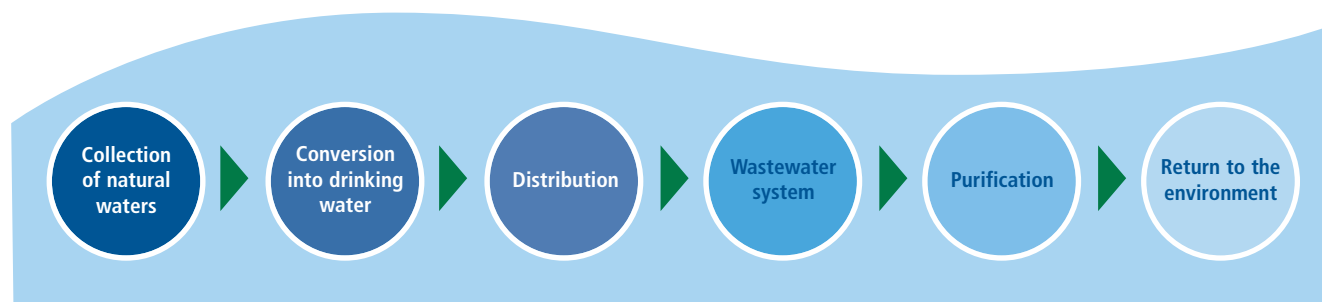
- Processes of continual improvement and the necessary accreditation, by ENAC, of the Aqualia laboratories.

- Management indicators, which can be contracted individually.

The following performance indicators have been established to monitor the plan's progress:

- Quality of water provided and purified.
- Quality of service.
- Technical yield of the network.
- Level of customer service.

Aqualia offers its services at all stages of integral water management:



Control of impacts: avoiding overexploitation of subterranean waters

Subterranean waters offer vital functions and services to humankind and to the environment. They supply streams, springs and wetlands, maintain the stability of the surface soil in areas where the terrain is unstable, and act as a fundamental water resource to satisfy society's basic demands for water.

It is fundamental that the rhythm of extraction does not exceed the process of regeneration. Otherwise, an imbalance will occur with significant impacts on the availability and quality of water.

Aqualia carries out the studies necessary to understanding the process of regeneration, and those aspects that can affect the commercial exploitation of resources. It also measures water quality to detect any possible overexploitation of resources, and to suspend all extraction activities if the quality of water is detected to be below the established threshold.

Further information at <http://www.aqualia.es>

Collection

Water is collected from surface waters (reservoirs and rivers), subterranean waters (wells and springs) and the sea and other salt water sources. Suitable management of resources will allow both quality and quantity to be maintained over time.

The performance of Aqualia in each one of its water systems is based on the premise of a sustainable management of demand, by means of processes that favour a more efficient use of water, and improve the balance between supply and demand. In 2006, the volume of water collected by Aqualia was of 562,275,000 m³, 69.8% of which came from surface sources, 28.8% from subterranean sources and 1.4 from salt-water sources.

Conversion into drinking water

The transformation of untreated water into drinking water is carried out at drinking water treatment plants (ETAP). In 2006, Aqualia had 130 working ETAP, producing a volume of drinking water of 497,954,152 m³.

The process for converting untreated water into drinking water employs reactive disinfectants and energy. In 2006, Aqualia used 5,885,061 kg of reactive materials and 83,024,452 kWh in energy, representing a slight increase in consumption with respect to 2005.

Aqualia are experts in desalinators, desalination, water purification and the mitigation of the impact of brine on marine flora and fauna.

Applying an external pressure greater than natural osmotic pressure, the salts or brine can be separated and the water purified with a low salt content. For each litre of water extracted from the sea, less than half is desalinated. The remaining brine has a salinity that is twice as high as that of sea water and is generally returned to the sea.

Aqualia monitors and mitigates the effects of brine on the surrounding sea bed. The effects of brine on the marine flora and fauna of the surrounding areas depend on the characteristics of the marine life in the area of evacuation. Consequently, before initiating development of a desalination plant, Aqualia analyses the sensitivity of the local marine life and identifies the most suitable course of action.

In 2006 Aqualia was awarded the desalinators of Tordera, in Barcelona, and of Roque Prieto, in Gran Canaria; both within the A.G.U.A. program of the Ministry of the Environment. Aqualia also operates desalinators in Cabo de Gata, Almeria, Denia, Tenerife and Lanzarote.

The City Council of Almeria has awarded the desalinators of Bajo Almanzora to FCC-Befesa-Aqualia. The plant will provide 60 million litres of desalinated water per day, covering the high demand in Bajo Almanzora and Levante,



where, for some time now, a solution has been sought to resolve the situation of drought suffered by the region.

The awarding of the desalination plant of Santa Eularia in Ibiza foresees the design, construction, operation and financing of the station and its adjoining installations. Its financing is forecast for 2007. The Santa Eularia plant will have three wells for the extraction of sea water, one of them for reserve purposes. The plant will obtain 10,000 cubic metres of water daily, which can be increased to up to 15,000, if necessary.

In 2006, Aqualia also won two desalination contracts in Algeria to build and operate, over a 25-year period, the desalinators of Mostaganem and Cap Djinet, with a capacity of 100,000 m³/day, and a total investment of Euros 184 million.

Further information at <http://www.aqualia.es>

Distribution

Drinking water is stored in tanks that are able to modulate supply. The supply of water to each end consumer is made through the supply network, composed of a wide-reaching infrastructure of pipelines that transport the water from the tanks to each residence. In 2006, Aqualia had a storage capacity in tanks of 3,636,366 m³ and managed the distribution of 696,635,890 m³ of water.

The maintenance, monitoring and control of the supply network are essential to avoiding possible leakages of drinking water. Aqualia strictly monitors the 27,375 km supply network to detect and repair, in the shortest time possible, any breakdown that might cause an interruption in supply.

In 2006, Aqualia invested Euros 59,188,301 in the maintenance of the water distribution network to avoid losses and guarantee the quality of the water supplied.



Information technologies to monitor and diminish network losses

The introduction of new IT applications allows Aqualia to monitor the supply of water in order to avoid and, when required, to identify and resolve losses of water in the shortest time possible.

Systematic program to search for leakages: implemented in all departments, this represents a significant saving in water and energy. It also allows for the design of methods to improve infrastructure in accordance with real needs. This is demonstrated by the leakage detection campaigns in 2006 in La Solana, Burgo de Osma, Callosa de Segura, Yecla, Santomera, Corral de Almaguer and Illescas achieved a saving of 1,347,500 m³ of water and of 54,953 kWh of energy. These localities are in an area of high demand of water resources, where eco-efficiency is crucial.

Pegasus equipment: this calculates the pressure of the supply network during the daytime to modulate a constant supply even in situations of high demand. At night-time, with a lower demand of water, excessive pressure on the network can provoke ruptures. This monitoring and adjustment allows a reduction in equipment energy consumption.

Aqualia GIS Management program: a geographical information system applied to supply and drainage networks, which allows for the unification of the permanent monitoring system, and minimises response time in the case of breakdowns in service and interruptions in supply.

Remote control systems: these permit the constant monitoring of the quality of the water supplied and the conditions of the distribution infrastructure. The tank control systems regulate their level, lending to savings in volume of water used and in the consumption of energy, by reducing the volume of water requiring treatment.

Permalog® units: the incorporation of these units detects leakages in the water distribution networks automatically, 24 hours a day. In the case of Denia, a saving was made of 114,177 m³ of water supplied, with an associated energy saving of 161,423 kWh.

Renewal of water meters: Meters monitor the actual consumption of water and allow both users and service personnel to detect internal leakages and set in motion the mechanisms necessary to repair them.



Drawings by children during Environmental Awareness days

Sewer system

The sewer network and pumping stations collect water used in homes, shops and industries and transport it to the wastewater treatment plants (EDAR), where it is processed and recycled until returning optimum water into the natural environment.

Aqualia manages a drainage network of 12,566 km. In 2006, Aqualia pumped 169,984,068 m³ of waste water, with a consumption of 18,699,627 in the wastewater pumping stations.

Purification

Aqualia's management of the purification process is aimed at guaranteeing both the quality of the water returned into the environment and a reduction in the consumption of energy and generation of waste, which contributes considerably to the preservation of natural resources.

In 2006, Aqualia treated 488,337,270 m³ of water, in 254 treatment plants. In this process, 310,019 tonnes of sludge and 117,149 m³ of solid waste were generated. The consumption of electricity in the wastewater treatment plants in this period was of 165,191,504 kWh, representing a reduction in consumption of 4% with respect to 2005.

Vertido Cero: recycled water and reuse of waste

The Vertido Cero project is aimed at reusing wastewater in treatment plants. To this end, a system has been developed employing membrane and evaporation technologies that reduce the generation of sludge

Wastewater treatment plants have a digester, in which the organic material from the water is digested by bacteria, generating two kinds of waste: sludge and gases. Both then undergo a parallel process to optimise their reutilisation:

Sludge: this is dehydrated and reused as agricultural fertiliser.

Bio gas: a fuel that is obtained from the reactions of biodegradation of organic material which is reused as a fuel in the boilers that feed the digester or in the production of electrical energy for consumption in the plants themselves.

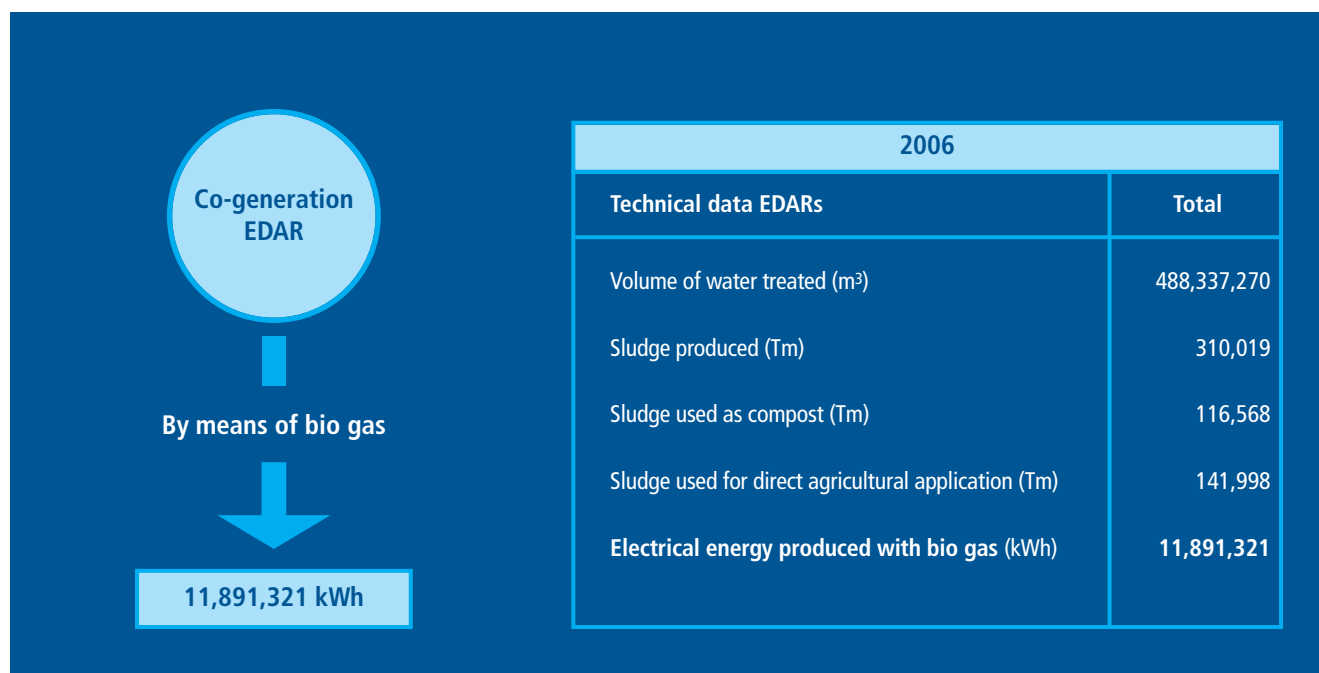
Aqualia is progressively implementing these techniques in all of the water treatment plants that it manages. In 2006, 116,568 tonnes of sludge were reused as compost for direct agricultural applications, and over 11,891,321 kWh was obtained from bio gas, by means of the employment of co-generation equipment.



Energy efficiency in the water management cycle

Aqualia maintains an ongoing commitment to the reduction of energy consumption at its plants. In 2006, despite the notable increase in the volume of water managed by Aqualia compared to 2005, the total consumption of electrical energy in all of its water cycle processes was reduced by 0.5%.

Plants	kWh 2005	kWh 2006	Difference
Collection	108,988,709	112,345,082	3.08%
Conversion into drinking water	82,757,214	83,024,452	0.32%
Distribution	61,845,837	61,409,508	-0.71%
Wastewater	17,235,640	18,699,627	8.49%
Treatment	172,125,002	165,191,504	-4.03%



**1,300,000 tons of waste treated
by Ámbito in 2006**



Protecting the land

Land is the most valuable resource affected by certain business activities. Its occupation, contamination and loss through abandoning areas which were temporarily used for construction projects, alongside the consumption of raw materials and the generation of waste, have an environmental impact which can be linked to construction activity. Likewise, cement production also has a significant effect on land, in terms of both material consumption and waste generation.

The degradation of our land is partially mitigated through adequate waste management and the recovery of its potential value, thus avoiding land loss and the consumption of additional resources. Integral waste management activities help to reduce environmental impact on the land, and also lead to eco-efficiency through recycling of materials.

FCC Construcción and Cementos Portland Valderrivas: minimising impact on the land

FCC's management programmes promote control of and improvements in processes, with the aim of reducing waste generation, avoiding spillages and increasing material recycling.

Waste management at FCC is based on the classification of the EWL, the European Waste List. Waste is classified and coded, and is then treated as established by current legislation, through authorised transport and management companies.

**15,303,243 m³
of inert waste was generated in 2006
by FCC Construcción**

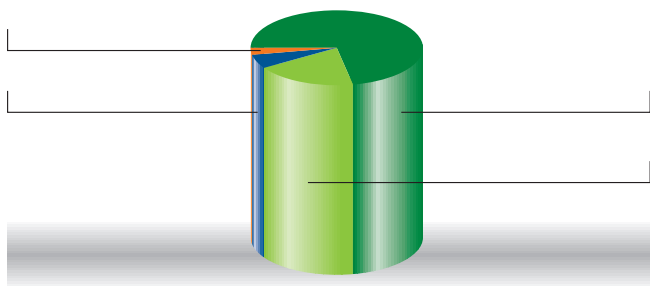
**32.96% substitute
fuel at
Cementos Lemona**



According to information drawn from 318 construction projects (93% of the company total), in 2006 FCC Construcción generated 186,241 tons of non-hazardous waste, 2,667 tons of hazardous waste, and 15,303,243 m³ of inert waste. The various types of hazardous waste generated are shown in the diagram below:



Hazardous waste generated by FCC Construcción in 2006



The **recycling of surplus earth or rock and clean rubble**, is a key priority for FCC Construcción. During each project's design stage, the Company categorises, measures and defines the waste management forecast for the duration of the project itself. The following table shows the forecast waste recycling figures for 2006, along with the actual amounts of waste as recorded at the end of the year. The figures demonstrate the positive results obtained after the implementation of various recycling and waste evaluation measures, resulting in a 44% reduction in the volume of inert waste taken to landfills compared to projected volumes.

Materials recycled/used	Foreseen amount	Actual amount
Surplus earth or rock (m³)		
Landfill	20,732,236	12,000,712
Used in the project	50,460,549	27,374,011
Used resulting from other projects	750,400	629,675
Used in other projects	3,410,723	4,154,052
Obtained expressly (loans)	16,097,153	9,510,424
Total excavation	85,899,019	48,013,749
Total land filling	69,394,887	39,241,811
Clean rubble (concrete, mortar, bricks, prefabricated goods, others) (m³)		
Landfill	1,068,427	320,086
Used in the project	2,101,008	98,865
Used resulting from other projects	1,000	5,180
Used in other projects	3,195	25,888
Delivered to waste disposal contractor	42,069	92,391



The **prevention and management of accidental spillage** in construction projects includes additional protective measures to minimise the possibility of accidental land contamination. On site, in particular at the various storage points, impermeable recipients are made available for any contaminating fluid that may spill and pollute the ground. In the event of accidental spillages, procedures foreseen in the emergencies plan are implemented

In the drive to find new, more efficient environmental management tools, FCC Construcción has implemented a **mechanism to gather environmental information** from all its construction projects. When combined with a specific IT application, this then provides more detailed and extensive information, which is not only produced more quickly, but is also more reliable.

In order to push forward recycling and waste evaluation measures, FCC Construcción has implemented various R+D+I projects focused on studying alternatives to make the most of waste. Two of the projects developed during 2006 were:

Project Challenge

Subsidised by the Ministry for the Environment and introduced in 2004, this project aims to minimise the adverse environmental impact of linear construction projects. This will be achieved through a reduction in surplus materials, the incorporation of waste from other production activities into the construction process, and a general reduction of the use of new materials in construction projects.

Project Slag

This is a study to characterise and re-use steel slag from electric furnaces as a material in road construction. During 2006, the following tasks were carried out: preparation of the slag, preparation of the sub-base, laying of the slag and spreading of the aggregate.

Recycling and energy eco-efficiency at Cementos Portland Valderrivas

In addition to recycling waste material from other industries, Cementos Portland Valderrivas is encouraging the use of residuals to produce energy in the cement business unit. This consists of using waste for fuel purposes, taking advantage of its calorific energy. The process involves the following stages: conducting market surveys, carrying out pilot tests, and processing the relevant authorisations with the local authorities.

In the USA, a large percentage of the energy consumed by the industrial processes employed by the Group's activities is obtained from alternative fuel sources, which come from waste treatment and aerosol recycling. In Spain, Cementos Portland Valderrivas recycles energy from meat and bone meal in the Hontoria plant in Palencia, and used tyres, wood waste, sliced plastics and carbonaceous waste in the Lemona Plant, in the Basque Country.

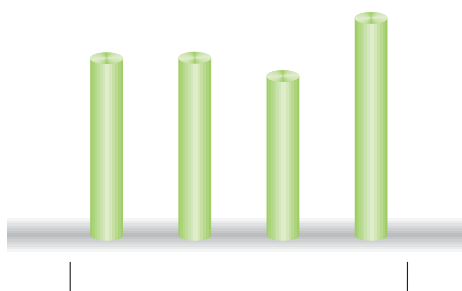
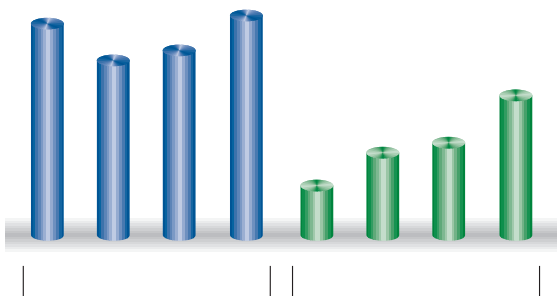
In 2006, the company signed an agreement with SIGNUS (the Integrated Management System for Used Tyres), in order to recycle energy from this type of waste.



Recycling management at Cementos Portland

Valderrivas is based on using waste material from other industries in the production process, as if it were a raw material. This includes various types of sand, ferrous sulphate, fly ash, lamination scale, calcium carbonate sludge, limestone filler, wood bark furnace ash, ESAR furnace ash and ground plaster.

The percentage of materials used which are recycled as energy is increasing on a steady basis. By business activity, the production of cements and mortar is the area where the substitution of raw materials by waste is most significant.

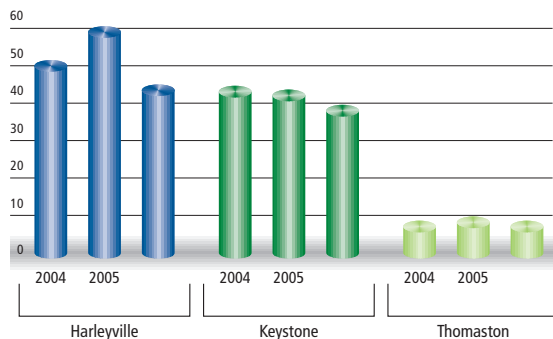




Cement plant. Vallcarca. Barcelona

In 2006, the amount of materials evaluated and used as replacement fuel at Cementos Lemona (Basque Country) was 32.96%. The materials in question were meat and bone meal, used tyres, wood waste, sliced plastics and carbonaceous waste. The Cementos Portland Valderrivas plant in Hontoria (Palencia) reached 6.32% in 2006, compared to 3.95% the previous year, through the use of meat and bone meal. Energy recycling in the USA is particularly significant in Harleyville, where it almost reaches 40%, as well as in Keystone, where it has decreased slightly since 2005, to below 40%.

Percentage replacement of fuels in USA



Ámbito and professional industrial waste management

Ámbito is an expert in industrial waste management. Its main aim is to provide its clients with integral solutions that satisfy their waste management needs.

Ámbito has treatment plants, recycling plants, transfer centres, paper and cardboard sorting and recycling plants, and disposal areas for both hazardous and non-hazardous waste. In 2006, the company treated over 1,300,000 tons of waste in its plants.

As a result of the treatment being carried out on customer-generated waste, other waste is subsequently produced, such as sludge, leachates and waste resulting from on-site sorting. This waste is managed within the plant itself, if it has the relevant authorisation – if not, another authorised Ámbito facility will take charge of treating the waste.

As a result of its activities, Ámbito generated a total of 209,523 tons of waste in 2006, of which 16.71% was hazardous waste.

The minimisation of waste is managed in accordance with the second additional regulation of Royal Decree 952/1997. Ámbito facilities registered as waste producers must draw up a waste minimisation plan every four years, taking into account all waste which is not generated as a result of the treatment process itself, such as fluorescents, absorbent material, oils, etc.



Some activities related to non-hazardous waste management, such as IPODEC or the companies from the paper division, take the waste collected directly from some customers who do not adequately sort it. After treating this waste accordingly on site, there is a significant quantity which cannot be used, and must be sent to the landfills. In cases such as this, where there is no control over the initial sorting of the waste, reduction objectives cannot be set. Instead, commercial tasks are undertaken with the customer, which focus on informing

Ámbito Waste management	2004		2005		2006	
	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous
Destination: landfill	22,095.76	63,096.73	21,608.47	120,686.68	26,787.40	124,194.28
Incinerated	2,520.82	0.00	2,229.56	0.00	1,788.94	0.00
Recycled	218.12	903.32	182.63	18,781.20	185.07	30,851.29
Re-used	1.00	1.10	4.24	1.50	4.98	1.50
Recycled as energy	195.92	0.00	247.01	882.32	369.52	1,774.86
Compost	0.00	0.00	0.00	0.00	0.00	0.00
Others	936.97	14,568.84	5,973.85	25,987.38	5,893.17	17,673.20

customers of the most suitable way for them to separate their waste, thus making the subsequent recycling process much easier.

Compliance with regulations

The activities of the FCC group are subject to environmental regulations. In the majority of cases they need government authorisation to operate and are subject to periodical inspections by the administration. Any non-compliance could mean that, apart from the corresponding fines, this authorisation is withdrawn. As a result and considering the responsibility involved in environmental management, FCC strictly adheres to the legislation in force, and particularly the terms of Integrated Environmental authorisation.

Even so, FCC was not free of non-compliance and had penalties imposed in 2006. Costs incurred due to fines received for non-compliance with environmental regulations amounted to Euros 443,245 in 2006. The data includes FCC Construcción, Cementos Portland Valderrivas, FCC Medio Ambiente, Aqualia and Ámbito.





Appendices

- 264 **Accuracy of information contained in this report:**
Letter from the independent, external inspector
- 266 **More information on Corporate social responsibility**
performance of the FCC Group
- 267 **Main G3 indicators of the Global Reporting Initiative**
G3Global Reporting Initiative Index + Communication on
progress expectations of the Global Compact
- 274 **GRI Certification**
- 274 **Your opinion is important: Dialogue with stakeholders**
- 275 **Questionnaire on this report for stakeholders**

Accuracy of information contained in this report

Letter from the independent, external inspector



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Informe de Verificación

A los lectores de este Informe

Introducción

Hemos sido requeridos por el Grupo FCC (en adelante FCC) para revisar la información relativa a las prácticas ambientales y sociales correspondientes al ejercicio 2006 contenida en su Informe de Responsabilidad Social Corporativa 2006 (en adelante el Informe), cuya elaboración, incluida la decisión acerca de los asuntos que trata, es responsabilidad de la Dirección de FCC.

Alcance

En el Informe se describen los esfuerzos y avances realizados por FCC en la consecución de un desarrollo más sostenible. Nuestra responsabilidad ha sido la de revisar el mencionado Informe, comprobar la aplicación de la Guía de Global Reporting Initiative Versión 3 (GRI G3) de acuerdo al nivel de autodeclaración de la compañía, así como ofrecer a los lectores del mismo un nivel de aseguramiento limitado de acuerdo con lo establecido por la norma ISAE 3000 (International Standard for Assurance Engagements) sobre:

- Que los datos cuantitativos recogidos se han obtenido de manera fiable.
- Que las informaciones de carácter cualitativo que figuran en el mismo se encuentran adecuadamente soportadas por documentación interna o de terceros.
- La aplicación de la Guía de GRI G3 de acuerdo a la autodeclaración realizada por FCC (nivel de aplicación A+).

Criterios para realizar la revisión

Hemos realizado nuestro trabajo de acuerdo con la norma ISAE 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, desarrollada por International Auditing and Assurance Standards Board (IAASB). Entre otras cuestiones esta norma requiere que:

- El equipo que realiza el trabajo posea conocimientos específicos, habilidades y competencias profesionales necesarias para entender y revisar la información incluida en el Informe, y que los miembros del mismo cumplan los requerimientos del Código de Ética Profesional de la Federación Internacional de Expertos Contables (IFAC) para asegurar su independencia.
- Cuando se provea de un aseguramiento limitado de la información, que es de un nivel de profundidad menor que el aseguramiento razonable, se utilice una conclusión limitada al trabajo realizado.

En nuestra revisión se han seguido los principios y criterios de verificación de la información incluidos en la Guía de GRI G3 por ser los aplicados por FCC y cuyo entendimiento y aplicación se hallan descritos en el capítulo denominado "Introducción. La responsabilidad corporativa en FCC".

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C / F B-8249650

Trabajo realizado

a) Verificación de datos cuantitativos y otras informaciones de carácter cualitativo contenidas en el Informe

Hemos revisado la fiabilidad de los datos y otras informaciones contenidas en el Informe de acuerdo con el alcance descrito, basándonos en la realización de las siguientes actividades:

- Entrevistas con los responsables de los sistemas que proveen la información incluida en el Informe.
- Revisión de los sistemas utilizados para generar, agregar y facilitar los datos.
- Análisis del alcance y presentación de la información que se ofrece.
- Revisión por muestreo de los cálculos realizados a nivel corporativo y la consistencia de los mismos.
- Revisión de que otras informaciones contenidas en el Informe se encuentran adecuadamente soportadas por documentos internos o de terceros.

b) Revisión limitada del alineamiento de los criterios y principios para la definición del contenido del Informe y su alcance según GRI G3

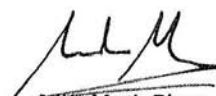
Se han revisado documentalmente los criterios y procedimientos utilizados para definir los contenidos del informe de conformidad con el alcance descrito.

Estos criterios de presentación de la citada información en cuanto a alcance, incluyendo las eventuales limitaciones al mismo, importancia, métodos de integración y agregación de los datos en función de la participación de FCC en las diferentes sociedades del Grupo, se hallan descritos de manera general en el capítulo "Introducción. La responsabilidad corporativa en FCC" y de manera particular en los diferentes capítulos dedicados a la presentación de la información ambiental y social.

Conclusiones

Basados en los trabajos descritos anteriormente, no hemos observado circunstancias que nos indiquen que los datos recogidos en el Informe no hayan sido obtenidos de manera fiable, que la información no esté presentada de manera adecuada, ni que existan desviaciones ni omisiones significativas.

KPMG ASESORES, S.L.



Julián Martín Blasco

17 de mayo de 2007

More information on Corporate social responsibility performance of the FCC Group

The information and data in this report have been generated by the management systems of the business areas and management and corporate function areas of the FCC Group. This information can be found in more detail in different public reports available to download on the corporate website:

- FCC Medio Ambiente
- FCC Construcción
- Cementos Portland Valderrivas
- Aqualia



■ FCC Medio Ambiente



■ FCC Construcción



■ Cementos Portland Valderrivas



■ Aqualia

*More information on the FCC Group
available at <http://www.fcc.es>*

Main G3 indicators of the Global Reporting Initiative

G3 Global Reporting Initiative Index + Communication on progress expectations of the Global Compact



G3	Global Compact	Omissions	Page
STRATEGY AND ANALYSIS			
1.1. Statement from the most senior decision maker, strategy.			Letter from the Chairman and Managing Director, P.3-7. The report also provides information on the leadership of the Board of Directors for the CR Strategy. P.144-145
1.2. Description of the key impacts, risks and opportunities.			Letters from the Chairman and Managing Director, P.3-7. See also, P.127-128.
ORGANISATIONAL PROFILE			
2.1. Name of the organisation.			P. 120 y 274.
2.2. Primary brands, products and/or services.			P. 139-142.
2.3. Operational structure of the organisation.			P. 139.
2.4. Location of organisation's headquarters.			P. 278 and 2006 Corporate Governance Report, P.1 (At www.fcc.es)
2.5. Number of countries where the organisation operates, and names of countries with major operations.			P. 198-200.
2.6. Nature of ownership and legal form.			P. 278 and 2006 Corporate Governance Report, P.1 (At www.fcc.es)
2.7. Markets served.			P.151-152 highlight changes in the market compared with the previous year. P.139-142 introduce the market. Other sections of the report also detail the corresponding markets and market share. Information also available at www.fcc.es
2.8. Scale of the reporting organisation (net sales, total capitalisation, etc.).			P. 143
2.9. Significant changes, structure and ownership of the organisation.			P.279-283 and 2006 Corporate Governance Report, P.2-5 (At www.fcc.es).
2.10. Awards received in the reporting period.			P. 190; 217; 239; 249.

REPORT PARAMETERS

Report Profile

3.1. Reporting Period.			P. 136.
3.2. Date of most recent previous report.			P. 135.
3.3. Reporting Cycle (annual, biennial, etc.).			P. 135.
3.4. Contact point.			P. 274.

Report scope and boundary

3.5. Process for defining report content (Determining materiality, prioritising topics within the report and identifying stakeholders).			P. 121-122;128; 136-137;229-230.
3.6. Boundary of the report.			P. 137.
3.7. Limitations on the scope or boundary of the report.			P. 137.
3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.			P. 137.
3.9. Data measurement techniques and the bases of calculations, including assumptions and estimations applied. Explain any decisions not to apply the GRI Indicator Protocols.			P. 137-138. The company has available the files containing the data collected for the preparation of this report where the method of the basis of calculation used is specified. Verification by ISAE 3000 checked the information and calculation systems that support the data introduced. The GRI G3 indicator protocols have been applied. The logistics and transportation sector supplement was not applied because it is focused on the transport of freight and not passengers or logistic warehousing.
3.10. Explanation of the effect of any re-statements of information provided in earlier reports.			When information and data from the reporting period for 2005 has been used, it has been duly noted in the report.
3.11. Significant changes in the scope, boundary, or measurement methods.			No significant changes have been recorded. Any change, however small, has been duly noted in the report.

GRI content index

3.12. Table identifying the location of the Standard Disclosures in the report.			P. 267-273.
3.13. Policy and current practice with regard to seeking external assurance for the report.			P. 135; 138; 264-265.

GOVERNANCE, COMMITMENTS, AND STAKEHOLDER ENGAGEMENT

Governance

4.1. Governance structure of the organisation.			P. 149-150.
4.2. Indicate whether the chairman of the highest governance body is also an executive officer.			2006 Corporate Governance Report, P.11 (At www.fcc.es)

G3	Global Compact	Omissions	Page
GOVERNANCE, COMMITMENTS AND STAKEHOLDER ENGAGEMENT (continued)			
4.3. Number of members of the highest governance body that are independent or non-executive members in organisations with a direct unit structure.			P. 149-150.
4.4. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.			P. 150. Also, 2006 Corporate Governance Report.
4.5. Linkage between compensation for members of the highest governance body and the organisation's performance.			P. 150. Also, 2006 Corporate Governance Report.
4.6. Processes in place for the highest governance body to ensure conflicts of interest are avoided.			P. 149. Also, 2006 Corporate Governance Report.
4.7. Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.			P. 14-15. Also, 2006 Corporate Governance Report.
4.8. Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental, and social performance and the status of their implementation.			P. 120-126; 141-148.
4.9. Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance and adherence or compliance with internationally agreed standards, codes of conduct and principles.			P. 129; 141-148. 2006 Corporate Governance Report (At www.fcc.es).
4.10. Processes for evaluating the highest governance body's own performance with respect to economic, environmental, and social performance.			2006 Corporate Governance Report. P. 14-16 (At www.fcc.es).
Commitments to external initiatives			
4.11. Explanation of how the precautionary principle is addressed by the organisation.			P. 145-146.
4.12. Developed economic, environmental and social charters or principles to which the organisation subscribes or endorses.			P. 124-126; 178-181; 220-228.
4.13. Memberships of associations and/or national/international advocacy organisations in which the organisation: - Has positions in governance bodies. - Participates in projects or committees. - Provides substantive funding beyond routine membership dues; or - views membership as strategic.			P. 233-236.
Stakeholder Engagement			
4.14. List of stakeholder groups included by the organisation.			P. 121-122.
4.15. Basis for identification and selection of stakeholders with whom to engage.			P. 121-122.
4.16. Stakeholder engagement (frequency).			P. 121-122; 274.
4.17. Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns through its reporting.			P. 136-137; 229-230.

ECONOMIC

Disclosure on Management Approach

The Corporate Responsibility Master Plan.			P. 127-132.
Creation of value through corporate responsibility.			P. 151-153.
Economic value generated and distributed.			P. 154-159.
Combating climate change.			P. 160-161.
FCC manages risks impacting climate change.			P. 177.

Economic performance indicators

Economic performance

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.			P. 155.
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change.			P. 160-161 y 177.
EC3 Coverage of the organisation's defined benefit plan obligations.			P. 155; 206-207.
EC4 Significant financial assistance received from government.			2006 Annual Report. P. 338.

Market Presence

EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			P. 230.
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.			P. 202; 214; 230.

Indirect economic impacts

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.			P. 143; 151-152 y 158.
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ENVIRONMENTAL

Disclosure on Management Approach

The Corporate Responsibility Master Plan.			P. 127-132.
Combating climate change.			P. 160.
Evidence of FCC's commitment.			P. 161-162.
FCC makes progress in the reduction of CO ₂ emissions.			P. 162-176.
FCC manages the risk of climate change.			P. 177.
Eco-efficiency and reducing environmental impacts.			P. 240.
Protecting the air.			P. 241-247.
Protecting the water.			P. 248-254.
Protecting the land.			P. 255-260.

Environmental performance indicators

Materials

EN1 Materials used by weight or volume.	GC8		P. 240-260.
EN2 Percentage of materials used that are recycled input materials.	GC8		P. 240-260.

G3		Global Compact	Omissions	Page
Energy				
EN3	Direct energy consumption by primary energy source.	GC8		P. 240-260 y 160-176.
EN4	Indirect energy consumption by primary source.	GC8		P. 240-260 y 160-176.
Water				
EN8	Total water withdrawal by source.	GC8		P. 248-254.
Biodiversity				
EN11	Description of land adjacent to or located within natural protected areas or areas of high biodiversity value outside protected areas. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	GC8		No changes have been recorded with respect to 2005. 2005 CSR Report. P.67.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	GC8		No changes have been recorded with respect to 2005. 2005 CSR Report. P.67.
Emissions, Effluents, and Waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	GC8		P. 160-175.
EN17	Other relevant indirect greenhouse gas emissions by weight.	GC8		P. 160-175.
EN19	Emissions of ozone-depleting substances by weight.	GC8		P. 160-175.
EN20	NO, SO and other significant air emissions by type and weight.	GC8		P. 241-247.
EN21	Total water discharge by quality and destination.	GC8		P. 248-254.
EN22	Total weight of waste by type and disposal method.	GC8		P. 255-261.
EN23	Total number and volume of significant spills.	GC8		P. 248-254.
Products and Services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	GC8		P. 160-177; 240-261.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	GC8		FCC does not create products. However, it promotes the re-use of materials in all sectors-see P. 160-177 and p.240-261.
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	GC8		P. 261.

SOCIAL

Disclosure on management approach				
Labour Practices				
	The Corporate Responsibility Master Plan.			P. 127-132.
	Health and Safety.			P. 178.
	Managing healthy and safe workplaces.			P. 179-183.
	Monitoring health and safety in the workplace.			P. 184-190.
	Health and safety culture.			P. 191-195.
	Attracting and retaining talent.			P. 196.
	FCC corporate responsibility in talent management.			P. 197.
	Talent in FCC.			P. 198-217.
Society				
	The Corporate Responsibility Master Plan.			P. 127-132.
	Dialogue and cooperation with the community.			P. 218.
	Approach to relations with the community.			P. 219.

G3		Global Compact	Omissions	Page
FCC Group dialogue and cooperation initiatives.				P. 220-230.
Cooperation in the community.				P. 230-238.
The vision and values of our corporate responsibility.				P. 120-123.
FCC's corporate responsibility principles and commitments.				P. 124-126.
FCC Corporate responsibility culture.				P. 145-148.
Human Rights				
The Corporate Responsibility Master Plan.				P. 127-132.
FCC's corporate responsibility principles and commitments.				P. 124-126.
Product Responsibility				
The Corporate Responsibility Master Plan.				P. 127-132.
Health and Safety.				P. 178.
Managing healthy and safe workplaces.				P. 179-183.
Monitoring health and safety in the workplace.				P. 184-190.
Health and safety culture.				P. 191-195.
Social Performance Indicators				
1. Labour practices and Decent Work				
• Employment				
LA1	Total workforce by employment type, employment contract, and region.			P. 198-205.
LA2	Total number and rate of employee turnover by age group, gender, and region.			P. 205.
• Labour/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements.	GC3		P. 213-214.
LA5	Minimum notice period(s) regarding significant organisational changes, including whether it is specified in collective agreements.	GC3		P. 213.
• Occupational Health and Safety				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.			P. 184-188.
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.			P. 191-193.
• Training and Education				
LA10	Average hours of training per year per employee by employee category.			P. 207-211.
• Diversity and equal opportunities				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	GC6		P. 149; 203; 201.
LA14	Ratio of basic salary of men to women by employee category.			Basic salary by collective bargaining which duly follow the principles and legislation on equal remuneration. P.125 and 203.
2. Human Rights				
• Investment and Procurement Practices				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	GC1-GC2		P. 125.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	GC1-GC2		P. 125.

G3		Global Compact	Omissions	Page
• Non-discrimination				
HR4	HR4 Total number of incidents of discrimination and actions taken.	GC1-GC6		No incidents of discrimination have been recorded. P. 125 y 213.
• Freedom of Association and Collective Bargaining				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	GC3		P. 125 y 213-214.
• Child Labour				
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	GC5		P. 126.
• Forced and Compulsory Labour				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	GC4		P. 125.
3. Society				
• Community				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.			P. 218; 178-181.
• Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	GC10		P. 126; 145-146.
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	GC10		P. 126; 145-146.
SO4	Actions taken in response to incidents of corruption.	GC10		P. 126; 145-146.
• Public Policy				
SO5	Public policy positions and participation in public policy development and lobbying.			P. 194-195; 220-221.
• Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			P. 195; 261.
4. Product responsibility				
• Customer Health and Safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.			P. 178-195.
• Products and Service Labelling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.			P. 195.
• Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.			P. 233-239.
• Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.			P. 195.



GRI Certification

On 24 May 2007 this received an A+ rating from the Global Reporting Initiative (GRI) institution.

This qualification recognises that the document has been prepared following the information principles and requirements of the "Sustainability Reporting Guidelines" in the current version at the time of publication.

For more information on GRI and the requirements for A+ see:

<http://www.globalreporting.org>>www.globalreporting.org

Your opinion is important: Dialogue with stakeholders

This report aims to show our stakeholders in a balanced and reasonable fashion how the company tackles the most significant challenges regarding its activities.

Any suggestions or comments regarding this report may be sent by letter to:

FCC Group
Corporate Responsibility Direction

Federico Salmón, 13
28016 Madrid

Tel.: +34 91 343 71 81

Or via email to:

rcorporativa@fcc.es

The current progress of FCC's Corporate Responsibility Plan can be viewed on our web page at www.fcc.es in the section entitled Corporate Responsibility. Any comments and requests can be sent via the link Diálogos Gdl.

Questionnaire on this report for stakeholders

The Corporate Responsibility Direction trusts that the information contained in the second edition of the Corporate Social Responsibility report has proved useful to our stakeholders.

We would be grateful if you could give us your opinion on this report including your criticisms and suggestions.

Please indicate your mark for each of the aspects of the 2006 Corporate Social Responsibility report, bearing in mind that 1 represents "uninteresting or inadequate" and 5 represents

"very interesting or very adequate". There is also a section for you to include any other comments or suggestions that can help us to improve the report.

Please send us the completed questionnaire via post or email.

Thank you for your participation

1. Please identify yourself with one of the following groups

Shareholders	☐	Media	☐
Employees	☐	Suppliers/Contractors	☐
Companies	☐	Public administration	☐
NGOs	☐	General public	☐
Customers	☐		

2. Quality of content

General	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Economic	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Social	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Environmental	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comments/suggestions:					

3. Length of content

General	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Economic	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Social	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Environmental	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comments/suggestions:					

4. Clarity of expression

Language easy to understand	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comentarios/Sugerencias:					

5. Usefulness of information

Usefulness	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comments/suggestions:					

6. Presentation

Design and format	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comments/suggestions:					

7. Credibility of information provided

Credibility	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comments/suggestions:					

8. Global evaluation of the Corporate Social Responsibility 2006 Report

Global evaluation	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Comments/suggestions:					

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Corporate governance

- 279 A. Ownership structure
- 285 B. Structure of the company
- 307 C. Linked transactions
- 310 D. Risk control systems
- 314 E. General Meeting
- 321 F. Level of compliance with corporate governance recommendations
- 329 G. Other information of interest



Fomento de Construcciones y Contratas, S.A.

Issuer identification

Fiscal year: 2006

Company name

Fomento de Construcciones y Contratas, S.A.

Registered offices

Balmes, 36
08007 Barcelona

Clarification

This document is a replica of the information contained in the Annual Corporate Governance Report model (Circular 1/2004 of 17 March of the Spanish Stock Exchange Commission) of Fomento de Construcciones y Contratas, S.A. approved at the Board of Directors meeting held on 31 March 2006. The information contained herein is exactly the same as that included in the approved report. Only the format has been changed in order to make it easier to read. In addition, the clarifications contained in the explanatory Annex in part G ("Other information of interest") on the official form are included here under the section titles to which they refer.

A. Ownership structure

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

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

If there are different classes of shares, list them on the following table:

Class	Number of shares	Par value
–	–	–

A.2. Details of direct and indirect holders of significant shareholdings in the company at the end of the fiscal year, excluding directors:

Name or company name of direct shareholder	Number of direct shares	Number of indirect shares (*)	% of total share capital
Grupo Inmocaral, S.A.	19,671,780	0	15.066

(*) Through:

Name or company name of the direct shareholder	Number of direct shares	% of total share capital
–	–	–
Total	–	–

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

Name or company name of shareholder	Date of transaction	Description of transaction
–	–	–

A.3. Complete the following table on the members of the Board of Directors who own shares in the company:

Name or company name of director	Date of first appointment	Date of latest appointment	Number of direct shares	Number of indirect shares (*)	% of total share capital
Gonzalo Anes y Álvarez de Castrillón	30-06-1991	21-06-2005	7,200	0	0.006
B 1998, S.L.	17-12-1996	28-06-2002	59,871,785	8,653,815	52.483
Miguel Blesa de la Parra	29-06-2006	29-06-2006	2,400	0	0.002
Cartera Deva, S.A.	15-09-2004	21-06-2005	100	0	0.000
Juan Castells Masana	21-06-2000	21-06-2005	7,629	0	0.006
Dominum Desga, S.A.	27-09-2000	29-06-2006	4,132	0	0.003
Dominum Dirección y Gestión, S.A.	26-10-2004	21-06-2005	10	0	0.000
EAC Inversiones Corporativas, S.L.	30-03-1999	23-06-2004	32	0	0.000
Fernando Falcó y Fernández de Córdova	18-12-2003	21-06-2005	4,390	0	0.003
Felipe Bernabé García Pérez	30-03-1999	21-06-2005	5,243	0	0.004
Ibersuizas Alfa, S.L.	15-09-2004	21-06-2005	1	0	0.000
Ibersuizas Holdings, S.L.	15-09-2004	21-06-2005	1	0	0.000
Larranza XXI, S.L.	13-01-2005	21-06-2005	10	0	0.000
Francisco Mas Sardá Casanelles	30-06-1991	28-06-2002	32,000	0	0.025
Rafael Montes Sánchez	06-03-1992	23-06-2004	37,230	17,371	0.042
Marcelino Oreja Aguirre	21-12-1999	21-06-2005	10,162	0	0.008
Antonio Pérez Colmenero	30-03-2005	21-06-2005	9,327	0	0.007
Robert Peugeot	15-09-2004	21-06-2005	10	0	0.000

(*) Through:

Name or company name of the direct holder	Number of direct shares
Azate, S.A	8,653,815
Josefa Fernández Mayo (spouse, Rafael Montes)	17,371
Total	8,671,186
% Total share capital owned by the Board of Directors	52.589

Complete the following table on members of the Board of Directors who own share rights in the company:

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

Note: Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L., which owns 52.483% of FCC's share capital. Of that amount, 59,871,785 are direct shares and 8,653,815 are indirect shares through its subsidiary Azate, S.A.

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L. which is in turn controlled by Esther Koplowitz Romero de Juseu (EK), who holds 73.37% of its share capital:

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

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

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

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

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

Name or company name of shareholder	Type of relationship	Brief description
–	–	–

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

Name or company name of shareholder	Type of relationship	Brief description
–	–	–

- A.6. Describe any shareholders' agreements between shareholders which have been notified to the company:**

Participants in the shareholders' agreement	% of capital stock affected	Brief description of the agreement
Esther Koplowitz Romero de Juseu	52.483	Relevant events of 30/07/2004 www.cnmv.es (see note)
Esther Koplowitz Romero de Juseu	52.483	Relevant events of 13/01/05 www.cnmv.es (see note)

Nota: On 30 July 2004, a Relevant Event was published on the website of the Spanish Stock Exchange Commission which referred to the acquisition of a part of the interest held by EK in the company B 998, S.L. by the companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Cartera Deva, S.A. and the French Peugeot family through the company Simante, S.L.

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

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

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

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

There are also numerous agreements between EK and the Investors designed to protect the latter's investment in B1998, S.L. as minority shareholders. They are described below:

With regard to B 1998, S.L.:

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

- amendments of the Articles of Association which involve moving the registered offices abroad, changing the business objective or increasing or reducing share capital, except when such transactions are imposed by legal imperative or when capital reductions are carried out through the acquisition of shares in B 1998, S.L. owned directly or indirectly by EK or Dominum Dirección y Gestión, SA, by B 1998, S.L. for subsequent amortisation or when they are carried out by means of the amortization of the shares in B 1998, S.L. owned directly or indirectly by EK or Dominum Dirección y Gestión, SA, and charged to the reserves which are only accessible to EK.
- transformations, mergers and spin-offs in any of their forms or the overall assignment of assets and liabilities;
- the dissolution or winding up of B 1998, S.L.;
- the suppression of preferential rights in capital increases and the exclusion of shareholders;
- any change to the administration system of B-1998, S.L.;
- the establishment or modification of the dividend policy agreed by the Investors in respect of the statutory or extra-statutory rights attached to the shares owned by the Investors;
- any encumbrance of any relevant assets of B 1998, S.L. and specifically of FCC shares or shares in any other company in which B 1998, S.L. may hold an interest now or in the future;
- any increase in the annual overhead costs which exceeds those shown on the company's balance sheet ending 31 December 2003, plus the annual increase in the Consumer Price Index, plus two percentage points. For calculation purposes, the remuneration received by B 1998, S.L., as a consequence of being part of the Board of Directors of FCC (hereinafter, "FCC Board Remuneration") will be excluded as will the remuneration received by members of the Board of Directors of B 1998, S.L. to the extent that it does not exceed the remuneration of the Board of Directors of FCC;
- the granting or maintenance of powers which could entail the use of FCC stocks;
- the indebtedness of B 1998, S.L. and the giving or receiving of guarantees totalling more than 500,000 euros;
- the creation or acquisition of direct subsidiaries (excluding FCC subsidiaries) or the taking of interests in companies other than those in which B 1998, S.L. currently holds an interest.

With regard to FCC:

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

- amendments of the Articles of Association which involve moving the registered offices abroad or increasing or reducing share capital, except when such transactions are imposed by legal imperative;
- changes to the business objective inasmuch as they involve the incorporation of activities unrelated or unconnected to the construction, services, cement and real estate sectors;
- transformations, mergers and spin-offs;
- the merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A., as a consequence of which B 1998, S.L. no longer holds an indirect share of more than 50% of the voting rights in the company formed by the merger;
- the suppression of preferential subscription rights in capital increases;
- the modification of the administration system;
- the disposal, encumbrance or acquisition of FCC assets unrelated to the company's business objective, provided that they are relevant, and any such actions included within the business objective of FCC when the value of the individual transaction or a group of transactions is equal to or greater than 700,000,000 euros (plus the annual increase in the Consumer Price Index) or any significant change to the current structure of the FCC Group or which represents more than 10% of the consolidated assets of the FCC Group;
- any other transactions involving a variation of more than 20% of the capital and reserves of FCC or 10% of the consolidated assets of the FCC Group;

- the granting of powers which permit the disposals, encumbrances or acquisitions referred to above; the foregoing in no way limits the right of EK to appoint and remove the Managing Director of FCC;
- the indebtedness of FCC and the giving or receiving of guarantees by FCC (excluding the guarantees required as part of the normal business transactions and project financing) which exceed 2.5 times the amount of the gross operating results shown on the last consolidated balance sheet of FCC.

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

For further information, please see the full contents of the shareholders' agreements which are available on the website of the Spanish Stock Exchange Commission under the heading of Relevant Events reported by the company on 30 July 2004 and 13 January 2005.

Indicate, where applicable, any concerted actions by the shareholders of your company that are known to the company:

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

- The company has no knowledge of the existence of concerted actions

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

A.7. Indicate any individual or legal entity that controls or has the ability to control the company pursuant to article 4 of the Stock Market Act:

Name or company name
Esther Koplowitz Romero de Juseu

Comments

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L. by 52.483%, which is in turn controlled by Esther Koplowitz Romero de Juseu (EK), who holds 73.37% of its share capital:

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

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

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

As of the end of the fiscal year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
375,986	316,098	0.530

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal	316,098
Total	316,098

Please provide the details of any significant variations during the fiscal year according to the provisions of Royal Decree 377/1991:

Date	Number of direct shares	Number of indirect shares	% of total share capital
–	–	–	–
Results obtained in the fiscal year from transactions with treasury stock (in thousands of euros)			15,704

A.9. Describe the conditions and the deadline(s) under which the Board of Directors may carry out acquisitions or transfers of treasury stock as described in part A.8.

Resolution of the General Meeting of Shareholders of 29 June 2006:

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42, parts 1 and 2 of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

- Maximum value: the highest quoted price in the three months immediately prior to the acquisition date, plus ten percent.
- Minimum value: the lowest quoted price in the last three months immediately prior to the acquisition date, less ten percent.

By virtue of this authorisation, the Board, the Executive Committee or the Managing Director may acquire the treasury stock provided that at the time of purchase the total treasury stock, including that purchased, does not exceed 5% of the capital stock pursuant to the terms of article 75.2 of the Revised Text of the Public Corporations Act.

The term of the authorisation shall be 18 months from today's date.

The acquisition of treasury stock, which must be fully paid up, must allow the company to endow the reserve prescribed under the provision stipulated in part 3 of article 79 of the Public Corporations Act, without decreasing the capital or the legal or unavailable reserves.

The authorisation to buy treasury stock granted to the Board by resolution of the General Meeting of Shareholders held on 21 June 2005 is hereby null and void.

A.10. Describe any legal or statutory restriction on voting rights and the legal restrictions on the acquisition or transmission of share capital.

There are no restrictions upon the exercise of the voting rights set out under the Articles of Association.

B. Structure of the company

B.1. Board of Directors

B.1.1. State the maximum and minimum number of directors according to the Articles of Association:

Maximum number of directors	20
Minimum number of directors	3

B.1.2. Complete the following table on the members of the board:

Name or company name of director	Representative	Position on the board	Date of first appointment	Date of latest appointment	Election procedure
Gonzalo Anes y Álvarez de Castrillón		Director	30-06-1991	21-06-2005	General Meeting
B 1998, S.L.	Esther Koplowitz Romero de Juseu	Director	17-12-1996	28-06-2002	General Meeting
Miguel Blesa de la Parra		Director	29-06-2006	29-06-2006	General Meeting
Cartera Deva, S.A.	José Aguinaga Cárdenas	Director	15-09-2004	21-06-2005	General Meeting
Juan Castells Masana		Director	21-06-2000	21-06-2005	General Meeting
Dominum Desga, S.A.	Esther Alcocer Koplowitz	Director	27-09-2000	29-06-2006	General Meeting
Dominum Dirección y Gestión, S.A.	Alicia Alcocer Koplowitz	Director	26-10-2004	21-06-2005	General Meeting
EAC Inversiones Corporativas, S.L.	Carmen Alcocer Koplowitz	Director	30-03-1999	23-06-2004	General Meeting
Fernando Falcó y Fernández de Córdova		Director	18-12-2003	21-06-2005	General Meeting
Felipe Bernabé García Pérez		Director	30-03-1999	21-06-2005	General Meeting
Ibersuizas Alfa, S.L.	Luis Chicharro Ortega	Director	15-09-2004	21-06-2005	General Meeting
Ibersuizas Holdings, S.L.	Jorge Delclaux Bravo	Director	15-09-2004	21-06-2005	General Meeting
Larranza XXI, S.L.	Lourdes Martínez Zabala	Director	13-01-2005	21-06-2005	General Meeting
Francisco Mas Sardá Casanelles		Director	30-06-1991	28-06-2002	General Meeting
Rafael Montes Sánchez		Managing Director	06-03-1992	23-06-2004	General Meeting
Marcelino Oreja Aguirre		Chairman	21-12-1999	21-06-2005	General Meeting
Max Mazin Brodovka		Director	29-06-2006	29-06-2006	General Meeting
Antonio Pérez Colmenero		Director	30-03-2005	21-06-2005	General Meeting
Robert Peugeot		Director	15-09-2004	21-06-2005	General Meeting
Total number of directors					19

Note: Francisco Vicent Chuliá was appointed Secretary of the Board of Directors at the Board meeting held on 26 October 2004.

List any directors who resigned from the Board of Directors during the fiscal year:

Name or company name of Director	Date of resignation
–	–

B.1.3. Complete the following tables on the directors and their position:

Executive directors

Name or company name of director	Committee that proposed appointment	Position in the company's organization
Rafael Montes Sánchez	–	Managing Director
Felipe Bernabé García Pérez	Appointments and Retributions	Secretary General
Antonio Pérez Colmenero	Appointments and Retributions	Corporate Human Resources and Media Manager

External nominee directors

Name or company name of director	Committee that proposed appointment	Name or company name of the significant shareholder represented or which proposed the appointment
B 1998, S.L.	–	B 1998, S.L.
Dominum Desga, S.A.	–	B 1998, S.L.
Dominum Dirección y Gestión, S.A.	Appointments and Retributions	B 1998, S.L.
EAC Inversiones Corporativas, S.L.	–	B 1998, S.L.
Fernando Falcó y Fernández de Córdova	Appointments and Retributions	B 1998, S.L.
Marcelino Oreja Aguirre	Appointments and Retributions	B 1998, S.L.
Ibersuizas Alfa, S.L.	Appointments and Retributions	B 1998, S.L.
Ibersuizas Holdings, S.L.	Appointments and Retributions	B 1998, S.L.
Cartera Deva, S.A.	Appointments and Retributions	B 1998, S.L.
Robert Peugeot	Appointments and Retributions	B 1998, S.L.
Larranza XXI, S.L.	Appointments and Retributions	B 1998, S.L.
Juan Castells Masana	Appointments and Retributions	B 1998, S.L.
Miguel Blesa de la Parra	Appointments and Retributions	B 1998, S.L.

External independent directors

Name or company name of director	Committee that proposed appointment	Profile
Francisco Mas Sardá Casanelles	–	Law Degree from the University of Barcelona; Member of the Business Council of the Catalán Institute of Technology; Advisory Member of the Cataluña Chamber of Commerce, Industry and Navigation. Former Chairman of the Banca Mas Sardá, Fomento de Obras y Construcciones, S.A., Nixdorf España, S.A.; Vice President of Autopistes de Catalunya, S.A. and member of the Advisory Board of Cataluña Olímpica.
Gonzalo Anes y Álvarez de Castrillón	Appointments and Retributions	Ph.D. in Economics, Professor of History and Economic Institutions at the School of Economic Science, University Complutense de Madrid; Director of the Royal Academy of History; Director of Repsol YPF, S.A.; Director of the Bank of Spain from 1980-1988; former director of the magazine "Moneda y Crédito".
Max Mazin Brodovka	Appointments and Retributions	Studied Planning and Statistics (Economics branch), having been: the Chairman of the International Relations Committee of the Spanish Confederation of Business Organizations, founder and National Chairman of the Independent Business Association, co-founder and Vice-Chairman of the Spanish Confederation of Business Organizations, honorary Chairman of the Madrid Business Confederation, Chairman of the Madrid Business Confederation Foundation, member of the Social Council of the Universidad Complutense of Madrid, founder of Tryp, S.A. hotels, founder of the Spanish World Trade Centre and Chairman thereof for seven years.

Other external directors

Name or company name of Director	Committee that proposed appointment
–	–

Please explain why they cannot be considered nominee or independent directors:

Indicate any changes to the types of directors during the fiscal year:

Name or company name of director	Date of change	Previous type	Current type
–	–	–	–

B.1.4. Indicate whether the types of directors stated in the preceding point match the distribution provided for in the board of Directors Regulations.

The types of directors comply with the provisions of article 6, “Qualitative Composition” of the Regulations of the Board of Directors.

B.1.5. Indicate the powers vested in the Managing Director(s), if any:

Name or company name of director	Brief description
Rafael Montes Sánchez	See note

Note: Article 35.2 of the Regulations of the Board establishes that “the Board of Directors may permanently delegate the powers of the Board in one or more of its members, with the exception of those which are not delegable under the law, the Articles of Association or the Regulations.

In order to be valid, the permanent delegation of the powers of the Board of Directors and the appointment of the Director or Directors to whom such powers are delegated, regardless of the office they hold, shall require the favourable vote of at least two-thirds of the components of the Board of Directors.

The Managing Director is responsible for representing and directing the company's business, always in keeping with the decisions and criteria established by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective authorities.

The effective representation and direction of the company's business includes but is not limited to:

- *Supporting the Board of Directors in the definition of the Group's strategy.*
- *Preparing the Business Plan and Annual Budgets to be submitted to the Board of Directors for its approval.*
- *Preparing and submitting to the Board of Directors or to the Executive Committee for approval, depending on whether the individual amount is higher or lower than eighteen million euros, respectively, proposals for investments, disinvestments, credits, loans, guarantees, bonds or other types of financial facilities.*
- *Hiring and firing of company personnel with the exception of the appointments to be made by the Board of Directors pursuant to the terms of these Regulations.*

At least once a year, at the first Board meeting of the year, the Managing Director will report to the Executive Committee on the actual level of compliance with the forecasts in terms of the proposed investments submitted to the Committee and to the Board of Directors.

Article 7.2 of the Regulations of the Board establishes that:

In any event, the Board of Directors, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Association, shall be obliged to address the following issues which constitute the formal list of issues that may only be addressed by the Board:

- a. *Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors; appointing and removing the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realía Business, S.A. and FCC Versia, S.A.) and appointing and removing members of the Steering Committee.*

The Board may periodically modify the list of specialised subsidiaries referred to in the preceding paragraph.

- b. *Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association and revoking such powers.*
- c. *Appointing and removing Board members to sit on the different Committees discussed in these Regulations.*
- d. *Supervising the Delegated Committees of the Board.*
- e. *Appointing Board members by co-optation when vacancies arise, until the next General Meeting is held.*
- f. *Accepting the resignation of board members.*
- g. *Formulating the annual accounts and presenting them to the General Meeting.*
- h. *Determining the Group's strategy with the support of the Strategy Committee and the Managing Director.*
- i. *Approving investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts above eighteen million (18,000,000) euros.*
- j. *Organising the Board of Directors in general and modifying these Regulations in particular.*
- k. *The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.*

Furthermore, article 8 (General Functions – Equilibrium in the Performance of Functions) establishes that “the Board of Directors is responsible for performing all acts as may be necessary to attain the business objectives set forth in the Articles of Association, in accordance with the applicable laws”. Under Section 2 thereof, it is stated that “the Board empowering certain members of the Board within the limits allowed by the law shall not deprive the Board of those powers”.

The Board of Directors, at its session held on 26 October 2004, delegated to Rafael Montes Sánchez numerous powers relative to: financial matters, customer and supplier relations, labour relations, administration and disposal, companies and associations, legal matters and internal affairs. This delegation of powers facilitates Group management and expedites the external manifestation of the company's will.

B.1.6. Identify the board members who hold senior management or director positions in other companies that are part of the Group of the listed company:

Name or company name of director	Name of company of the Group	Title
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Realia Business, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Alfa, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Lemona, S.A.	Director
EAC Inversiones Corporativas, S.L.	Lemona Industrial, S.A. Sole-Shareholder Company	Director
Fernando Falcó y Fernández de Córdova	Realia Business, S.A.	Director
Fernando Falcó y Fernández de Córdova	FCC Construcción, S.A.	Director
Fernando Falcó y Fernández de Córdova	Cementos Portland Valderrivas, S.A.	Director
Fernando Falcó y Fernández de Córdova	Cementos Lemona, S.A.	Vice-President
Fernando Falcó y Fernández de Córdova	Corporación Uniland, S.A.	Director
Fernando Falcó y Fernández de Córdova	Lemona Industrial, S.A. Sole-Shareholder Company	Vice-President
Ibersuizas Alfa, S.L.	Cementos Portland Valderrivas, S.A.	Director
Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Director
Robert Peugeot	FCC Construcción, S.A.	Director
Antonio Pérez Colmenero	Per Gestora Inmobiliaria, S.L.	Director

B.1.7. Please provide the details of any board members who sit on the boards of directors of other companies listed on the Spanish stock exchange, other than companies of your group, of which the company has been notified:

Name or company name of director	Listed company	Title
Ibersuizas Alfa, S.L.	La Seda de Barcelona, S.A.	Director
Marcelino Oreja Aguirre	Acerinox, S.A.	Director
Miguel Blesa de la Parra	Iberia L.A.E., S.A.	Director
Miguel Blesa de la Parra	Endesa, S.A.	Director

B.1.8. Complete the following tables regarding the aggregate remuneration paid to board members during the fiscal year.

a) In the company to which this report refers:

Breakdown of remuneration	Data in thousands of euros
Fixed	2,365
Variable	519
Allowances	6
Allowances for meeting attendance	1,774
Stock options and/or other financial instruments	0
Other	0
Total	4,664

Other Benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension plans and funds: contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company to directors	0

b) For sitting on the boards of other boards of directors and/or occupying executive positions in Group companies:

Breakdown of remuneration	Data in thousands of euros
Fixed	0
Variable	0
Allowances	0
Allowances for meeting attendance	981
Stock options and/or other financial instruments	0
Other	0
Total	981

Other Benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company to directors	0

c) *Total remuneration by director type:*

Type of director	By company	By Group
Executive	3,183	138
External Nominees	1,277	843
External Independent	204	0
Other External	0	0
Total	4,664	981

d) *Regarding the profit earned by the parent company:*

Total remuneration paid to directors (thousands of euros)	5,645
Total remuneration paid to directors/profits earned by the parent company (expressed in %)	1.053

Nota: The body which authorises the guaranteeing or reinforcing clauses is the Executive Committee.

As indicated in the notes to the income statements for each fiscal year that are prepared by the Board of Directors and submitted to the General Meeting for approval, an insurance policy was taken out to cover the payment of contingencies relative to death, permanent disability, retirement prizes and other items payable to the executive directors and executive staff members listed in parts B.1.3 and B.1.9, respectively.

In particular, the contingencies eligible for indemnification are those which result in the termination of the labour relationship for any of the following reasons:

- a) Unilateral decision of the company.
- b) Dissolution or disappearance of the parent company for any reasons, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal disability.
- e) A substantial change in professional conditions.
- f) Resignation at the age of 60 at the director's request and with the company's approval.
- g) Resignation at the age of 65 years by unilateral decision of the director.

The consolidated income statement of the FCC Group includes the net payment of insurance premiums in the amount of 4,384,000 euros, 3,064,000 of which refer to the executive directors and senior staff referred to in part B.1.10.

B.1.9. List the executive staff members who are not executive directors and indicate the total remuneration paid to them during the fiscal year:

Name or company name	Title
Ignacio Bayón Marín	Chairman, Realía Business, S.A.
José Luis de la Torre Sánchez	Chairman, FCC Servicios
Antonio Gómez Ciria	Corporate Internal Audits Manager
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Managing Director, Cementos Portland Valderrivas
José Mayor Oreja	Chairman, FCC Construcción, S.A.
José Eugenio Trueba Gutiérrez	Corporate Administration and Finance Manager
José Luis Vasco Hernando	Corporate Administration Manager
Total remuneration paid to executive staff (thousands of euros)	4,852

B.1.10. Please indicate whether there are guarantee or protection clauses for cases of dismissal or control changes in favour of executive staff members, including executive directors of the company or the group. Indicate whether these contracts must be submitted to and/or approved by the governing bodies of the company or group:

Number of beneficiaries	9
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	Board of Directors	General Meeting
Body that authorises the clauses	☒	☐
	YES	NO
Is the General Meeting informed of the clauses?	☒	☐

Note: See note in part B.1.8.

B.1.11. Describe the process for setting the remuneration of the members of the Board of Directors and the relevant clauses of the Articles of Association in this regard.

Article 37 of the Articles of Association states that:

"The post of board member is remunerated. The remuneration shall consist of a share of the liquid profits which shall not be more than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. on the consolidated annual accounts of which it is the dominant company. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been paid to shareholders. The percentage for each financial year will be decided by the General Meeting of Shareholders.

The remuneration resolved upon by the General Meeting of Shareholders will be distributed among the board members taking into account the functions and responsibilities performed by each board member on the Board proper or on the Delegated Committees thereof.

Article 42.3, Paragraph c) of the Regulations of the Board establishes that one of the functions of the Appointments and Retributions Committee is to "report on the remuneration system for directors and to review it periodically to ensure that it is commensurate with the functions they perform".

B.1.12. Please identify the members of the Board of Directors who are at once board members or directors of companies which are significant shareholders in the listed company and/or its group companies:

Name or company name of director	Name or company name of significant shareholder	Title
Cartera Deva, S.A.	B 1998, S.L.	Director
Juan Castells Masana	B 1998, S.L.	Director
Dominum Desga, S.A.	B 1998, S.L.	Director
Dominum Dirección y Gestión, S.A.	B 1998, S.L.	Director
EAC Inversiones Corporativas, S.L.	B 1998, S.L.	Director
Fernando Falcó y Fernández de Córdova	B 1998, S.L.	Director
Ibersuizas Holdings, S.L.	B 1998, S.L.	Director
Larranza XXI, S.L.	B 1998, S.L.	Director
Rafael Montes Sánchez	B 1998, S.L.	Director
Robert Peugeot	B 1998, S.L.	Director
Felipe Bernabé García Pérez	B 1998, S.L.	Non-member Secretary

Describe any relevant relationships other than those mentioned above between the members of the Board of Directors and significant shareholders and/or companies of the group:

Name or company name of director	Name or company name of significant shareholder	Description of relationship
Cartera Deva, S.A.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.
Larranza XXI, S.L.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.
Robert Peugeot	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L. indirectly through Simante, S.L.
Ibersuizas Alfa, S.L.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.
Ibersuizas Holdings, S.L.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.

B.1.13. Please list any changes made to the Board of Directors Regulations during the fiscal year.

The Fomento de Construcciones y Contratas, S.A. Board of Directors Regulations were amended at the Board Meeting of May 18, 2006, the General Meeting of Shareholders held on June 29, 2006 having been informed thereof.

The Articles amended at the aforesaid meeting are detailed in following:

Article 13, Paragraph 1: The wording of the actual name of the Investor Relations Department is changed to the new name of "Stock Exchange and Investor Relations Department".

Article 21: The last sub-paragraph of this Article is eliminated such that the board members shall refrain from attending and taking part in the deliberations having a bearing on those matters in which they may have a personal interest, and from voting on the related decisions for congruency with Article 25, Paragraph 1 one, of these Regulations.

Article 22, Paragraph 2:

Subparagraph f): the phrase included under Paragraph f) in relation to Article 127 LSA, stating that "in the event of conflict, the administrator shall refrain from taking part in the transaction to which the conflict is related" is slightly modified by adding "save express authorization by the Board", given that, the aforesaid transaction being authorized by the Board, nothing would prevent the administrator from entering into contracts with the Company.

Subparagraph g): mentions are included of the Corporate Responsibility Department in order to channel through this body all of the information which the board members are under the commitment of periodically furnishing to the Company.

Article 25:

Paragraph 2, Subparagraph a): in addition to the spouse, those "persons having bonds analogous to a conjugal relationship" are included out of coherence with current Article 127 of the Corporations Act, incorporated by Law 26/2003 of July 17th.

Paragraph 3: the mention is included of the Corporate Responsibility Department in order to channel through this body all of the information which the board members are under the commitment of periodically furnishing to the Company.

Article 29, Paragraph One, Subparagraph a): mentions are included of the Corporate Responsibility Department in order to channel through this body all of the information which the board members are under the commitment of periodically furnishing to the Company. The name of the Investor Relations Department is changed to the new name of "Stock Exchange and Investor Relations Department". The time period which the board members have for reporting certain transactions to the Company is shortened (from five to three days).

Article 38, Paragraph 4: the possibility of holding the Board Meetings by means of using the new technologies when this be justifiable for reasons preventing or hindering the attendance of all of the board members is included, enabling them to attend by way of long-distance media.

Article 40, Paragraph 7: in those months in which a Board meeting is held, no Executive Committee meeting shall be held, the topics falling under the regular authority of the Executive Committee being dealt with directly by the Board proper.

Article 41:

Paragraph 7: change of a technical nature to include the reference to the resolutions passed in the contents of the Minutes of the Auditing and Control Committee.

Paragraph 11: the references and concordances related to the articles of the Articles of Association (Articles 38 and 39 of the Articles of Association) are updated.

Article 42, Paragraph 2: change of a technical nature to include the reference to the resolutions passed in the contents of the Minutes of the Appointments and Retributions Committee.

Article 43, Paragraph 2: change of a technical nature to include the reference to the resolutions passed in the contents of the Minutes of the Strategy Committee.

B.1.14. State the procedures for appointing, re-electing, evaluating and removing directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each one of these procedures.

The General Meeting is responsible for appointing and removing directors. Directors may be re-elected one or more times for five-year terms.

Under the shareholders' agreements referred to in part A.6. of this report, with regard to the FCC Directors corresponding to B 1998, S.L., the investors may appoint four (4) directors to the Board of Directors of FCC.

EK or EK's chosen representative will be entitled to appoint all of the members of the Board of Directors of FCC which B 1998, S.L. is entitled to appoint, other than those whom the investors are entitled to appoint.

Chapter IV of the Regulations of the Board entitled "Appointment and Removal of Directors" regulates the following:

Article 16. Appointment of Directors

"Proposals for the appointment of Directors by the Board of Directors will be submitted to the General Meeting of Shareholders for its consideration and the appointment decisions that are adopted by virtue of the power of co-optation vested in the Board shall fall upon people of recognised honourableness, solvency, technical competence and experience, based on the report of the Appointments and Retributions Committee".

Article 18. Term of Office

"1. The term of office of Directors will be that established in the Articles of Association, which may not be more than five years.

- 2. The Directors appointed by co-optation will occupy their posts until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.*
- 3. Directors whose mandates expire or who cease to sit on the Board for any reason may not work for competitors of FCC for two years.*
- 4. The Board of Directors, at its complete discretion, may release outgoing Directors from this obligation or shorten the period of time.*

Article 19. Re-election of Directors

Prior to the submitting any Director to the General Meeting of Shareholders for re-election, the Appointments and Retributions Committee must issue a report evaluating the quality of work and devotion to the post of the proposed Directors during their previous mandate.

Article 20. Dismissal of Directors

The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it.

Article 21. Nature of the resolutions of the Board on this subject

Pursuant to the provisions of Article 25 of these Regulations, the Directors being proposed for appointment, re-election or dismissal will abstain from participating in the deliberations referring to them. However, they may vote on such proposals."

B.1.15. Indicate under what circumstances directors are obliged to resign.

Article 20 of the Regulations of the Board establishes that:

- "1. The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it.*
- 2. The Directors shall make their positions available to the Board of Directors and officially resign at the Board's request in the following cases:*
 - a. When they no longer occupy the posts or positions or perform the functions associated with their appointment as executive directors.*
 - b. In the case of nominated directors, when the shareholder whose interests they represent transfers its interest in FCC.*
 - c. When they are affected by circumstances of incompatibility or legal prohibition.*
 - d. When at least two thirds of the Board members are in favour of the Director's resignation:*
 - when the Director is admonished by the Board for having infringed his obligations as a Director, following the proposal or report of the Appointments and Retributions Committee or*
 - when the interests of FCC could be jeopardised by the Director remaining on the Board."*

B.1.16. Explain whether the Chairman of the Board is also the Chief Operating Officer of the company. If so, state the measures that have been taken to limit the risk of power accumulating in a single person:

YES	NO
☐	☒

B.1.17. Are special quorums required to take any type of decision, other than the legally-mandated majority?

YES	NO
☐	☒

Describe how resolutions are passed by the Board of Directors, indicating the minimum attendance quorum required and the type of majority needed to pass resolutions:

Adoption of resolutions

Description of resolution	Quórum	Type of majority
Permanent delegation of powers to the Executive Committee, the Chairman or the Managing Directors, and the appointment of the directors who will hold such posts. Other resolutions (see note).	Two-thirds of the board members must be present or represented at the meeting	Two-thirds of the board members

Note: All other resolutions of the Board of Directors shall require the favourable vote of an absolute majority of the members.

B.1.18. Explain whether there are any special requirements, other than those relative to directors, for being appointed Chairman.

YES	NO
☐	☒

Description of the requirements

—

B.1.19. Indicate whether the Chairman casts the deciding vote:

YES	NO
☐	☒

Matters concerning which a deciding vote exists

—

B.1.20. State whether the Regulations of the Board set an age limit for Directors:

YES	NO
☐	☒

B.1.21. Indicate whether the Articles of Association or the Regulations of the Board establish a limited term of office for independent directors.

YES	NO
☐	☒
Maximum number of years of mandate	0

B.1.22. State whether there are formal procedures for delegating votes in the Board of Directors. If so, describe them briefly.

There are no formal procedures for delegating votes in the Board of Directors.

B.1.23. State the number of Board of Directors meetings held during the fiscal year. Also state how many times the Board of Directors met without the Chairman in attendance:

Number of Board meetings	10
Number of meetings without the Chairman in attendance	0

State the number of meetings held by the different Board committees during the fiscal year:

Number of meetings of the Executive or Delegated Committee	6
Number of meetings of the Audit Committee	8
Number of meetings of the Appointment and Retributions Committee	6
Number of meetings of the Strategy and Investment Committee	1

B.1.24. Indicate whether the individual and consolidated annual income statements presented to the Board for its approval are previously certified.

YES	NO
☒	☐

Identify the person or people who has or have certified the individual and consolidated income statements of the company to be formulated by the Board:

Name	Title
Rafael Montes Sánchez	Managing Director
José Eugenio Trueba Gutiérrez	Corporate Administration and Finance Manager (See note)

Note: Part 1 of article 10 of the Regulations of the Board "Specific functions relative to the Annual Accounts and Directors' Report" states that "the Board of Directors will draw up the Annual Accounts and the Directors' Report, both individual and consolidated, to reflect a faithful image of the net worth, financial situation and results of FCC, as provided for under the law, based on the report of the Audit and Control Committee. These accounts will first be certified for their integrity and accuracy by the Corporate Administration and Finance Manager with the Chairman's approval, if he/she has executive powers, and otherwise by the Managing Director".

B.1.25. Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated annual income statements being submitted to the General Meeting of Shareholders with provisos in the Auditor's Report

Among other things, the Audit Committee is responsible for reviewing the procedures used to prepare the financial and economic information published by the FCC Group periodically. Since this function is particularly crucial inasmuch as the annual information is concerned, prior to the annual income statements for 2006 being drafted by the Board of Directors, the Audit Committee examined the accounts carefully so that once formulated by the Board the external auditor's report contained no provisos.

B.1.26. Describe the measures adopted to ensure that information is distributed to the stock market in an equitable and symmetrical way.

Article 14 of the Regulations of the Board entitled "Relations with Markets" establishes that:

"1. The Board of Directors will take the necessary measures to inform the public immediately, by forwarding to the Spanish Stock Exchange Commission (CNMV) and simultaneously posting on the FCC website:

- a) Any relevant events capable of having a significant influence on the formation of the stock market price of FCC shares.*
- b) Changes that have a significant effect on the stockholder structure of FCC.*
- c) Substantial changes to Regulations of Governance of FCC, currently composed of the Articles of Association, the General Meeting Regulations, the Regulations of the Board of Directors and the Internal Code of Conduct.*
- d) Any treasury stock transactions of particular importance.*

2. The Board of Directors will adopt the necessary measures to ensure that, the periodical financial information and any other information that is made available to the markets, is prepared according to the same principles, standards and professional practices as the income statements, and is just as reliable as they are.

Generally speaking, the people bound by the Internal Code of Conduct approved by the Board of Directors on 17 June 2003 must respect the rules of conduct contained in the Securities Market Act and provisions in development thereof and shall strictly abide by the provisions set forth in article 81 of the Securities Market Act.

In particular, they may not participate, directly or indirectly, in any of the following conducts, either on their own behalf or that of a third party:

- preparing or carrying out transactions with the securities or instruments to which the information refers.*
- disseminating or sharing such information with third parties, except in the normal performance of their duties.*
- recommending or advising third parties to acquire or assign negotiable securities or financial instruments or having someone else acquire or assign them based on such information.*

"The people subject to the Code of Conduct must keep all of the information and data referring to FCC or the securities issued by the companies of the Group confidential, notwithstanding the obligation to reveal such information and collaborate with administrative or legal authorities as required by law.

Furthermore, the aforementioned parties shall prevent such data or information from being used unfairly or abusively and shall report any cases which come to their attention and shall take the measures needed to prevent, avoid and/or correct the consequences of it".

"The Corporate Administration and Finance Manager of FCC will keep a close eye on the value of the affected securities and instruments during the examination or negotiation phase of any type of legal or financial transaction which could have a significant influence on the value of the affected securities or instruments. In the event of an abnormal fluctuation in the value or in the traded volume of the affected securities or instruments in which there were, in the opinion of the Corporate Finance Director, reason to believe that such fluctuations were caused as a consequence of a transaction being leaked prematurely, he/she shall report the situation to the Chairman of the Steering Committee and the Chairman of the Board of Directors and, after obtaining authorisation from the latter, shall immediately report it as a relevant event under the terms of part f) of article 83 bis, of the Securities Market Act. If the urgency of the situation allows, the Chairman of the Board will first inform the members of the Board of Directors.

The people bound by the Internal Code of Conduct will abstain from providing any confidential or privileged information to analysts, investors or the press which has not previously or simultaneously been provided to the general public."

B.1.27. Is the Secretary of the Board also a Director?

YES	NO
☐	☒

B.1.28. Indicate the mechanisms implemented by the company to preserve the independence of auditors, financial analysts, investment banks and rating agencies, if any.

These mechanisms are regulated under article 41 of the Regulations of the Board entitled "Audit and Control Committee":

"...

2. The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.

3. In particular, the Audit and Control Committee's powers include but are not limited to:

...

- Making proposals to the Board of Directors, for submission to the General Meeting of Shareholders, on the appointment of external auditors referred to in Article 204 of the revised text of the Limited Liability Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December.
- Supervising the company's internal audit services.
- Overseeing the company's financial information process and internal control systems.
- Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.
- Guaranteeing the independence of its own members in relation to the company's external auditors.
- Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.
- Supervising the preparation of the individual and consolidated Income Statements and the Directors' Report for their formulation by the Board of Directors in accordance with the law.
- Informing the Board on the accuracy and reliability of the individual and consolidated Income Statements and Directors' Report and of the financial information periodically disseminated to the markets.
- Evaluating the reports on proposed amendments of these Regulations, in accordance with the provisions of part 3, Article 4.
- Deciding on how to proceed in relation to the information rights of the Directors who come to the Committee for assistance, in accordance with the provisions of Article 30 of these Regulations. Requesting, as necessary, the inclusion of agenda items at Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Regulations..
- Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.

...

4. To perform its functions to the best of its ability, the Audit and Control Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply..

5. The Audit and Control Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.

...

9. It shall attend the Committee meetings and to collaborate and provide access to information to any member of the executive staff of FCC at their request. The Committee may also request the attendance of FCC's auditors at its sessions.

10. The Audit and Control Committee shall have access to all of the documentation and information needed to perform its functions.

11. For all other matters not specifically regulated hereunder, the provisions of Articles 38 and 39 of the Articles of Association and on a supplementary basis the provisions of the Articles of Association relative to the Board of Directors shall apply.

12. The members of the Audit and Control Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote."

B.1.29. Indicate whether the auditors do work for the company and/or the Group other than auditing work and, if so, whether they declare the amount of the fees received for such work and the percentage that it represents out of the total fees billed to the company or the Group.

YES	NO
☒	☐

	Company	Grup	Total
Fees paid for work other than auditing work performed (thousands of euros)	65	301	366
Fees paid for work other than auditing work performed as a percent of the total fees invoiced by the auditing firm (in %)	24.2	15.3	16.4

B.1.30. State for how many consecutive years the current auditors have been auditing the company's annual income statements and/or those of the Group. Also state the percentage which the number of years audited by the current firm represents compared to the total number of years for which the income statements have been audited:

	Company	Grup
Number of consecutive years	17	17
No. of years audited by the current auditors / no. of years the company's / group's accounts have been audited (%)	100.000	100.000

B.1.31. Indicate the interests held by the members of the Board of Directors of the company in the capital of companies with identical, analogous, or complementary types of activities as those making up the business objective of the company or the Group which have been notified to the company. Also indicate their titles or the functions they perform in these companies:

Name or company name of director	Name of company	% ownership	Title or functions
—	—	—	—

B.1.32. Describe the procedures, if any, that exist for directors to receive the advice of external advisers:

YES	NO
☒	☐

Details of procedures

Article 31 of the Regulations of the Board, "Expert Assistance", establishes that:

"1. In order to be aided in the performance of their duties, external Directors may request the hiring of legal, accounting and financial advisers or other experts, at the company's expense.

Such requests must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of the Director's duties.

2. Requests for external advisers or experts shall be submitted to the Chairman of FCC and will be authorised by the Board of Directors if, in the Board's opinion:
 - a. it is necessary for the proper performance by independent Directors of their assigned duties,
 - b. the cost is reasonable, in view of the importance of the problem and the assets and income of FCC and
 - c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel
3. Requests for expert assistance by any of the Board Committees may not be denied, except when a majority of the Board members considers that the conditions foreseen in part 2 of this Article are not met".

B.1.33. Describe the procedures, if any, that exist for directors to receive the information they need to prepare for Board meetings well enough in advance:

YES	NO
☒	☐

Details of procedures

Article 38 of the Regulations of the Board, "Board of Directors Meetings" develops this procedure by establishing that:

"1. The Board of Directors will meet as required in the best interest of FCC and at least six times a year. The calendar of the ordinary sessions will be set by the Board at the beginning of each year. The calendar may be modified by agreement of the Board or by decision of the Chairman, who will notify the Directors of the change at least ten days in advance of the original meeting date, or the modified meeting date if it comes before the original date.

2. The announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman.

Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration.

In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

3. The Chairman will decide the meeting agenda. The Directors may request the inclusion of items on the agenda and the Chairman will be obliged to include them when the request is made by at least three Directors or by any one of the Board Committees, at least thirteen days in advance of the meeting date.

When a specific item is included on the meeting agenda at the request of the Directors, then the Directors who requested the inclusion of that item shall forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

Given the confidentiality obligations of the Board members, every effort will be made to ensure that the importance and reserved nature of the information is not used as a pretext -except under certain exceptional circumstances as determined by the Chairman- not to abide by this rule.

4. Board meetings may be held by means of telephone multiconferencing, videoconferencing or any other similar system such that one or more of the board members may attend said meeting by means of the aforesaid system. For this purpose, in addition to stating the location at which the physical meeting is to be held, which must be attended by the Secretary of the Board, mention must also be made therein as to the possibility of being able to attend the meeting by means of telephone multiconferencing, videoconferencing or an equivalent system, in addition to stating and availing of the technical means necessary for this purpose, which must afford the possibility, in any case, of direct, simultaneous communications among all those in attendance. The Secretary of the Board must make a record of the meetings thus held in the Minutes, in addition to the board members physically in attendance or, if any, those represented by another board members, those who attend the meeting by means of the telephone multiconferencing, videoconferencing or similar system."

B.1.34. Indicate whether there is a liability insurance policy covering the company directors.

YES	NO
☒	☐

B.2. Committees of the Board of Directors

B.2.1. List the Board committees:

Executive Committee

Number of members: five

Functions: According to article 40 of the Board of Directors Regulations, this committee is entrusted with all of the functions and faculties needed to conduct the company's business and as such is vested with broad-ranging powers to direct and administer, dispose of assets and represent the company in and out of court, sign contracts and acts, and exercise any and all functions and conferred by the Articles of Associations and the Public Corporations Act on the Board of Directors, with the sole exception of those which may not be delegated according to part 1 of article 141 of the Public Corporations Act. According to part 1, article 40 of the Board of Directors Regulations, unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts not to exceed eighteen million euros.

Audit and Control Committee

Number of members: four

Functions: Article 41.2 of the Regulations establishes that this Committee's main function is to support the Board of Directors by periodically reviewing the procedures for preparing economic-financial information, internal controls ensuring the independence of the external auditors.

Appointments and Retributions Committee

Number of members: seven

Functions: Article 42.3 of the Board of Directors Regulations stipulates that it is the responsibility of this Committee to report to the Board on the appointment, re-election, resignation and remuneration of Directors and the general remuneration and incentive policy for directors and senior staff members.

Strategy Committee

Number of members: eight

Functions: According to articles 43.4 and 43.5 of the Board of Directors Regulations, this Committee is responsible for aiding the Board of Directors in the determination of the Group's strategy. In particular, it reports to the Board on proposed investments, divestments and third party agreements, the development of new activity lines and financial transactions which are of such relevance that they could have an impact on the Group's strategy.

B.2.2. List the committees of the Board of Directors and their members:

Executive or Delegated Committee

Name	Title
Rafael Montes Sánchez	Chairman
Dominum Desga, S.A.	Member
Fernando Falcó y Fernández de Córdova	Member
Cartera Deva, S.A.	Member
Juan Castells Masana	Member
José Eugenio Trueba Gutiérrez	Non-member Secretary

Comité de Auditoría

Name	Title
Fernando Falcó y Fernández de Córdova	Chairman
Ibersuizas Alfa, S.L.	Member
Francisco Mas Sardá Casanelles	Member
Juan Castells Masana	Member
José María Verdú Ramos	Non-member Secretary

Appointments and Retributions Committee

Name	Title
Dominum Desga, S.A.	Chairman
Fernando Falcó y Fernández de Córdova	Member
Rafael Montes Sánchez	Member
Cartera Deva, S.A.	Member
Robert Peugeot	Member
Antonio Pérez Colmenero	Member
Gonzalo Anes y Álvarez de Castrillón	Member
José María Verdú Ramos	Non-member Secretary

Strategy and Investment Committee

Name	Title
B 1998, S.L.	Chairman
Dominum Desga, S.A.	Member
Fernando Falcó y Fernández de Córdova	Member
Ibersuizas Alfa, S.L.	Member
Ibersuizas Holdings, S.L.	Member
Cartera Deva, S.A.	Member
Robert Peugeot	Member
Larranza XXI, S.L.	Member

B.2.3. Describe the organisation and operation of each one of the Board committees and their responsibilities.**Executive Committee**

The rules are set out in 36 of the Articles of Association of FCC, part of which is transcribed below:

"... The Executive Committee will be convened by the Chairman him/herself or upon the request of two Committee members. The notice will be sent by letter, telegram or fax to each Committee member at least 48 hours in advance of the meeting date.

The meetings shall be held at the company's registered offices or other location designated by the Chairman and indicated in the announcement

In order for the Executive Committee to be validly convened, there must be a majority of members present or represented.

Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.

The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a committee member chosen by majority vote of those in attendance

The Chairman will give the floor to those attendees who wish to speak.

Resolutions will be passed by absolute majority of the Committee members.

In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in article 30 herein..."

Furthermore, article 40 of the Regulations of the Board establishes that:

"... 2. The Board of Directors will appoint the members of the Executive Committee.

3. The Executive Committee will be composed of a minimum of five and a maximum of ten members.

4. The members of the Executive Committee will step down from the Committee when they are no longer Directors or when decided by the Board.

5. Any vacancies arising will be filled as quickly as possible by the Board of Directors.

6. In the absence of the Chairman of the Executive Committee, his/her functions will be performed by the Committee member chosen to replace him/her.

7. *The Executive Committee will meet every month in which a Board of Directors meeting is not scheduled to be held, except in the month of August, and may meet on an extraordinary basis as required. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to cast their votes.*
8. *The Executive Committee will be convened as established in Article 35 of the Articles of Association, although every effort will be made, except in the event of a justified emergency, to ensure at least ten days' of advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to cast their votes.*
9. *The Executive Committee will be validly constituted when at least one-half plus one of its members are present or represented at the meeting.*
10. *For all other matters, the Executive Committee shall be governed by the pertinent provisions of the Articles of Association and on a supplementary basis by the provisions of the Articles of Association and these Regulations relative to the Board of Directors".*

Audit and Control Committee

The rules of transaction thereof are established in article 41 of the Regulations of the Board and in article 37. This committee will be composed of four members appointed by the Board of Directors for a term not exceeding that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members. A majority of the Committee members shall be external directors.

The Committee will choose a Chairman and may also elect a Vice President from among its non-executive members. Their terms of office may not exceed four years or their terms of office as Committee members, although they may be re-elected after at least one year subsequent to their stepping down.

The Secretary and Assistant Secretary, if any, shall be chosen by the Committee and need not be board members.

The Committee members may be assisted at their meetings by persons of their choice acting as their advisers, up to two advisers per member. These advisers will attend the meetings with voice but without vote.

Appointments and Retributions Committee

The organization and functioning thereof being regulated under Article 42 of the Regulations of the Board, this Committee shall be:

"1. ... comprised by the members appointed by the Board of Directors for a term of office no longer than that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members.

The majority of the members of the Appointments and Retributions Committee will be external Directors.

2. *The Appointments and Retributions Committee will choose a Chairman from among its non-executive members. It will also designate a Secretary, who may or may not be a member of the Committee, to aid the Chairman and provide for the smooth transaction of the Committee, duly reflecting the contents of the sessions and the deliberations in the meeting minutes.*

The members of the Appointments and Retributions Committee will step down from the Committee when they step down as Directors or when decided by the Board of Directors

"4. The members of the Appointments and Retributions Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote

5. *To perform its functions to the best of its ability, the Appointments and Retributions Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply*

6. *The Appointments and Retributions Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.*

7. *The Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.*

8. *The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.*

9. *This committee shall attend the Committee meetings and provide access to any information it possesses to any member of the executive staff or personnel of FCC at their request.*

10. *The Appointments and Retributions Committee shall have access to all of the documentation and information needed to perform its functions."*

Strategy Committee

Said committee is regulated in article 43 of the Regulations of the Board. It shall be:

- "1.... comprised of the members appointed by the Board of Directors for a term of office no longer than that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members. The majority of the members of the Strategy Committee will be external Directors.
2. *The Strategy Committee will choose a Chairman from among its non-executive members. It will also designate a Secretary, who may or may not be a member of the Committee, to aid the Chairman and provide for the smooth transaction of the Committee, duly reflecting the contents of the sessions and the deliberations in the meeting minutes.*
3. *The members of the Strategy Committee will step down from the Committee when they step down as Directors or when decided by the Board of Directors".*
- "6. *To perform its functions to the best of its ability, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.*
7. *The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote*
8. *The Strategy Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.*
9. *The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.*
10. *It shall attend the Committee meetings and provide access to any information it possesses to any member of the executive staff or personnel of FCC at their request.*
11. *The Strategy Committee shall have access to all of the documentation and information needed to perform its functions.*
12. *The Strategy Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee".*

B.2.4. Indicate the advisory powers and powers delegated to each one of the committees:

Executive Committee

This Committee is regulated in article 40 of the Board of Directors Regulations and article 35 of the Articles of Association. All of the functions and powers necessary to conduct the company's business are permanently delegated in the Executive Committee, with the sole exception of those which are not delegable pursuant to the provisions of article 141, part 1 of the Public Corporations Act.

In the exercise of the functions and faculties referred to above, the Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent, and may revoke all such powers granted.

According to articles 35 and 36 of the Articles of Association, the Executive Committee may not grant general powers concerning the following questions:

- Convening the General Meeting and setting the meeting agenda.
- Approval of interim dividends.
- Supervision of delegated committees.

Article 40, part 1 of the Regulations of the Board establishes that *"the Board may permanently delegate all of the powers of the Board in the Executive Committee with the exception of those which are not delegable under the law, the Articles of Association or these Regulations. Unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than eighteen million euros".*

Audit and Control Committee

This Committee is regulated in article 41 of the Board of Directors Regulations and article 39 of the Articles of Association. This Committee supports the Board of Directors in its surveillance efforts by periodically reviewing the procedures for preparing economic-financial information, internal controls ensuring the independence of the external auditors.

Article 41 of the Board of Directors Regulations states:

- "2. *The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.*

3. In particular, the Audit and Control Committee's powers include but are not limited to:
- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
 - Making proposals to the Board of Directors, for submission to the General Meeting of Shareholders, on the appointment of external auditors referred to in Article 204 of the revised text of the Limited Liability Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December.
 - Supervising the company's internal audit services.
 - Overseeing the company's financial information process and internal control systems.
 - Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.
 - Guaranteeing the independence of its own members in relation to the company's external auditors.
 - Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.
 - Supervising the preparation of the individual and consolidated Income Statements and the Directors' Report for their formulation by the Board of Directors in accordance with the law.
 - Informing the Board on the accuracy and reliability of the individual and consolidated Income Statements and Directors' Report and of the financial information periodically disseminated to the markets.
 - Evaluating the reports on proposed amendments of these Regulations, in accordance with the provisions of part 3, Article 4.
 - Deciding on how to proceed in relation to the information rights of the Directors who come to the Committee for assistance, in accordance with the provisions of Article 30 of these Regulations. Requesting, as necessary, the inclusion of agenda items at Board meetings, under the conditions and by the deadlines established in article 38.4 of these Regulations.
 - Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.
 - Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions."

Appointments and Retributions Committee

This committee is regulated in article 42 of the Regulations of the Board. Its responsibilities include reporting to the Board of Directors on the appointment, re-election, resignation and remuneration of Directors as well as the company's general remuneration policies and incentive plans.

Article 42 of the Regulations of the Board establish that:

- "3. The Appointments and Retributions Committee is responsible for proposing or informing the Board of Directors as follows:
- a. Reporting on proposals for the appointment or re-election of Directors and proposals for reprimanding Directors as referred to in Article 20.2 d) of these Regulations.
 - b. Proposing the people or positions that should be considered executive staff members or positions of the company, in addition to those envisaged in Article 2.2 of these Regulations.
 - c. Reporting on the Board of the Directors' remuneration scheme and revising it periodically to ensure that it is in keeping with the duties performed by the Directors.
 - d. Informing the Board of the incentive plans for the executives of the FCC Group, particularly those that are related to the value of the shares.
 - e. Reporting on the fundamental aspects of the general compensation policy of the FCC Group and the remunerations and types of contracts of FCC executives.
 - f. Reporting on the proposed appointment of members of the Board of Directors committees.
 - g. Preparing and maintaining a record of the situation of Directors and Executives of FCC.
 - h. Receiving the information provided by Directors under Article 24.2 of these Regulations.
 - i. Informing on the professional or commercial transaction referred to in Article 25.4 of these Regulations, if any.
 - j. Informing on the business opportunities previously studied and ruled out by the FCC Group but taken advantage of by Directors for their own benefit or of the use of assets belonging to the Group of Companies referred to in parts 1 and 3 of Article 27 of these Regulations.
 - k. Receiving and filling in the record of situations referred to above in letter the personal information provided by the Directors as established in Article 29 of these Regulations.
 - l. Requesting, as necessary, the inclusion of items on the Board meeting agendas under the conditions and within the deadlines set out in Article 38.4 of these Regulations."

"5. To perform its functions to the best of its ability, the Appointments and Retributions Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply".

"10. The Appointments and Retributions Committee shall have access to all of the documentation and information needed to perform its functions".

Strategy Committee

This committee is regulated in article 43 of the Regulations of the Board. It is responsible for making proposals and reports to the Board on all strategic decisions, investments and disinvestments of relevant to the company or the Group, evaluating their appropriateness in terms of budgets and strategic plans. It is also responsible for analysing and monitoring business risks.

Article 43 of the Regulations of the Board establishes:

"4. That the Strategy Committee is responsible for supporting the Board of Directors in determining the Group's strategy following the guidelines set out by the Board and for preparing the pertinent reports and proposals.

5. In particular, the Strategy Committee will inform the Board on the proposed investments, disinvestments, third-party agreements, new activity lines and financial transactions which, due to their relevance and in the opinion of the Board could have an effect on the Group's strategy. It will also report to the Board on any other matters placed before it by the Board and not falling under the jurisdiction of any other Board committee.

6. To perform its functions to the best of its ability, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply".

B.2.5. Indicate whether there are regulations of the Board committees, where they are available for consultation and any changes made to them in the fiscal year. Also indicate whether reports on the activities of each committee have been prepared voluntarily

The Regulations of the Board passed on 14 June 2004 contains provisions for the Executive Committee (article 40), the Audit and Control Committee (article 41) and the Appointments and Retributions Committee (article 42) and the Strategy Committee (article 43).

On 31 January 2007, the Board of Directors met to evaluate the performance of the Board and its committees in 2006, as established in article 38.5 of the Regulations of the Board: "The Board will devote the first of its annual sessions to evaluate its own performance during the previous fiscal year, assessing the quality of its work and the effectiveness of its regulations and changing any aspects that are found not be working properly".

This evaluation may be considered very satisfactory from two different perspectives: first of all, in terms of the quality of its operations, in other words, because the Board's work has been organised in compliance with all established procedures; through the ongoing evaluation of its different committees; through the commitment of the Board itself to continuously improving its administrative functions; and secondly, because the regulations have been fulfilled entirely, which means that the regulations are very effective for the internal governance of this listed company.

The different committees supported the launch of numerous projects which are in line with the Group's new strategy, which has rendered the Board more effective and more transparent in the fulfilment of its principal objective: protecting the company's interests.

B.2.6. If there is an Executive Committee, explain the level of delegation and autonomy in the exercise of its duties for the passage of resolutions on the management and administration of the company

According to Article 40.1 of the Regulations of the Board, it is possible for the Board to permanently delegate in the Executive Committee all of the Board's powers, with the exception of those which are not delegable under the law, the Articles of Association of the Regulations of the Board.

Notwithstanding the above, there are a number of powers which cannot be delegated and which may only be exercised by the Board. Article 7, "Powers of the Board of Directors - List of Undelegable Powers" of the Regulations of the Board states that the following may only be decided by the Board of Directors by adopting the pertinent agreements in each case as mandated by law or by the Articles of Association:

- a. Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realia Business, S.A. and FCC Versia, S.A.) and appointing and removing members of the Steering Committee.

The Board may periodically modify the list of specialised subsidiaries referred to in the preceding paragraph.

- b. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association and revoking such powers.
- c. Appointing and removing Board members to sit on the different Committees discussed in these Regulations.
- d. Supervising the Delegated Committees of the Board.
- e. Appointing Board members by co-optation when vacancies arise, until the next General Meeting is held.
- f. Accepting the resignation of board members.
- g. Formulating the annual accounts and presenting them to the General Meeting.
- h. Determining the Group's strategy with the support of the Strategy Committee and the Managing Director.
- i. Approving investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts above eighteen million (18,000,000) euros.
- j. Organising the Board of Directors in general and modifying these Regulations in particular.
- k. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

Unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than eighteen million euros.

The Executive Committee is permanently entrusted with all of the functions and faculties needed to conduct the company's business and as such is vested with broad-ranging powers to direct and administer, dispose of asset and represent the company in and out of court, sign all types of contracts and acts involving the acquisition, disposal or encumbrance of property, guarantee external transactions or business transactions, without limit, and to exercise any and all functions conferred by the Articles of Associations and the Public Corporations Act on the Board of Directors, with the sole exception of those which may not be delegated according to part 1 of article 141 of the Public Corporations Act.

In addition, the Board of Directors controls and supervises the actions of the Executive Committee. At each one of its sessions, the Board is informed of the resolutions passed by the Executive Committee.

B.2.7. Indicate whether the Executive Committee reflects the percentage of participation on the Board of the different board members by type:

YES	NO
☐	☒

If not, explain the composition of the Executive Committee

The composition of the Executive Committee is 80% external directors and 20% executive directors, while the composition of the Board of Directors is 84.21% external directors and 15.79 % executive directors.

B.2.8. If there is an Appointments Committee, state whether its members are external directors:

YES	NO
☐	☒

Note: Two of the seven members of the Appointments and Retributions Committee are executive directors. Nonetheless, the terms of article 42.1 of the Board of Directors Regulations are met since a majority of the Committee members are external directors.

C. Linked transactions

C.1. Provide the details of any relevant transactions involving a transfer of resources or obligations between the company or members of the group and the company's significant shareholders:

Name or company name of significant shareholder	Name or company name of the Group company	Type of relationship	Type of transaction	Amount (thousands of euros)
B 1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Provision of Services	7
B 1998, S.L. (Dominum Desga, S.A.)	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of Services	9
B 1998, S.L. (Diseño Especializado en Organización de Recursos, S.L.)	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of Services	10
B 1998, S.L. (Ordenamientos Ibéricos, S.A.)	FCC Construcción, S.A.	Contractual	Provision of Services	251
B 1998, S.L. (Esther Koplowitz Romero de Juseu)	Eurman, S.A.	Contractual	Provision of Services	5

C.2. Provide the details of any relevant transactions involving a transfer of resources or obligations between the company or members of the group and the company's director's or administrators:

Name or company name of significant shareholder	Name or company name of the Group company	Type of relationship	Type of transaction	Amount (thousands of euros)
Larranza XXI, S.L.	FCC Versia, S.A.	Contractual	Goods purchases (finished or unfinished)	2
Larranza XXI, S.L.	FCC Construcción, S.A.	Contractual	Goods purchases (finished or unfinished)	3
Larranza XXI, S.L.	Fomento de Construcciones y Contratas, S.A.	Contractual	Goods purchases (finished or unfinished)	26
Larranza XXI, S.L.	FCC Construcción, S.A.	Contractual	Provision of Services	454
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of Services	9
B 1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Provision of Services	7
B 1998, S.L. (Dominum Desga, S.A.)	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of Services	9
B 1998, S.L. (Diseño Especializado en Organización de Recursos, S.L.)	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of Services	10
B 1998, S.L. (Ordenamientos Ibéricos, S.A.)	FCC Construcción, S.A.	Contractual	Provision of Services	251
B 1998, S.L. (Esther Koplowitz Romero de Juseu)	Eurman, S.A.	Contractual	Provision of Services	5

C.3. Describe the relevant transactions between the company and members of the same Group of companies, provided that they are not eliminated in the process of preparing the financial statements and are not part of the company's normal business transactions in terms of its object and conditions:

Name of company or Group	Brief description of the transaction	Amount (thousands of euros)
–	–	–

Note: There are multiple transactions between companies of the group that are part of the Group's normal business transactions, all of which are eliminated in the process of preparing the consolidated financial statements.

C.4. Describe how possible conflicts of interest involving the company's directors are resolved, bearing in mind the provisions of article 127 of the Public Corporations Act.

The director Miguel Blesa de la Parra reported having carried out on his own behalf or that of third parties the following activities of an identical, analogous or complementary nature to those making up the FCC business objectives.

- Chairman of the Board of Directors of "Caja Madrid" (33.92%) and of "Corporación Financiera Caja de Madrid, S.A. (15.24%) which directly or indirectly have stockholdings in the capital of Realía Business S.A., a company in which FCC, S.A. directly or indirectly holds an interest (49.16%).

The rest of the directors of Fomento de Construcciones y Contratas, S.A. have reported that they do not carry out on their own behalf or that of third parties any activities of an identical, analogous or complementary nature to those making up the company's business objectives.

The rest of the members of the Board of Directors do not own stockholdings in other companies with business activities that are identical, similar or complementary to those of Fomento de Construcciones y Contratas, S.A.

The rest of the directors of Fomento de Construcciones y Contratas, S.A. or persons acting on their behalf have not participated during the fiscal year in transactions with the company or with a company belonging to the group outside of the ordinary business of the company or under other than normal market conditions.

With regard to the members of the Board of Directors of FCC who occupy administrative positions or sit on the boards of other companies of the Group, please see part B.1.6.

These directors occupy positions or perform functions and/or hold interests of less than 0.01% in other companies of the FCC Group, in which Fomento de Construcciones y Contratas, S.A., directly or indirectly, has a majority of votes.

C.5. Describe the mechanisms in place to detect and resolve possible conflicts of interest between the company and/or its group and its directors, executives or significant shareholders.

Parts 3, 4, 5 and 6 of article 25 of the Regulations of the Board establish that the Director must inform the Board, well in advance, of any situation which may give rise to a conflict of interest with the FCC Group of companies or its subsidiaries. According to Article 25.4, the express authorisation of the Board of FCC will be required, based on the report of the Appointments and Retributions Committee, in the following cases:

1. *The provision of remunerated professional services by a Director to any company of the FCC Group other than those rendered by executive Directors in the performance of their duties as company employees.*
2. *The sale, transmission or any other arrangement involving an economic consideration of any kind by a Director to any company of the FCC Group of supplies, materials, goods or rights in general.*
3. *Transmission of supplies, materials, goods or rights in general by companies of the FCC Group to a Director other than in the course of the transmitting company's ordinary business.*
4. *Provision of goods or services by companies of the FCC Group to Director under lower than market conditions, even when they are part of the company's ordinary business.*
5. *In the case of ordinary transactions with the company, the Board of Directors may approve the generic line of transactions.*
6. *In any event, all transactions of any kind carried out by Directors with FCC, its subsidiaries or associated companies shall be reported in the Annual Corporate Governance Report. This obligation extends to the transactions between the company and its direct or indirect significant shareholders.*

According to Article 25.2, "personal interest on the part of the Director shall be considered to exist when the matter affects:

- a) *The spouse or persons having a similar conjugal relationship to the Director or a person with whom said Director has a kinship by consanguinity or affinity, up to and including the 4th degree, or*
- b) *a company in which he/she is a significant shareholder. Shareholdings are considered to be significant when the Director, either by him or herself or jointly with family members as defined in Paragraph a) immediately hereinabove, controls more than 15% of the political or economic rights or when, even though the ownership percentage is less, the person can designate at least one member of the governing body."*

Furthermore, Part 5.7 of the Internal Code of Conduct establishes that anyone subject to the Code, which includes directors and administrators, among others, must notify the Chairman of the Surveillance Committee of any possible conflicts of interest with any company of the FCC Group by reason of family relationships or any other circumstance, by writing to the Chairman explaining such conflicts of interest in detail.

The Chairman of the Surveillance Committee must be consulted in writing about any questions on this subject before taking any decision that could be affected by such a conflict of interest.

A conflict of interest due to family relations is not considered to exist when the relationship exceeds the fourth degree of consanguinity or affinity.

D. Risk control systems

D.1. General description of the risk control policy of the company and/or Group, detailing and evaluating the risks covered by the system and explaining why the systems adequately cover each type of risk

The organisational structure of the FCC Group, the planning systems and the management processes governing its transactions are designed to control the different business risks faced by the Group. In this regard, risk management is part of the Group's management process and, as such, involves all members of the organisation. There are preventive policies, supervision and control policies and corrective action policies in place to meet the organisation's objectives.

The main risks covered by the system are listed below.

- 1 Market risks.
- 2 Operating risks.
 - 2.1 Contracting risks.
 - 2.2 Production process risks.
 - 2.3 Environmental risks.
- 3 Organisational risks.
 - 3.1 Labour risks.
 - 3.2 Information system risks.
- 4 Financial management risks.
 - 4.1 Exchange rate risks.
 - 4.2 Interest rate risks.
 - 4.3 Risks associated with the reliability of economic-financial information.
 - 4.4 Industrial and shareholding risks.

D.2. Indicate the control systems in place for evaluating, mitigating or reducing the principal risks to the company and its Group

1. Management of market risks

The FCC Group faces diverse risks of a regulatory and structural nature inherent to the products and the environment in which it operates.

The Board of Directors, aided by the Strategy Committee, is responsible for defining the strategy of the FCC Group, assigning the available resources and for setting the general policies to be applied and informing the different areas of them.

Strategic planning within the FCC Group is a process in which the objectives to be achieved in each activity are identified based on the improvements to be introduced, market opportunities and the level of risk that is considered acceptable. This process is the basis for the drafting of operating plans that specify the goals to be achieved each year.

The goals established during the planning process are reviewed periodically to analyse the deviations at different levels of responsibility and take the appropriate corrective action.

The General Regulations of organisation and operation provide the framework for all members of the organisation, the authority delegated at different hierarchical levels and the basic principles to be observed in operating processes. These principles are the basis of the specific rules governing these processes.

To mitigate the market risks faced by each business line, the Group has also adopted a strategy of diversification in complementary business lines such as the provision of diverse services to government agencies, concessions or cement, among others.

2. Management of operating risks

2.1 Management of contracting risks

For the FCC Group, the risks and opportunities that arise during the contracting process are one of the main challenges faced by the organisation. To deal with these challenges, the organisation has established formal policies and procedures that focus on:

- a) Keeping technological capacity up to date at all times.

The FCC Group is aware that doing business in a highly competitive market such as the one in which it operates makes it necessary to offer the client added value through technical and economic capabilities. In this regard, the FCC Group is active in the area of technological research and innovation and places a great deal of emphasis on continuous personnel training:

- b) The technical quality, economic viability and competitiveness of proposals.

The process of preparing, presenting and monitoring proposals is subject to different levels of authorisation within the organisation, assigning the principal tasks in this area to specific departments with highly qualified technical staffs.

2.2 Management of production risks

The formal policies and procedures designed by the FCC Group to control the risks associated with its construction and service provision activities focus on:

- a) Quality systems.

The different activities of the FCC Group are subject to formal quality control systems that are well-rooted within the organisation which have enabled it to obtain ISO 9000 certification and to pass the periodic evaluations by external professionals.

Based on general principles and basic criteria, the quality control systems are founded upon the assignment of responsibilities, the definition and documentation of processes and guidelines for detecting and correcting deviations.

The quality committees are the maximum executive bodies in this area and are responsible for establishing guidelines, monitoring compliance and system review. One of the responsibilities of the quality assurance departments is to conduct quality assurance audits of the different operating units

- b) Ongoing personnel training.

The FCC Group has a training program in place based on specific training plans which offer both basic training and recycling, as well as training programs to cover specific needs as they arise. The quality assurance committees are responsible for establishing training plans, approving the implementation of training plans and ensuring that they are properly applied.

- c) Ongoing support of operating units by technical departments with highly qualified staff.

- d) The design and documentation of purchasing and subcontracting processes which guarantee the quality of the supplies and the efficacy and efficiency of the contracting system.

- e) Economic and budget control systems for each operating unit that serve as the basis for economic planning: measuring, recording and evaluating production costs; analysing and monitoring deviations and quantifying and controlling the resources invested.

2.3 Management of environmental risks

The FCC Group has an UNE- EN ISO 14001 certified environmental management system based on:

- a) Compliance with all regulations applicable to the environmental aspects of the activity
- b) The establishing and achievement of environmental targets that surpass external requirements.
- c) A decrease in environmental impact through proper operational control.
- d) Regular analysis of risks and possible improvements.

The basis prevention tool for controlling this risk is the environmental plan prepared by each operating unit which consists of:

- a) Identifying the environmental aspects and applicable laws.
- b) Environmental impact evaluation criteria
- c) Measures to be adopted for minimizing environmental impact.
- d) A system for monitoring and measuring the established objectives.

3. Management of organisational risks

3.1 Management of labour risks

One of the FCC Group's priorities in the conduct of its business is to guarantee the safety of its personnel and to comply with all labour legislation, placing the utmost importance on occupational risk prevention systems. These systems are formalised and organised on the basis of:

- a) The assignment of functions and responsibilities.
- b) Compliance with procedures integrated in the production process for evaluating risks and implementing prevention and safety and health plans.
- c) Ongoing training supported by professional specialists in the field.
- d) Regular reviews of the measures planned in the different operating units by prevention specialists.
- e) A safety audit system involving internal and external professionals.

3.2 Management of information system risks

The complexity and volume of the activities of the FCC Group make it necessary to have information systems for managing all of the activities at the individual and global levels with a high degree of security.

These information systems are based on a set of electronic security methods, processes, and systems supervised by a Security Committee and designed to protect privileged information and mitigate the inherent risks through policies and systems that control the accessibility to information and the ability to retrieve information.

The Group has manuals and rules of conduct referring to the physical and logical security of the information systems which covers the management of the principal risks: access to data processing centres, network access, protection of personal data (LOPD), backups, etc.

4. Management of financial risks

4.1 Management of exchange rate risks

One major result of carrying out the strategy plan has been that of increased international exposure as a consequence of the major acquisitions on markets with reference to currencies other than the euro, mainly pounds sterling and Czech crowns.

The policy of FCC is to reduce, to the extent possible, the negative effects that the exposure to the different currencies has on its financial statements financial statements regarding both the transactional as well as the purely net worth movements.

In practice, the Group carries out an active management of the different currencies whenever the financial markets so allow, based on obtaining coverage through the contracting of financial transactions in the same currency in which the asset is denominated.

4.2 Management of interest rate risks

Given the nature of the activities of the FCC Group, closely-linked to inflation, the financial policy thereof is that of referencing both the debt as well as the liquid financial assets, both linked to its production cycle, to a floating interest rate.

Within the framework of the FCC Group growth strategy plan, companies have recently been acquired for the purpose of further boosting our basic fields of activity. These acquisitions, financed mainly with outside resources, have meant both an increase in the indebtedness of the Group as well as a major change in the debt profile.

As a result of the above, FCC has put interest rate coverage into place in the amount of 2,103,100,000 euros, mainly in the form of financial permutation contracts, in which the Group companies pay a fixed and receive a floating rate.

Anyhow, given the volatility of the money markets, FCC is maintaining an active policy in interest rate risk management for the purpose of at all times being in the most suitable position for the interests of the Group.

4.3 Management of risks associated with the reliability of economic-financial information

The FCC Group has certain processes for managing economic and financial information based on:

- a) An organisational structure that separates the administrative and accounting processes used as the basis for preparing the economic and financial information as a means of preventing the risk of manipulation. There is a centralised corporate department in charge of these processes which assigns responsibilities in the different business areas of the FCC Group to the departments that are functionally dependent on them.
- b) Continuous updating of financial reporting procedures, standards and systems.
- c) An economic and financial information review system and compliance with internal control systems through internal and external audits.

4.4 Management of financial and industrial risks.

To protect the FCC Group's balance sheet, the company adheres to an active Risk Management policy to manage the risks that have a direct effect on the company's assets, either as a result of their destruction or the generation of obligations to third parties.

The process of analysing the risks to which the company is exposed is an ongoing one. The potential losses are quantified and the appropriate measures taken to eliminate and/or reduce them, transferring those which remain to the insurance sector by taking out the pertinent insurance policies, optimising them in economic terms and choosing the most suitable financing mechanisms for retained risks, all with the ultimate goal of maintaining or guaranteeing the company's net worth and thus generating value for shareholders.

D.3. If any risks affecting the company and/or Group have materialised, please indicate the circumstances under which this occurred and whether the established control systems were effective

The policies and procedures for preventing and externalising risks in 2006 were satisfactory since no risks materialised which had a significant effect on the company's net worth or on the normal conduct of its business.

D.4. Indicate whether there is a committee or other governing body in charge of establishing and supervising these control mechanisms and describe its functions

There is a delegated committee of the company's supreme governing body, the Audit and Control Committee, which is responsible for establishing and supervising the company's control systems (See B.1.28).

Risk management is part of the Group's overall management framework and involves all members of the organisation, accompanied by preventive, supervisory and control policies. There are different people responsible for designing the processes at different levels of the organisation and committees or bodies in charge of ensuring that the established controls work properly.

D.5. Identification and description of the processes for ensuring compliance with the regulations affecting the company and/or Group

The FCC Group has procedures in place to guarantee compliance with the regulations governing each one of the Group's economic activities, with different departments specialising in the regulations applicable to each company and the Group (business, labour, tax, environmental laws, etc.). These departments are in charge of:

- a) Staying fully abreast of and up to date on the different regulations.
- b) Overseeing regulatory compliance.
- c) Drafting the standards needed to unify the Group's criteria.
- d) Advising operating units.

E. General meeting

E.1. List the quorums needed to hold the General Meeting as set forth in the Articles of Association. Describe how they differ from the minimums found in the Public Corporations Act (LSA)

The Ordinary and Extraordinary General Meeting will be validly convened:

- On the first meeting date, when the shareholders present or represented possess at least fifty percent of the paid up share capital with voting rights. On the second meeting date, the General Meeting will be validly convened when the shareholders present or represented possess at least forty-five percent of the paid up share capital with voting rights.
- In order for the General Meeting of Shareholders to validly decide on debenture issues, capital increases or decreases, transformations, mergers and spin-offs and in general any amendment to the Articles of Association, shareholders possessing at least fifty percent of the paid up share capital with voting rights must be present or represented at the meeting on the first announced date. On the second announced meeting date, shareholders possessing forty-five percent of the share capital will suffice.

When the shareholders in attendance or represented on second call account for less than fifty percent of the subscribed capital with voting right, resolutions may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

The differences between the Articles of Association and the general system foreseen in the Public Corporations Act are that:

Regarding ordinary matters

- On first call, the quorum of 25% found in the Public Corporations Act has been raised to 50% in the Articles.
- On second call, the quorum is 45%, while the Public Corporations Act establishes no quorum at all on second call.

Regarding special matters

- On first call there is no difference between the two.
- On second call, the Public Corporations Act sets an attendance limit of 25%, while the Articles of Association raise the attendance limit to 45%. In those cases where less than one-half of the share capital with voting rights is in attendance, there is no difference compared to the Public Corporations Act.

E.2. Explain the system for passing resolutions. Describe how it is different than the system contained in the Public Corporations Act.

There are no differences with respect to the method contained in the Public Corporations Act.

E.3. List the shareholders' rights with regard to General Meetings that differ from those established in the Public Corporations Act.

There are no differences with respect to the method contained in the Public Corporations Act.

E.4. Indicate the measures adopted, if any, to encourage the participation of shareholders in General Meetings

The General Assembly Regulations includes a series of measures intended to foster shareholder participation in the General Meeting. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6. "Information available once the meeting is announced"

The company will make the following available to the shareholders, once the General Meeting is announced, at its registered offices, at the office of the CNMV and the stock exchanges where its shares are traded and on its corporate website

- a) *The full text of the meeting announcement.*
- b) *The text of the resolutions proposed by the Board of Directors in relation to the agenda items.*
- c) *The legally-mandated documentation or information which must be made available to shareholders on the agenda items starting on the date of the meeting announcement.*
- d) *Information on the channels of communication between the company and its shareholders for gathering information or making suggestions.*

Article 7. "The right to information prior to the General Meeting"

"1. Shareholders may, up to and including the seventh day prior to the first scheduled date of the General Meeting, ask questions or request information or explanations relative to the items contained on the agenda or the information available to the public which has been forwarded by the company to the Spanish Stock Exchange Commissions since the last General Meeting of Shareholders.

- 2. Information requests may be made by e-mail to the address provided for this purpose on the company's website for each General Meeting of Shareholders or in writing to the Stock Market and Shareholder Relations Department at the company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.*
- 3. The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting, using the same channel of communication.*
- 4. The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.*
- 5. The Board of Directors may authorise any one of its members as well as its Secretary and Assistant Secretary, through the company's "Stock Market and Shareholder Relations Department", to respond to the information requests submitted by shareholders.*

Article 14. "Information"

"1. The Directors must provide the information requested by shareholders, except under the circumstances foreseen in article 7.4 of these Regulations or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days of the meeting date, to which end the shareholders will indicate the mailing addresses where the information should be sent

- 2. The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject at hand, in accordance with article 9.2 of these Regulations.*

Article 15.3. "Voting on proposals"

The assignment of proxies or electronic voting which will help to encourage the participation of shareholders in General Meeting regulated in article 15 states that: "Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows:

- a) *The system for voting on the proposed resolutions relative to the agenda items will be by a negative deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered favourable votes, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, in addition to those*

corresponding to the delegations received by the Board of Directors, recording the votes against and abstentions, for the proposal in questions. Negative votes and abstentions will be computed separately.

- b) The system for voting on the proposed resolutions relative to items not on the agenda, when such voting is legally possible, will be by a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.
- c) When technically possible and provided that the compliance with all legal requirements can be guaranteed, the Board of Directors may use electronic vote counting systems.

E.5. State whether the Chairman of the General Meeting is the same person as the Chairman of the Board of Directors. If so, describe any measures that have been adopted to guarantee the independence and efficacy of the General Meeting

YES	NO
☒	☐

Details of measures

According to Article 10.2 of the General Meeting Regulations, *"The General Meeting will be chaired by the Chairman or Vice Presidents of the Board. If there is no pre-established order, the order will be determined by the number of years in office. In the absence of the Vice Presidents as well, the Meeting will be chaired by the oldest director.*

Measures to guarantee the independence and smooth transaction of the General Meeting:

The Regulations of the Meeting of shareholders of Fomento de Construcciones y Contratas, S.A. contain a detailed set of measures to guarantee the independence and smooth operation of the General Meeting which can be consulted on the company's website.

Among other measures, Article 7, *"Information prior to the General Meeting"* of the Regulations of the General Meeting states that:

- "1. Shareholders may, up to and including the seventh day prior to the first scheduled date of the General Meeting, ask questions or request information or explanations relative to the items contained on the agenda or the information available to the public which has been forwarded by the company to the Spanish Stock Exchange Commissions since the last General Meeting of Shareholders.*
- 2. Information requests may be made by e-mail to the address provided for this purpose on the company's website for each General Meeting of Shareholders or in writing to the Stock Market and Investor Relations Department at the company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.*
- 3. The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting.*
- 4. The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.*
- 5. The Board of Directors may authorise any one of its members as well as its Secretary and Assistant Secretary, through the company's "Stock Market and Investor Relations Department", to respond to the information requests submitted by shareholders.*

According to Article 23 of the Articles of Association, shareholders may request, either in writing or using other electronic or telematic modes of communications prior to the meeting or verbally during the meeting, copies of the reports or clarifications they deem necessary regarding to items contained on the meeting agenda. The Directors shall be obliged to provide such information, except in those instances where, in the Chairman's opinion, the publication of such information could be harmful to the company's interests. This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

E.6. Indicate any changes made to the General Meeting Regulations during the fiscal year

The following amendments were approved at the General Meeting held on 29 June 2006, after which there were no subsequent amendments:

Amendment of Article 4:

The validity of the ordinary General Meeting which has been convened or is held outside of the legal time period of the first six months of each fiscal year was recognized.

Amendment of Article 5:

The time period for the publication of the announcements of the ordinary General Meetings was increased from fifteen days to one month prior to the date on which the meeting is to be held. Furthermore, with regard to the convening of the General Meeting, provision has been made for the possibility of the shareholders holding at least 5% of the capital being able to request that a supplement to the convening be published. The wording of Part 3 of this Article is modified for the purpose of making provision for the possibility of attending the Meeting by telematic means.

The Regulations of the General Meeting were additionally adapted to the revision of the Articles of Association, the need of being the holder of a certain number of shares in order to be entitled to attend the General Meetings being eliminated through the rewording of Article 18 of the Articles of Association.

Amendment of Article 7:

Part 3 of Article 7 was amended so that the means of replying to the requests for information which the shareholders have made is left to the discretion of the Company. The mentions of the Stock Market and Investor Relations Department have been adapted as a result of the change in the name thereof for the purpose of unifying the terminology in the Regulations.

Amendment of Articles 9 and 11:

The Shareholders Meeting Regulations were adapted to the resolution for the revision of the Articles of Association, as a result of which the need of holding at least two thousand shares in order to be entitled to attend the General Meetings was eliminated, it sufficing to hold one single share, the references to the grouping of shares thus being eliminated.

Amendment of Article 12:

The Shareholders Meeting Regulations were adapted to the revision of the Articles of Association as a result of which the need of holding at least two thousand shares in order to be entitled to attend the General Meetings was eliminated, it sufficing to hold one single share, the references to the grouping of shares thus being eliminated. Additionally, Law 19/2005 of November 14th governing European Corporations domiciled in Spain has made a number of changes in the Corporations Act, having made it necessary to adapt the General Meeting Regulations by adding a new Part 2 to this Article.

E.7. Indicate the attendance rates at General Meetings held during the fiscal year referred to in this report:

Attendance rates

Meeting date	% physically present	% represented	% distance votes	Total %
29-06-2006	61.078	38.922	0.000	3,100.000

Note: The exact details of General Meeting attendance are as follows:

Meeting date: 29-06-2006.

Shareholders physically in attendance as a percentage of total share capital: 53.399%.

% represented: 7.679%.

% distance votes: 0.

Total attendance at General Meeting as a percentage of total share capital: 61.079%.

E.8. Briefly describe the resolutions passed at the general meetings held during the fiscal year in question and the percentage by which each was passed

In the year 2006 there was one General Meeting held on 29 June in which the following resolutions were passed:

1.1. Information to shareholders not subject to vote (first agenda item):

Since the last General Meeting, held on 21 June 2005, several changes have been made in the text of the Board of Directors Regulations, all of which were resolved upon at the Board Meeting sessions held on 18 May 2006, a sweeping revision having been made thereof.

1.2. Results of the votes on the resolutions passed:

2. Examination and approval of the 2005 financial statements (balance sheets, profit and loss statements and notes to the financial statements) and directors' reports of Fomento de Construcciones y Contratas, S.A. and the consolidated group, as well as the Board of Directors' performance. (Second agenda item).

The 2005 balance sheet, profit and loss account, notes to the financial statements and directors' report for Fomento de Construcciones y Contratas, S.A. and its Consolidated Group were approved. These documents were verified by the company's auditors.

The performance of the Board of Directors during fiscal year 2005 was approved along with the financial statements of the company and its Consolidated Group.

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	9,540	291,678	79,447,789

3. Examination and approval of the proposed application of the 2005 fiscal year profits (losses) (third agenda item):

Total available for distribution	Interim dividend	Complementary dividend	Voluntary reserves
237,554,111.49 euros	99,682,001.33 euros	94,113,042.16 euros	43,759,068.00 euros

The remuneration paid to the Board of Directors in fiscal year 2005 was approved in the amount of 1,654,151.00 euros, a figure equivalent to 0.3925% of the earnings shown on the consolidated annual income statements for Fomento de Construcciones y Contratas, S.A.:

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	2,886	200	79,745,921

4. Amendment of the Articles of Association: articles 13 (Types of Meetings), 14 (Announcement of General Meeting of Shareholders), 18 (Legitimation for Attending the General Meeting), 30 (Meeting Announcements), 32 (Deliberations, Resolutions, Meeting Minutes), 37 (Retribution) and 38 (On the Audit and Control Committee).

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	0	200	79,748,807

5. Modification of the "Regulations of the General Meeting of Shareholders of Fomento de Construcciones y Contratas, S.A.": article 4 (Announcement of the General Meeting of Shareholders), 5 (Meeting Announcements), 7 (Entitlement to Information Prior to the Holding of the General Meeting), 9 (Attendance Rights and Responsibilities), 11 (Constitution of the General Meeting of Shareholders) and 12 (Requests for Intervention).

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	0	200	79,748,807

6. Appointment and Re-election of Directors. (Sixth agenda item).

6.A. To stipulate the number of members of the Board of Directors at 19 within the limits established under Article 27 of the Articles of Association.

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	85,130	156,758	79,507,119

6.B. To re-elect Dominum Desga, S.A. as a member of the Board of Directors, as a nominee director to enter into effect as of the date of this Meeting and for a five-year period.

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	85,130	156,758	79,507,119

6C. To name Miguel Blesa de la Parra as a member of the Board of Directors, as a nominee director to enter into effect as of the date of this Meeting and for a five-year period.

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	85,130	156,758	79,507,119

6D. To name Max Mazin Brodovka as a member of the Board of Directors, as an independent director to enter into effect as of the date of this Meeting and for a five-year period.

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	85,130	156,758	79,507,119

7. Authorisation to purchase treasury stock and authorisation of subsidiaries to purchase stock in Fomento de Construcciones y Contratas, S.A.; all within the limits and meeting the requirements set forth in Article 75 and following of the Public Corporations Act. (Seventh agenda item).

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42, parts 1 and 2 of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

- Maximum value: the highest quoted price in the three months immediately prior to the acquisition date, plus ten percent.
- Minimum value: the lowest quoted price in the last three months immediately prior to the acquisition date, less ten percent.

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	0	200	79,748,807

8. Re-election of the Auditors of the company and the Consolidated Group. (Eighth agenda item).

The auditing firm Deloitte, S.L. was re-elected as the auditor of the Consolidated Group for fiscal year 2007:

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	42,828	0	79,706,179

9. Authorisation of directors to develop, notarise, register, correct and execute the resolutions passed. (Ninth agenda item).

Total votes	Votes against	Abstentions	Votes in favour
79,749,007	0	200	79,748,807

12. Approval of the meeting minutes:

This agenda item was not put out to vote since the minutes were notarised at the Meeting.

E.9. State how many shares a shareholder must possess to attend the General Meeting and whether there are any statutory restrictions

It is only necessary to hold one share.

E.10. Indicate and give the reasons for the company's policies relative to voting by proxy at the General Meeting

Notwithstanding the provisions of the Articles of Association where proxies are regulated, it is the policy of the Board of Directors not to demand unnecessary formalities in the proxy voting procedure which might hinder the rights of the shareholders who wish to exercise their right to attend the General Meeting, albeit with no impairment of the minimum guarantees needed to verify the delegation of a proxy by the shareholder.

E.11. Indicate whether the company is aware of the policy of institutional investor with regard to participating in company decisions:

YES	NO
☐	☒

Describe the policy

—

Note: The institutional investors have not, to date, stated their intention to participate in the company's decisions.

E.12. Indicate the address of the corporate website and how the corporate governance contents can be accessed on the site

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there is a section on the home page entitled "Information for Shareholders and Investors" which includes the information required by Law 26/2003 of 18 July, the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the Spanish Stock Exchange Commission, Order EHA/3050/2004 of 15 December and Royal Decree 1333/2005 of 11 November.

This page is just two clicks away from the home pages. The contents are structured and prioritised under rapid access titles. All pages are printable.

The FCC website has been designed and programmed following the WAI (Web Accessibility Initiative) guidelines, which sets international standards in the creation of web contents accessible to all. Based on the accessibility-related technical analysis conducted, the Technosite accessibility consultants have determined that the FCC Group website fully complies with all of the priority 2 and priority 1 checkpoints established under the W3C Web 1.0 content Accessibility Guidelines (known as WAI Guidelines).

The page includes a link to the data notified by Fomento de Construcciones y Contratas, S.A. to the website of the Spanish Stock Exchange Commission (CNMV).

F. Level of compliance with corporate governance recommendations

Indicate the company's level of compliance with the existing corporate governance recommendations or its non-compliance with them.

In those cases where the company does not comply with the recommendations, explain the recommendations, standards, practices or criteria applied by the company.

Inasmuch as the document referred to in the ORDER ECO/3722/2003, of 26 December is not available, the recommendations contained in the Olivencia Report and the Aldama Report should be used as a reference for completing this section.

As the Spanish Stock Exchange Commission Board resolution passed in approval of the single Corporate Governance Recommendations document stated, "Listed companies must take as a reference the aforesaid Unified Code on submitting, in the first semester of 2008, the Annual Corporate Governance Report related to the 2007 fiscal year".

For this purpose, on 31 December 2006, FCC is in the internal process of adapting its standards to the recommendations of the Unified Code of Good Governance approved by the Spanish Stock Exchange Commission on 19 May 2006.

Given this transitory adaptation period, this Report includes under this heading the compliance on the part of FCC of the recommendations for Good Corporate Governance of the Aldama Report and the Olivencia Code.

1. Functions of the Board of Directors

Recommendation 1

"The Board of Directors should accept expressly that the essence of its mandate is a general supervisory function. It should exercise, without the possibility of delegation, the responsibilities that such function involves and draw up formally a catalogue of the issues reserved for deliberation by it".

The Board of Directors expressly accepts that the essence of its mandate is to supervise, direct, control and represent FCC, notwithstanding the non-delegable responsibilities of both the Board as a governing body and its individual members.

In any event, the Board of Directors, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Association, shall be obliged to address the following issues constitute the formal list of issues that may only be addressed by the Board (Article 7 of the Regulations of the Board) which are as follows:

"a. Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realía Business, S.A. and FCC Versia, S.A.) and appointing and removing members of the Steering Committee.

The Board may periodically modify the list of specialised subsidiaries referred to in the preceding paragraph.

- b. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association and revoking such powers.
- c. Appointing and removing Board members to sit on the different Committees discussed in these Regulations.
- d. Supervising the Delegated Committees of the Board.
- e. Appointing Board members by co-optation when vacancies arise, until the next General Meeting is held.
- f. Accepting the resignation of board members.
- g. Formulating the annual accounts and presenting them to the General Meeting.
- h. Determining the Group's strategy with the support of the Strategy Committee and the Managing Director.
- i. Approving investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts above eighteen million (18,000,000) euros.
- j. Organising the Board of Directors in general and modifying these Regulations in particular.
- k. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

The Board is assisted in the performance of its functions by specialised committees in order to diversify the work and ensure that in certain cases where the immediacy and importance of the issues do not require that they be forwarded directly to the full Board, the proposals and resolutions first pass through a specialised body that can filter and inform its decisions, thereby reinforcing the guarantees of objectivity and the reflection process. These specialised committees are: the Executive Committee, the Audit and Control Committee, the Appointments and Retributions Committee and the Strategy Committee.

2. Independent directors

Recommendation 2

"The Board of Directors should include a reasonable number of independent directors, who should be persons of repute in their professional fields who are unrelated to either the executive management team or to major shareholders."

The number of independent directors is three (15.79%), all of whom meet the general requirements of competency, experience, solvency and honour referred to in the Olivencia code and the Aldama Report and are not prohibited from sitting on the board due to any type of incompatibility. The different professional backgrounds of the independent directors enrich the Board with different points of view and the contribution of pluralistic experiences outside of the business world.

3. Composition of the Board of Directors

Recommendation 3

In the composition of the Board of Directors there should be an ample majority of external directors (both nominee directors and independent directors) over executive directors, and the ratio between nominee directors and independent directors should be established taking into consideration the ratio between share capital corresponding to major shareholders and other share capital.

This recommendation was updated by the Aldama Report in the sense that there should be an ample majority of external directors and within them a very significant level of participation by independent directors, bearing in mind the stockholder structure and the capital represented on the Board.

The company complies fully with this recommendation, given that 68.42% of the Board members are external nominee directors and the remaining 15.79% are external independent directors.

Given the ratio between the capital held by significant shareholders and the rest, the recommendation regarding the ratio of nominee to independent directors is complied with partially.

4. Number of directors

Recommendation 4

"The size of the Board of Directors should be that required to ensure that it operates in the most efficient and participative manner possible." The appropriate size, in principle, is probably between five and fifteen members.

The Aldama Report refrains from recommending a maximum and minimum number of Board members, limiting itself to stating that it should have the number required to ensure that it operates in the most efficient and participative manner possible.

The Board of Directors believes that twenty (as of 31 December 2006 there were nineteen Directors) is an appropriate number in view of the Group's complexity and the distribution of tasks among the plenary Board, the Executive Committee, the Audit and Control Committee, the Appointments and Retributions Committee and the Strategy Committee.

5. Chairman of the Board of Directors

Recommendation 5

"In the event of the Board opting for the formula whereby its Chairman is also the company's chief executive, it should adopt the necessary precautions to reduce the risks arising from the concentration of power in a single person."

The office of Chairman and Chief Executive Officer are not held by the same person.

6. Secretary of the Board of Directors

Recommendation 6

"Greater importance should be attached to the Secretary of the Board of Directors, reinforcing the Secretary's independence and stability and highlighting the Secretary's function of overseeing the formal and material legality of the conduct of the Board."

The Secretary of the Board is independent and oversees the formal and material legality of the Board's conduct.

The Secretary is a professor of mercantile law and a partner in one of Spain's most prestigious law firms, which undoubtedly guarantees that the procedures and rules of governance are respected and reviewed on a regular basis.

7. Composition of the Executive Committee

Recommendation 7

"The composition of the Executive Committee, if there is one, should reflect the same balance as exists within the Board itself between the different kinds of directors. Relations between these two bodies should be governed by the principle of transparency, in such a way that the Board is kept fully aware of the issues dealt with and decisions adopted by the Committee."

The Executive Committee is composed of five (5) Directors: one (1) executive director and four (4) external directors.

The Board of Directors is informed at each one of its sessions of the resolutions adopted by the Executive Committee.

8. Control committees

Recommendation 8

"The Board of Directors should create internal Control Committees made up exclusively of external directors, with responsibility for information and accounting control (Audit); the selection of directors and senior management personnel (Appointments); the laying down and reviewing of remunerations policies (Remuneration); and the evaluation of the system of governance (Compliance)."

The Board of Directors of Fomento de Construcciones y Contratas, S.A. has set up the following Delegated Committees:

- The Audit and Control Committee is composed of four directors (100% external).
- The Appointments and Retributions Committee is composed of seven directors (71% external).
- Strategy Committee: on 30 May 2005, following the favourable report of the Appointments and Retributions Committee, eight directors were appointed (100% external).

9. Board of directors information

Recommendation 9

"That such measures as may be required be adopted to ensure that the directors receive in good time sufficient information, drawn up specifically and designed for the preparation of the meetings of the Board. Important or reserved information may only be excluded in exceptional circumstances."

Article 38, "Board of Directors Meetings" of the Regulations of the Board establishes that the announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman.

Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration. In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

The Chairman will decide the meeting agenda. The Directors may request the inclusion of items on the agenda and the Chairman will be obliged to include them when the request is made by at least three Directors or by any one of the Board Committees at least three days in advance of the meeting date.

When a specific item is included on the meeting agenda at the request of the Directors, then the Directors who requested the inclusion of that item shall forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

10. Functions of the Board of Directors

Recommendation 10

"To ensure the proper running of the Board of Directors, its meetings should be held with the frequency required to enable it to perform its duties; the Chairman should encourage the participation of all board members, endeavouring to ensure that each one is free to adopt the stance he or she considers appropriate; particular care should be taken in the wording of the minutes and an evaluation should be made at least once a year of the quality and efficacy of the Board's work."

Article 38 ("Board of Directors Meetings") of the Regulations of the Board establishes that the Board of Directors will meet as often as required in the best interest of FCC and at least six times per year. The calendar of the ordinary sessions will be set by the Board at the beginning of each year. The calendar may be modified by agreement of the Board or by decision of the Chairman, who will notify the Directors of the change at least ten days in advance of the original meeting date, or the modified meeting date if it comes before the original date.

Board Meetings may be held by way of telephone multiconferencing, videoconferencing or any similar system such that one or more of the Directors may attend said meeting by means of the aforesaid system.

The announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman. Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration.

In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

The Board, at its meeting held on 31 January 2007, devoted the first of its annual sessions to an assessment of its own transactions during the preceding year, evaluating the quality of its work, the efficacy of its rules and correcting those aspects which have been shown to be dysfunctional, if any.

The number of meetings (10) held during the 2006 fiscal year surpasses those recommended in the Board of Directors Regulations (6).

11. Selection and re-election of directors

Recommendation 11

"The involvement of the Board in the selection and re-appointment of its members should follow a formal and transparent procedure, and should be based on a reasoned proposal prepared by the Appointments Committee."

The selection and re-election of the members of the Board must adhere to the procedures established in the Board of Directors Regulations, the Articles of Association and the Public Corporations Act, with the participation of the Appointments and Retributions Committee.

In particular, on 18 May 2006, the Appointments and Retributions Committee resolved to propose the following to the FCC Board of Directors for the submittal thereby to the General Meeting of Shareholders:

- The re-election of the Board Member Dominum Desga, S.A. for a further five-year period.
- The appointment of Miguel Blesa de la Parra as a director for a five-year period.

Furthermore, on 25 May 2006, the Appointments and Retributions Committee resolved to propose the following to the FCC Board of Directors for the submittal thereby to the General Meeting of Shareholders:

- The appointment of Max Mazin Brodovka as an independent director.

12. Resignation of board members

Recommendation 12

"Companies should include in their rules the obligation incumbent upon the directors to resign in situations in which they may have a negative effect on the functioning of the Board or on the standing and reputation of the company."

Articles 20 "Director Resignation", of the Regulations of the Board lists the circumstances under which directors must resign.

"1. The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it.

2. The Directors shall make their positions available to the Board of Directors and officially resign at the Board's request in the following cases:

- a. When they no longer occupy the positions or perform the functions associated with their appointment as executive directors.
- b. In the case of nominated directors, when the shareholder whose interests they represent transfers its interest in FCC.
- c. When they are affected by circumstances of incompatibility or legal prohibition.
- d. When at least two thirds of the Board members are in favour of the Director's resignation:
 - when the Director is admonished by the Board for having infringed his obligations as a Director, following the proposal or report of the Appointments and Retributions Committee or
 - when the interests of FCC could be jeopardised by the Director remaining on the Board."

13. Age of directors

Recommendation 13

"An age limit should be established for the occupation of positions on the Board. This could be between sixty-five and seventy years of age for executive directors and for the Chairman, and somewhat more flexible in the case of other Board members."

The recommendation in the Aldama Report modified the one found in the Olivencia Report. It does not set an age limit but merely states that any company that implements such a policy must state it clearly in its internal regulations.

FCC has no statutory or regulatory provision in this regard.

14. Information rights for directors

Recommendation 14

"There should be formal recognition of the right of each and every board member to gather and obtain the information and the advice required for the purposes of his supervisory duties. The channels through which this right is to be exercised – including recourse to external experts in special circumstances – should be established.

Articles 30 and 31 of the Regulations of the Board establish the information and inspection authority and the right of Directors to be assisted by experts.

Article 30. Information and Inspection Authority

- "1. In order to perform their duties, Directors may inform themselves of any aspect of FCC and its subsidiaries and associated companies, domestic or foreign. To this end, they may examine documentation, talk to the directors of the departments in question and visit the company's facilities.
- 2. So as not to disturb the ordinary transactions of the FCC Group, the exercise of these information rights shall be channelled through the Chairman who will respond to the Directors' requests by either providing the information directly or offering the appropriate interlocutors at the pertinent organisational level.
- 3. If such a request for information is denied, delayed or deficiently handled, the requesting Director may repeat his petition to the Audit and Control Committee, which shall listen to the versions of the Chairman and requesting Director and then decide how to proceed.
- 4. The requested information may only be denied when, in the opinion of the Chairman or the Audit and Control Committee, it is unnecessary or could be harmful to the company's interests. Information requests shall not be denied when the request is supported by a majority of the Board members.

Article 31. "Expert Assistance".

- "1. In order to be aided in the performance of their duties, external Directors may request the hiring of legal, accounting and financial advisers or other experts, at the company's expense.

Such requests must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of the Director's duties.

2. *Requests for external advisers or experts shall be submitted to the Chairman of FCC and will be authorised by the Board of Directors if, in the Board's opinion:*
 - a. *It is necessary for the proper performance by independent Directors of their assigned duties.*
 - b. *The cost is reasonable, in view of the importance of the problem and the assets and income of FCC and*
 - c. *The technical assistance cannot be properly provided by internal FCC experts or technical personnel.*
3. *Requests for expert assistance by any of the Board Committees may not be denied, except when a majority of the Board members considers that the conditions foreseen in part 2 of this Article are not met.*

15. Director remuneration

Recommendation 15

"The policy as regards the remuneration of directors – which should be proposed, evaluated and reviewed by the Remuneration Committee – should be based on principles of moderation, should bear a relation to the company's income and should be disclosed in the form of a detailed breakdown by individual cases."

The remuneration of directors is based on principles of moderation and bears a relation to the company's income. Global information is provided in the annual report as provided for in article 200 of the Public Corporations Act and part B.1.8. of this report. The actual remuneration of the members of the Board of Directors is lower than the limit allowed in the Articles of Association. The principles for Director remuneration are established in article 32 of the Regulations:

Article 32. "Remuneration of directors".

1. *The Board, following the proposal of the Appointments and Retributions Committee, will pay its members the remuneration agreed by the General Meeting of Shareholders in accordance with the Articles of Association. Each board member shall be entitled to receive the remuneration established by the Board of Directors in accordance with the Articles of Association, following the proposal of the Appointments and Retributions Committee.*
2. *The remuneration paid to Directors will be stated in the Directors' Report. The remuneration paid to the executive Directors for the performance of their functions shall be part of the information included in the Annual Corporate Governance Report regarding the remuneration and cost FCC Group executives.*
3. *The remuneration referred to in this Article is compatible with and separate from the salaries, remunerations, indemnities, pensions, stock options or any other kind of compensation established in general or specifically for those members of the Board of Directors who perform executive functions, regardless of the type of contractual relationship with the company, whether it be an employment relationship - common or special for executives - mercantile or service provision, which relationships shall be compatible with sitting on the Board of Directors.*
4. *The company will take out liability insurance for its Directors.*

16. General obligations of directors and conflicts of interest

Recommendation 16

"The company's internal regulations should detail the obligations arising from the general duties of diligence and loyalty incumbent upon the directors, envisaging, in particular, situations of conflict of interest, their duty of confidentiality, the exploitation of business opportunities, and the use of corporate assets."

The Regulations of the Board discuss the obligations of Directors in Chapter V "Obligations of Directors" (articles 22 to 29), addressing the following issues:

- general obligations of directors
- confidentiality
- non-competition
- conflicts of interest
- the use of FCC information
- business opportunities and the use of company assets
- indirect transactions
- information obligations of directors.

17. Transactions with significant shareholders

Recommendation 17

"The Board of Directors should seek the adoption of appropriate measures designed to extend the duty of loyalty to major shareholders, establishing, in particular, precautions in respect of transactions between such shareholders and the company."

This report provides detailed information on the relevant transactions with significant shareholders in fiscal year 2006.

The Regulations of the Board contain measures for making the obligation of loyalty applicable to significant shareholders and people related to them. More specifically, article 25 establishes that:

- "1. Directors shall abstain from attending and participating in deliberations affecting matters in which they could have a personal interest and from voting on those issues.
2. A personal interest on the part of the Director is likewise considered to exist when it affects
 - a. The Director's spouse or a person having a similar conjugal relationship to the Director or a person to whom the Director is related by consanguinity or affinity up to and including the 4th degree or
 - b. A company in which the Director holds a significant interest. An interest is considered to be significant when the Director, by himself or in union with relatives of the type mentioned in a. above, owns more than 15% of the political and economic rights or, even without this percentage, may appoint at least one member to the company's Board of Directors.
3. Directors shall inform the Board, through the Corporate Responsibility Department, well in advance of any situation which may cause a conflict of interest with the interests of the FCC Group of companies or its associated companies.
4. The express authorisation of the Board of FCC will be required, based on the report of the Appointments and Retributions Committee, in the following cases:
 1. The provision of remunerated professional services by a Director to any company of the FCC Group other than those rendered by executive Directors in the performance of their duties as company employees.
 2. The sale, transmission or any other arrangement involving an economic consideration of any kind by a Director to any company of the FCC Group of supplies, materials, goods or rights in general.
 3. Transmission of supplies, materials, goods or rights in general by companies of the FCC Group to a Director other than in the course of the transmitting company's ordinary business.
 4. Provision of goods or services by companies of the FCC Group to Director under lower than market conditions, even when they are part of the company's ordinary business.
5. In the case of ordinary transactions with the company, the Board of Directors may approve the generic line of transactions.
6. In any event, all transactions of any kind carried out by Directors with FCC, its subsidiaries or associated companies shall be reported in the Annual Corporate Governance Report. This obligation extends to the transactions between the company and its direct or indirect significant shareholders

18. Communications with shareholders

Recommendation 18

"Measures should be decided upon to make the procedure for the delegation of votes more transparent and to increase the level of communication between the company and its shareholders, in particular institutional investors."

The formal publication of the announcement of the General Meeting by the company (in 8-10 national daily newspapers) goes well beyond the legal requirements (publication in one daily newspaper, stock market gazettes and the BORME). The Stock Market and Investor Relations Department also provides shareholders with information on the agenda and the resolutions to be submitted to the shareholders for their approval. All of this means that shareholders who cannot personally attend the General Meeting can delegate a proxy to vote for them on each agenda item.

The purpose of the Regulations of the General Meeting is threefold: first of all, to reinforce the transparency which should preside over the company's governing bodies by making the procedures for preparing and holding the General Meetings public. Secondly, to specify the different ways in which shareholders can exercise their political rights in relation to General Meetings. And thirdly, to unify in a single text all of the rules governing the General Meeting of Shareholders, thus favouring the knowledge of shareholders with regard to the transaction of the company's supreme governing body.

The Regulations contain a series of measures relative to shareholders' information rights, proxies and electronic voting intended to encourage shareholder participation at general meetings.

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there is a section on the home page entitled "Information for Shareholders and Investors" which includes the information required by Law 26/2003 of 18 July, the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the National Securities Market Committee. That information consists of economic-financial information and information relative to each general meeting of shareholders, the announcement and agenda, the proposed resolutions, voting by proxy and electronic voting.

19. Market transparency

Recommendation 19

"The Board of Directors, beyond the requirements imposed by current legislation, should be responsible for supplying the markets with speedy, accurate and reliable information, particularly in relation to the structure of its body of shareholders, substantial modifications to its rules of governance, transactions of particular relevance with related parties, or treasury stock."

The financial information is supplied to the markets in a timely manner and in the appropriate format. The market is also informed in a timely manner of any relevant events, particularly in relation to the structure of its body of shareholders, substantial modifications to its rules of governance, transactions of particular relevance with related parties, or treasury stock.

Furthermore, pursuant to article 116 of the Stock Market Act on the rights of investors to key information on the decision-making processes in listed companies and the most important aspects of their corporate governance, the Board of Directors Regulations establish that, in addition to that mentioned above, the Board must prepare and publish an annual corporate governance report as mandated by law.

20. Financial information

Recommendation 20

"All periodic financial information which, in addition to the annual information, is offered to the markets should be drawn up in accordance with the same principles and professional practices as apply in the preparation of the annual accounts and should be verified by the Audit Committee prior to publication."

All periodic financial information is drawn up in accordance with the same principles and professional practices as apply in the preparation of the annual accounts.

According to the Board of Directors Regulations (art 14.2), all information made available to the markets is prepared according to the same professional principles, practices and criteria as those used to prepare the annual accounts and is just as reliable. To this end, the information is reviewed before being distributed by the Audit and Control Committee, one of whose functions is to ensure that the same principles and practices as those used to prepare the annual accounts are employed.

21. External auditors

Recommendation 21

"The Board of Directors and the Audit Committee should monitor situations which may jeopardise the independent status of the company's external auditors and, specifically, should verify the percentage represented by fees paid by the company to the audit firm, in all respects, in terms of such firm's total income. Information should be issued publicly on fees paid corresponding to professional services other than audit services provided by the audit firm."

The Board's relations with the external auditors of FCC are channelled through the Audit and Control Committee as provided for in the Articles of Association.

The percentage of the fees paid by the Group in proportion to the auditor's total income in Spain is 0.12%.

22. Auditors' reservations

Recommendation 22

"The Board of Directors should endeavour to ensure that the accounts which it draws up are submitted to the General Meeting without reservations and qualifications in the audit report. When this is not possible, both the Board and the Auditors should explain clearly to both shareholders and the markets the nature and scope of the discrepancies."

In compliance.

23. Annual corporate governance report

Recommendation 23

"The Board of Directors should include in its annual public report information on its rules of governance, explaining any aspects in which these Regulations fail to conform to the recommendations of this Code."

The company, as established in article 116 of the Stock Market Act, publishes an Annual Corporate Governance Report which is approved by the Board of Directors, forwarded to the Spanish Stock Exchange Commission and made available to all shareholders and investors on the company's website. This report is provided to shareholders as a Schedule to the Annual Report at the Ordinary General Meeting of Shareholders.

G. Other information of interest

If you believe there are any relevant principles or aspects relative to the corporate governance practices of your company which have not been addressed in this report, please explain them below.

You may include any additional information or clarification of previous sections of the report, to the extent that they are relevant and not repetitive.

More specifically, please indicate whether the company is subject to any laws other than the laws of Spain inasmuch as corporate governance is concerned and, if so, include any information the company is obliged to provide other than that requested in this report.

Explanatory annex

Other information of interest:

On 30 May 2006, the Spanish Stock Exchange Commission was notified of the ruling of the Provincial Court of Barcelona of 12 May 2006 upholding that of Commercial Court No. 4 of Barcelona in which it was ruled that the Commercial Registry Registrar had exceeded his duties on denying the registry of a resolution for the appointment of Directors passed by the FCC General Meeting of Shareholders on 23 June 2004 (the Directors appointed in replacement of those proposed by Acciona).

This ruling closed the registry-related aspect of the FCC-Acciona dispute which arose when, at the FCC General Meeting of Stockholders of 23 June 2004, Acciona attempted to appoint three members to the Board of its competitor FCC by way of the proportional representation procedure.

The full contents of this ruling is available for consultation on the FCC website (www.fcc.es) in the press/news section.

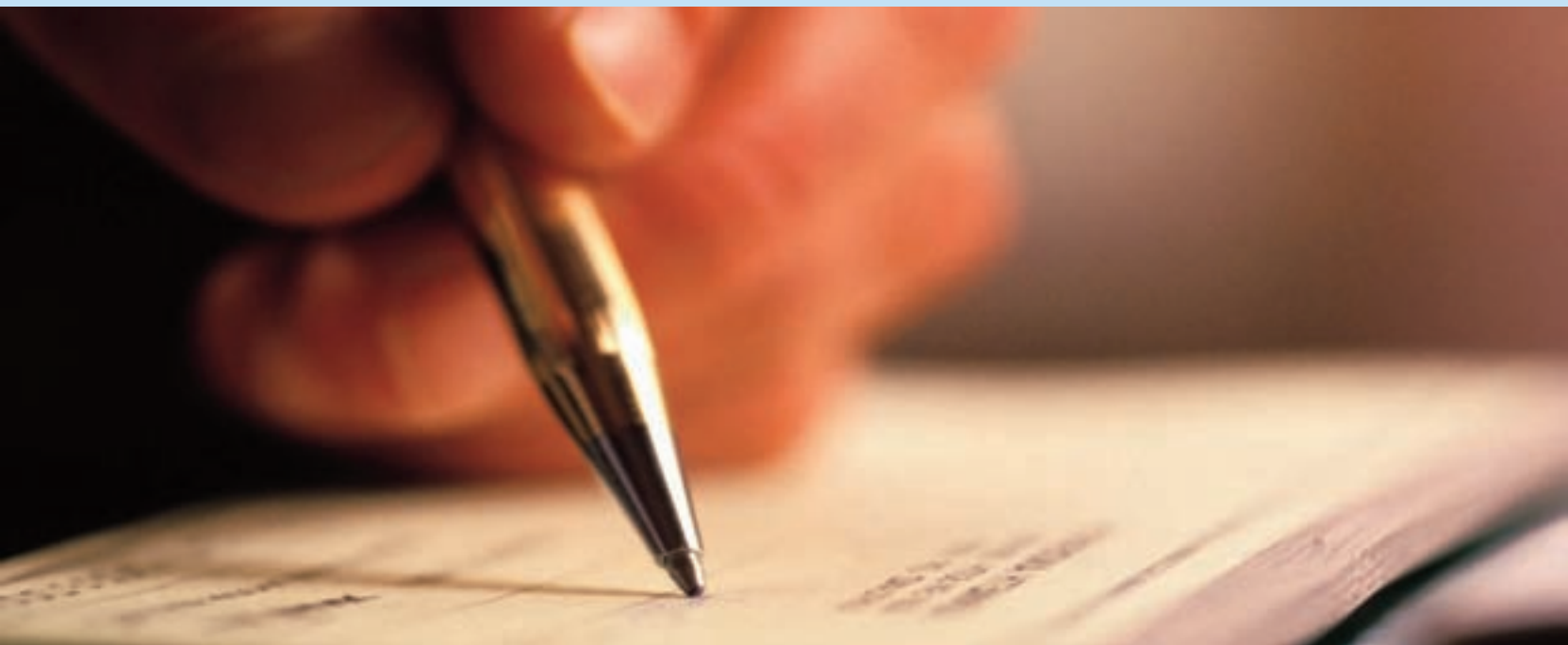
This Annual Corporate Governance Report was approved by the Board of Directors at its session held on 29.03.2007.



Financial statements Management reports Auditor's reports

335 Consolidated group

447 Fomento de Construcciones y Contratas, S.A.



Contents

Financial statements, Management reports and Auditor's reports

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

Financial statements	337
Consolidated balance sheets	
Consolidated statements of income	
Notes	
Management report	425
Auditor's report	443

Fomento de Construcciones y Contratas, S.A.

Financial statements	449
Balance sheet	
Statements of income	
Notes	
Management report	481
Auditor's report	487

Financial statements, Management reports and Auditor's report

Consolidated Group

Financial statements. Consolidated Group

Consolidated balance sheets	338
Consolidated income statements	340
Consolidated statements of changes in equity	340
Consolidated cash flow statements	342
Notes	343

Consolidated balance sheet

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

ASSETS	12-31-2006	12-31-2005
NON-CURRENT ASSETS	11,580,539	4,200,860
Property, plant and equipment (note 5)	6,718,156	2,181,635
Investment property	67,727	68,192
Buildings, plant and equipment	5,797,195	1,780,885
Other items of property, plant and equipment	853,234	332,558
Intangible assets (note 6)	3,257,872	955,805
Concessions (note 7)	387,202	355,109
Goodwill	2,470,045	461,449
Other intangible assets	400,625	139,247
Investments in associates (note 8)	583,512	511,688
Non-current financial assets (note 10)	605,190	184,371
Other non-current assets	415,809	367,361
Deferred tax assets (note 17)	383,069	363,538
Other non-current assets	32,740	3,823
CURRENT ASSETS	7,441,535	4,738,683
Inventories (note 11)	1,079,834	509,085
Trade and other receivables	4,776,272	3,120,598
Accounts receivable (note 12)	4,566,837	2,974,403
Tax receivables (note 17)	167,789	130,015
Other receivables	41,646	16,180
Other current financial assets (note 10)	155,275	67,384
Cash and cash equivalents (note 13)	1,430,154	1,041,616
TOTAL ASSETS	19,022,074	8,939,543

The accompanying Notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2006.

At 31 december 2006

Thousands of euros

EQUITY AND LIABILITIES		12-31-2006	12-31-2005	
EQUITY (note 14)		3,417,518		2,608,354
Equity attributable to shareholders of the parent		2,613,088		2,232,117
Share capital	130,567		130,567	
Retained earnings and other reserves	2,077,201		1,779,834	
Profit for the year	535,511		421,398	
Interim dividend	(130,191)		(99,682)	
Minority interests		804,430		376,237
NON-CURRENT LIABILITIES		6,857,976		1,546,700
Bank borrowings and other non-current financial liabilities (note 17)		4,738,460		810,978
Non-current bank borrowings	3,997,855		680,742	
Debt instruments and other held-for-trading liabilities	147,267		50,077	
Other non-current financial liabilities	593,338		80,159	
Long-term provisions (note 16)		964,541		414,805
Other non-current liabilities		1,154,975		320,917
Deferred tax liabilities (note 17)	1,114,267		286,038	
Other non-current liabilities (note 15)	40,708		34,879	
CURRENT LIABILITIES		8,746,580		4,784,489
Bank borrowings and other current financial liabilities (note 15)		2,656,421		831,575
Current bank borrowings	2,496,191		715,585	
Debt instruments and other held-for-trading liabilities	1,130		114	
Other current financial liabilities	159,100		115,876	
Trade and other payables		6,040,681		3,922,226
Trade payables	5,074,928		3,251,795	
Tax payables (note 17)	687,790		455,110	
Other current liabilities (note 15)	277,963		215,321	
Short-term provisions (note 16)		49,478		30,688
TOTAL EQUITY AND LIABILITIES		19,022,074		8,939,543

The accompanying Notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2006.

Consolidated income statement

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

	12-31-2006	12-31-2005
OPERATING INCOME	9,534,444	7,154,441
Revenue (notes 20 and 21)	9,480,928	7,089,787
Other income	53,516	64,654
OPERATING EXPENSES	(8,653,170)	(6,498,263)
Changes in inventories of finished goods and work in progress	58,372	44,173
Procurements and other external expenses (note 20)	(6,025,458)	(4,346,096)
Staff costs (note 20)	(2,180,050)	(1,863,615)
Depreciation and amortisation charge (notes 5 and 6)	(474,506)	(318,768)
(Charge to)/Reversal of operating allowances	(31,528)	(13,957)
PROFIT FROM OPERATIONS	881,274	656,178
Finance income (note 20)	71,535	41,204
Finance costs (note 20)	(209,139)	(80,881)
Exchange differences	(4,407)	6,040
Gain resulting from changes in value of financial instruments (note 20)	56,303	5,378

Consolidated statement of changes in equity

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

	Share capital (note 14.a)	Reserves of the parent (note 14.b.1)	Reserves for transactions with treasury shares (note 14.b.2)	Consolidation reserves (note 14.b.3)
EQUITY ATTRIBUTABLE AT 31 DECEMBER 2004	130,567	682,310		950,281
Profit for the year				
Income and expenses for the year recognised directly in equity				
Changes in the fair value of financial instruments				
First-time application of IAS 39				
Other				
Translation differences				
TOTAL INCOME AND EXPENSES FOR THE YEAR				
Distribution of profit-				
Retained earnings		196,628		165,851
Dividends		(176,982)		720
Capital increases and reductions				
Treasury share transactions				
First-time application of IAS 32			(10,539)	
Other			(16,335)	
Changes in the scope of consolidation				
Other changes in equity				
First-time application of IFRS 4				7,893
Other				(3,012)
EQUITY ATTRIBUTABLE AT 31 DECEMBER 2005	130,567	701,956	(26,874)	1,121,733
Profit for the year				
Income and expenses for the year recognised directly in equity				
Revaluations in business combinations achieved in stages				
Changes in the fair value of financial instruments				
Translation differences				
TOTAL INCOME AND EXPENSES FOR THE YEAR				
Distribution of profit-				
Retained earnings		237,687		183,711
Dividends		(210,035)		
Capital increases and reductions				
Treasury share transactions			27,818	
Changes in the scope of consolidation				
Other changes in equity		(132)		(4,823)
EQUITY ATTRIBUTABLE AT 31 DECEMBER 2006	130,567	729,476	944	1,300,621

The accompanying Notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2006. In particular, Note 14 "Equity" explains this statement.

At 31 december 2006

Thousands of euros

	12-31-2006	12-31-2005
FINANCIAL LOSS	(85,708)	(28,259)
Share of results of associates (note 8)	89,078	78,364
Impairment losses (recognised)/reversed on property, plant and equipment and intangible assets (notes 5 and 6)	(4,766)	(11,885)
Other gains or losses (note 20)	6,752	2,051
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	886,630	696,449
Income tax (note 17)	(278,022)	(217,159)
Minority interests (note 14)	(73,097)	(57,892)
PROFIT ATTRIBUTABLE TO THE PARENT	535,511	421,398

	12-31-2006	12-31-2005
EARNINGS PER SHARE (note 14)		
Basic	4.14 €	3.25 €
Diluted	4.14 €	3.25 €

The accompanying Notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2006.

For the year ended 31 december 2006

Thousands of euros

	Valuation Adjustments (note 14.b.4 and 5)	Exchange differences (note 14.b.6)	Profit for the year	Interim dividend (note 14.d)	Equity attributable to shareholders of the parent	Minority interests (note 14)	Equity
		(5,915)	362,479	(88,491)	2,031,231	415,732	2,446,963
			421,398		421,398	57,892	479,290
	(14,063)				(14,063)		(14,063)
	(16,544)				(16,544)	186	(16,358)
		19,541			19,541	5,934	25,475
	(30,607)	19,541	421,398		410,332	64,012	474,344
			(362,479)				
				(11,191)	(187,453)	(30,668)	(218,121)
						3,428	3,428
					(10,539)		(10,539)
					(16,335)		(16,335)
						(76,267)	(76,267)
					7,893		7,893
					(3,012)		(3,012)
	(30,607)	13,626	421,398	(99,682)	2,232,117	376,237	2,608,354
			535,511		535,511	73,097	608,608
	53,702				53,702	12,608	66,310
	30,434				30,434	2,977	33,411
		(22,528)			(22,528)	(8,026)	(30,554)
	84,136	(22,528)	535,511		597,119	80,656	677,775
			(421,398)				
				(30,509)	(240,544)	(39,034)	(279,578)
						7,527	7,527
					27,818		27,818
						373,788	373,788
	1,533				(3,422)	5,256	1,834
	55,062	(8,902)	535,511	(130,191)	2,613,088	804,430	3,417,518

Consolidated cash flow statement

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

For the year ended 31 december 2006

Thousands of euros

	12-31-2006	12-31-2005
Cash flows from operating activities (before interest and tax)	1,395,960	978,099
Profit from operations	881,274	656,178
Depreciation and amortisation charge	474,506	318,768
Adjustments due to other income	40,180	3,153
Income taxes paid in the year	(292,133)	(214,552)
(Increase) Decrease in operating working capital	14,478	218,663
(Increase) Decrease in inventories and trade and other receivables	(862,097)	(517,914)
Increase (Decrease) in trade and other payables	876,575	736,577
Dividends received	49,856	37,272
Other collections (payments) in operating activities	(9,137)	(1,138)
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	1,159,024	1,018,344
Investments	(4,854,462)	(942,953)
Property, plant and equipment	(575,415)	(393,625)
Intangible assets	(112,358)	(60,584)
Investments and other financial assets	(4,166,689)	(488,744)
Disposals	65,888	85,008
Property, plant and equipment and intangible assets	52,773	35,426
Investments and other financial assets	13,115	49,582
Other collections (payments) in investing activities	286,047	(19,458)
Change in cash and cash equivalents due to changes in the scope of consolidation	308,098	5,760
Other	(22,051)	(25,218)
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES	(4,502,527)	(877,403)
Collections of shareholders' contributions	7,571	3,428
Collections (Payments) in treasury share transactions	33,316	(16,288)
Dividends paid (note 4)	(250,065)	(206,998)
Increase (Decrease) in bank borrowings and other financial liabilities	3,925,220	297,598
Non-current	2,744,116	276,481
Current	1,181,104	21,117
Net interest	(106,549)	(21,735)
Collected	32,477	23,805
Paid	(139,026)	(45,540)
Other collections (payments) in financing activities and relating to current financial assets	128,876	86,241
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES	3,738,369	142,246
TOTAL NET CASH FLOWS FOR THE YEAR	394,866	283,187
Cash and cash equivalents at beginning of year	1,041,616	748,951
Exchange differences on cash and cash equivalents in foreign currency	(6,328)	9,478
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,430,154	1,041,616

The accompanying Notes 1 to 27 and Appendixes I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2006.

Notes to the consolidated financial statements

Fomento de Construcciones y Contratas, S.A.
and subsidiaries consolidated Group
at 31 december 2006

1.	The FCC Group	344
2.	Basis of presentation of the consolidated financial statements, basis of consolidation and accounting policies	344
3.	Most significant acquisitions	347
4.	Distribution of profit	351
5.	Property, plant and equipment	351
6.	Intangible assets	356
7.	Investments in concessions	358
8.	Investments in associates	360
9.	Joint ventures	363
10.	Non-current financial assets and other current financial assets	364
11.	Inventories	368
12.	Accounts receivable	368
13.	Cash and cash equivalents	369
14.	Equity	370
15.	Bank borrowings and other non-current and current financial liabilities	374
16.	Provisions	378
17.	Tax matters	380
18.	Pension plans and similar obligations	382
19.	Guarantee commitments to third parties and other contingent liabilities	383
20.	Revenue and expense recognition	383
21.	Segment reporting	386
22.	Information on the environment	392
23.	Financial risk management policies	393
24.	Information on related party transactions	397
25.	Fees paid to auditors	399
26.	Events after the balance sheet date	399
27.	Explanation added for translation to english	399

Contents

Appendix I	Subsidiaries (fully consolidated)	400
Appendix II	Companies controlled jointly with non-Group third parties (proportionately consolidated)	410
Appendix III	Associates (accounted for using the equity method)	412
Appendix IV	Changes in the scope of consolidation	415
Appendix V	Joint ventures, Economic Interest Groupings and other businesses managed jointly with non-Group third parties	419

1. The FCC Group

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

Services, this division groups together the areas specialising in environmental services, i.e. services related to urban cleaning, industrial waste treatment and the integral water cycle, and includes Versia, which provides various services such as logistics, street furniture, passenger transport, vehicle roadworthiness tests, vehicle car parks, ground aircraft and passenger handling, street maintenance and traffic systems, etc.

Construction, this area specialises in infrastructure construction projects, building construction and related activities, such as motorways, freeways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc. The Construction area also encompasses the Group's infrastructure concession operators (motorways, tunnels, marinas, railways, tramways and multiuse buildings).

Cement, this division engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related prefabricated products and the production of concrete.

The FCC Group is also highly active in the **Real Estate** industry, both through the operation of the Torre Picasso building, which is 80%-owned by the Parent, and its 49.17% interest in Realia Business, S.A., a firm with a presence in the housing development industry and in the office and commercial premises rental market, both in Spain and abroad.

Foreign operations, which represent approximately 18% of the FCC Group's revenue (10% in 2005), are carried on mainly in the European, US and Latin American markets.

In 2006 the FCC Group experienced considerable growth due, in part, to the implementation of the Group's strategic plan for 2005-2008. Within the framework of this plan, important acquisitions were made of various business groups in Spain and abroad, which are detailed in Note 3 ("Most Significant Acquisitions") to these financial statements. The inclusion of these acquisitions in the scope of consolidation will contribute significant levels of growth, since in 2007 the Group will consolidate these investees on the basis of their full-year results.

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

a) Basis of presentation

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

The consolidated financial statements for 2006 were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, determined in accordance with the local standards referred to in the following paragraph, were adapted to IFRSs by each of the Group companies using the established operating procedures and systems that enable the performance and support of the consolidation process in accordance with IFRS requirements.

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

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

The 2006 IFRS consolidated financial statements of the FCC Group were authorised for issue by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement.

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

For comparison purposes, the 2006 consolidated financial statements include the figures for 2005. Also, these financial statements are expressed in thousands of euros since the euro is the principal currency in the area in which the Group operates.

b) Basis of consolidation

Subsidiaries

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

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

Goodwill is determined as indicated in Note 6 below.

Joint ventures

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

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

Associates

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

Transactions between Group companies

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

Intra-Group results on Group work on non-current assets, which is recognised at production cost, are eliminated on consolidation, except in the case of the construction of assets for concession operators, as described in Note 7 below and in Note 20, "Revenue and Expense Recognition", where reference is made to the recognition of results on the basis of the stage of completion in the construction activity.

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

Changes in the scope of consolidation

Appendix IV shows the changes in 2006 in the fully and proportionately consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

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

c) Accounting policies

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

Estimates made

In the Group's consolidated financial statements for 2006 and 2005, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- Distribution of the cost of the business combinations (see note 3)
- The impairment losses on certain assets (see notes 5 and 6)
- The useful life of the property, plant and equipment and intangible assets (see notes 5 and 6)
- The measurement of goodwill (see note 6)
- The amount of certain provisions (see note 16)
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see notes 16 and 18).

The FCC Group's consolidated financial statements were prepared so that they present fairly the Group's consolidated equity and financial position at 31 December 2006 and 2005 and the results of its operations, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

Impairment testing of property, plant and equipment and intangible assets

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

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

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

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

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

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

Translation differences

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

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

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

Exchange differences

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

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

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

3. Most significant acquisitions

Within the framework of the FCC Group's Strategic Plan for 2005-2008, in 2006 various significant corporate acquisitions took place in the various segments of activity, the most noteworthy of which are detailed below. For each investee, on indication is given of its name, acquisition date, percentage of ownership, the cost of the investment and the results contributed since its inclusion in the Group, which include, in turn, the amortisation arising from the recognition at fair value of its assets.

Environmental services

- ASA Abfall Service AG, head of the group with the same name, which engages in waste management in Central and Eastern Europe. The cost of the investment, per the definitive purchase agreement entered into in March, was EUR 226,829 thousand. The FCC Group owns all the shares of this company and the profit for the year contributed by this group from the acquisition date through year-end amounted to EUR 2,525 thousand.
- Waste Recycling Group Ltd., head of the group with the same name, which engages mainly in incineration and in integral waste management projects in the UK. The FCC Group made a payment of EUR 1,963,019 thousand, of which EUR 1,693,532 thousand covered the cost of the investment and the remainder was earmarked for the refinancing of the group. In September the FCC Group took control of this company by acquiring all its shares, and the UK group contributed EUR 4,625 thousand to profit for the year from the acquisition date through year-end.
- Severomoravské Vodovody a Kanalizace Ostrava, S.A., head of the SmVaK Group, which engages mainly in water management in the Czech Republic, was acquired at a cost of EUR 172,272 thousand. In June 98.67% of this company was acquired and its group contributed EUR 2,418 thousand to profit for the year from that date through year-end.

Versia

- Aeroporti di Roma Handling, S.p.A., which engages in airport handling services in Italy, was acquired at a cost of EUR 75,300 thousand. In October all the shares of this company were acquired and it contributed a loss of EUR 2,550 thousand to profit for the year from that date through year-end.

Construction

- 80.71% of Alpine Holding GmbH, parent of the Austrian group Alpine Mayreder Bau, which engages mainly in construction and services, was acquired in November at a cost of EUR 483,680 thousand. This group contributed EUR 4,663 thousand to profit for the year.
- Tacel Inversiones, S.A., head of the Tacel Group, is the concession operator of the Central Galician motorway. In January the FCC Group took control of this company by acquiring an additional 10% holding, thereby bringing its percentage of ownership to 54.64%. The cost of the investment made in 2006 amounted to EUR 13,500 thousand, and the Tacel Group contributed a loss of EUR 3,939 thousand in respect of this additional holding.

Cement

- 51.04% of Corporación Uniland, S.A., parent of the Corporación Uniland Group, was acquired in August by Cementos Portland Valderrivas, S.A. Furthermore, the share purchase agreement includes a put option for the seller on a further 22.50%, exercisable over five years. In December 2006 this option was exercised with respect to 2.18% of the shares, bringing the ownership interest held by the Cementos Portland Valderrivas Group to 53.22% at year-end. The total acquisition cost of this holding amounted to EUR 1,144,134 thousand. The profit contributed by the Corporación Uniland Group (based on the percentage of ownership held therein) amounted to EUR 8,266 thousand.
- Cementos Portland Valderrivas, S.A. launched a takeover bid for Cementos Lemona, S.A., head of the Cementos Lemona Group, as a result of which it increased its ownership interest in this company to 98.28% and, therefore, Cementos Lemona, S.A. was fully consolidated in March. The cost of the takeover bid, which resulted in the purchase of 67.56% of the company, was EUR 242,750 thousand and the profit contributed in respect of the increase in the holding amounted to EUR 6,698 thousand.

Accounting principles and policies

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

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

Financial statements included-business combinations

Following is a breakdown of the balance sheets included in consolidation relating to the most significant business combinations:

2006	ASA Abfall Service Group	Waste Recycling Group	SmVaK Group	Aeroporti Roma Handling SpA	Alpine Mayreder Bau Group	Tacel Group	Corporación Uniland Group	Cementos Lemona Group
ASSETS								
Non-current assets	338,538	2,929,779	261,354	92,397	717,836	375,362	1,682,327	481,740
Property, plant and equipment	106,713	2,054,606	260,256	13,415	345,217	363,733	991,608	357,339
Intangible assets	221,576	875,173	1,098	78,980	281,934	452	682,265	90,970
Investments in associates	4,768	–	–	–	–	–	331	13,383
Non-current financial assets	2,729	–	–	–	85,410	4	1,754	8,674
Other non-current assets	2,752	–	–	2	5,275	11,173	6,369	11,374
Current assets	61,376	211,867	25,483	33,626	957,970	3,649	364,048	47,457
Inventories	1,403	–	1,525	–	61,465	–	59,170	13,602
Trade and other receivables	48,379	131,717	11,152	24,574	802,128	205	178,385	31,165
Other current financial assets	4,569	–	12	–	–	2,700	7,826	503
Cash and cash equivalents	7,025	80,150	12,794	9,052	94,377	744	118,667	2,187
Total assets	399,914	3,141,646	286,837	126,023	1,675,806	379,011	2,046,375	529,197
EQUITY AND LIABILITIES								
Equity	228,703	1,698,452	174,679	75,300	549,118	117,097	1,581,807	333,078
Non-current liabilities	114,695	889,913	100,955	32,063	280,444	243,513	316,723	143,640
Bank borrowings and other non-current financial liabilities	45,518	187,789	74,367	–	109,692	215,446	63,037	70,492
Non-current provisions	45,649	290,406	848	21,693	122,670	–	15,196	14,882
Other non-current liabilities	23,528	411,718	25,740	10,370	48,082	28,067	238,490	58,266
Current liabilities	56,516	553,281	11,203	18,660	846,244	18,401	147,845	52,479
Bank borrowings and other current financial liabilities	13,824	314,115	2,363	761	251,339	3,763	10,900	21,706
Trade payables and other current liabilities	42,692	239,166	8,840	17,899	583,659	14,638	136,945	30,773
Current provisions	–	–	–	–	11,246	–	–	–
Total equity and liabilities	399,914	3,141,646	286,837	126,023	1,675,806	379,011	2,046,375	529,197

2005	Logístico Santos Group	Entemanser, S.A.	Papeles Hernández e Hijos, S.A.	Manipulación y Recuperación Marepa, S.A.
ASSETS				
Non-current assets	50,352	84,281	7,336	20,647
Property, plant and equipment	16,300	23,974	3,235	19,829
Intangible assets	27,438	53,408	–	3
Non-current financial assets	3,829	6,899	4,113	815
Other non-current assets	2,785	–	(12)	–
Current assets	49,439	18,822	6,932	8,708
Inventories	285	916	346	1,312
Trade and other receivables	48,199	12,592	2,709	7,249
Other current financial assets	186	4,374	1,120	22
Cash and cash equivalents	769	940	2,757	125
Total assets	99,791	103,103	14,268	29,355
EQUITY AND LIABILITIES				
Equity	45,729	65,739	8,661	12,489
Non-current liabilities	9,718	30,879	1,867	7,179
Bank borrowings and other non-current financial liabilities	5,025	5,740	1,424	1,816
Non-current provisions	1,185	–	–	–
Other non-current liabilities	3,508	25,139	443	5,363
Current liabilities	44,344	6,485	3,740	9,687
Bank borrowings and other current financial liabilities	8,984	8	1,513	3,245
Trade payables and other current liabilities	35,360	6,477	2,227	6,442
Total equity and liabilities	99,791	103,103	14,268	29,355

Allocations at fair value

The allocation of the cost of the business combinations among the various balance-sheet items, already included in the financial statements set forth in the foregoing table, for the purpose of reflecting the fair value of the assets and liabilities acquired, is as follows:

2006	ASA Abfall Service Group	Waste Recycling Group	SmVaK Group	Aeroporti di Roma Handling SpA	Alpine Mayreder Bau Group	Tacel Group	Corporación Uniland Group	Cementos Lemona Group
ASSETS								
Property, plant and equipment	–	1,363,086	42,609	–	31,042	94,169	752,043	173,544
Intangible assets	86,660	–	–	34,106	45,000	–	–	–
Other non-current assets	–	–	–	–	–	–	–	7,287
Total allocations to assets	86,660	1,363,086	42,609	34,106	76,042	94,169	752,043	180,831
LIABILITIES								
Other non-current liabilities (deferred taxes)	21,665	408,925	10,226	10,370	19,010	26,630	227,113	54,515
Total allocations to liabilities	21,665	408,925	10,226	10,370	19,010	26,630	227,113	54,515
Total net allocations	64,995	954,161	32,383	23,736	57,032	67,539	524,930	126,316

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

2005	Logístico Santos Group	Entemanser, S.A.	Papeles Hernández e Hijos, S.A.	Manipulación y Recuperación Marepa, S.A.
ASSETS				
Property, plant and equipment	–	18,410	1,266	14,880
Intangible assets	9,885	53,383	–	–
Total allocations to assets	9,885	71,793	1,266	14,880
LIABILITIES				
Other non-current liabilities (deferred taxes)	2,201	25,127	443	5,208
Total allocations to liabilities	2,201	25,127	443	5,208
Total net allocations	7,684	46,666	823	9,672

Goodwill

The table below shows the allocation of the difference on acquisition, indicating the net amount allocated as a result of the fair-value recognition of the investee and the amount allocated to goodwill.

2006	ASA Abfall Service Group	Waste Recycling Group	SmVaK Group	Aeroportidi Roma Handling SpA	Alpine Mayrede Bau Group	Tacel Group	Corporación Uniland Group	Cementos Lemona Group
Cost of acquisition	226,829	1,693,532	172,272	75,300	483,680	13,500	1,144,134	242,750
Equity attributed to the Parent	(46,219)	(384,624)	(140,320)	(17,239)	(204,863)	(3,699)	(193,943)	(100,672)
Goodwill at acquired group (1)	13,636	520,426	–	9,754	–	–	8,884	17,815
Difference on acquisition	194,246	1,829,334	31,952	67,815	278,817	9,801	959,075	159,893
Total net allocations	(64,995)	(954,161)	(32,383)	(23,736)	(57,032)	(67,539)	(524,930)	(126,316)
Allocation attributable to the Parent for the previously held interest	–	–	–	–	–	27,324	–	35,945
Allocation attributable to minority interests	–	–	431	–	11,001	30,636	245,562	4,124
Allocation to goodwill on consolidation	129,251	875,173	–	44,079	232,786	222	679,707	73,646

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

2005	Logístico Santos Group (2)	Entemanser, S.A.	Papeles Hernández e Hijos, S.A.	Manipulación y recuperación Marepa, S.A.	Cementos Portland Valderrivas, S.A.
Cost of acquisition	123,783	63,953	11,952	26,126	158,513
Equity attributed to the Parent	(22,014)	(18,687)	(6,106)	(2,553)	(81,670)
Difference on acquisition	101,769	45,266	5,846	23,573	76,843
Total net allocations	(7,684)	(46,666)	(823)	(9,672)	–
Allocation attributable to minority interests	–	1,400	–	1,407	–
Allocation to goodwill on consolidation	94,085	–	5,023	15,308	76,843

(2) Now the FCC Logística Group.

The total amount allocated to goodwill on consolidation set forth in the foregoing tables amounts to EUR 2,034,864 thousand and EUR 191,259 thousand for 2006 and 2005, respectively (see note 6).

4. Distribution of profit

In 2006 the FCC Group paid dividends totalling EUR 250,065 thousand (2005: EUR 206,998 thousand in 2005), as shown in the accompanying cash flow statement, the detail being as follows:

	2006	2005
Shareholders of Fomento de Construcciones y Contratas, S.A.	208,920	176,552
Minority shareholders of the Cementos Portland Valderrivas, S.A. Group	39,454	27,552
Other minority shareholders of the other companies	1,691	2,894
	250,065	206,998

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on 29 June 2006, the shareholders approved the distribution of the profit for 2005 through a total dividend of EUR 1.614 gross per share, equal to a total payment of EUR 208,920 thousand to the Parent's shareholders. The shareholders of Fomento de Construcciones y Contratas, S.A. received this amount through the payment of an interim dividend in January 2006 amounting to EUR 99,179 thousand (2005: EUR 88,277 thousand), equal to 76.6% gross of the par value of the shares, i.e. EUR 0.766 per share (2005: EUR 0.68 per share), and the payment of a final dividend in July 2006 amounting to EUR 109,741 thousand (2005: EUR 88,275 thousand), equal to 84.8% gross of the par value of the shares, i.e. EUR 0.848 per share (2005: EUR 0.68 per share).

In relation to the profit attributed to the Parent in 2006, on 19 December 2006 it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of 2006 profit equal to 100% gross of the par value of the shares, i.e. EUR 1 per share. The total amount of this dividend, EUR 130,191 thousand, was paid on or after 8 January 2007 on outstanding shares carrying dividend rights.

In addition, to complete the dividend out of the 2006 profit of EUR 535,511 thousand attributable to the Parent of the FCC Group, Fomento de Construcciones y Contratas S.A., this Company will propose for the approval of the shareholders at the Annual General Meeting the distribution of a final dividend of EUR 1.05 per share which, together with the interim dividend, gives a total dividend of EUR 2.05 per share.

5. Property, plant and equipment

Accounting principles and policies

- a) Property, plant and equipment are stated at cost, except in the case of certain subsidiaries operating in the cement business, which revalued their property, plant and equipment pursuant to Royal Decree-Law 7/1996, Navarra Regulation 23/1966 and Vizcaya Regulation 6/1996. The effect of these revaluations on the consolidated income statement is not material.

Property, plant and equipment contributed by the acquired companies as detailed in Note 3 to these consolidated financial statements are recognised at fair value, which is deemed to be the cost price at the acquisition date.

- b) Investment property is measured at the lower of acquisition cost or market value.
- c) Group work on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price (see Note 7) since the related intra-Group results are not eliminated (see Note 7).
- d) Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in the income statement for the year in which they are incurred.
- e) When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

The borrowing costs capitalised during the year amounted to EUR 3,358 thousand (2005: EUR 2,171 thousand) and the borrowing costs capitalised since inception amounted to EUR 50,309 thousand (2005: EUR 19,667 thousand). The change in 2006 in borrowing costs capitalised since inception relates mainly to the Waste Recycling Group, which was added to the scope of consolidation in the year and contributed EUR 29,171 thousand.

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

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

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

Property, plant and equipment assigned exclusively to a specific contract are depreciated on a straight-line basis over the shorter of the years of useful life indicated above or the contract term.

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

Details of the consolidated balance sheet headings

The detail of the carrying amount of property, plant and equipment at 31 December 2006 and 2005 is as follows:

	Cost	Accumulated depreciation	Grants	Allowances	Carrying amount
2006					
Investment property	113,361	(45,634)	–	–	67,727
Buildings, plant and equipment	9,576,655	(3,598,709)	(107,817)	(72,934)	5,797,195
Land and natural properties	918,026	(45,293)	(59,495)	(36,837)	776,401
Buildings for own use	1,791,413	(476,193)	(5,383)	(1,125)	1,308,712
Plant	4,543,228	(1,840,164)	(42,241)	(847)	2,659,976
Machinery and transport equipment	2,323,988	(1,237,059)	(698)	(34,125)	1,052,106
Other items of property, plant and equipment	1,385,353	(530,791)	(1,328)	–	853,234
Property, plant and equipment in the course of construction	490,783	–	–	–	490,783
Other property, plant and equipment	894,570	(530,791)	(1,328)	–	362,451
	11,075,369	(4,175,134)	(109,145)	(72,934)	6,718,156
2005					
Investment property	112,584	(44,392)	–	–	68,192
Buildings, plant and equipment	3,600,024	(1,702,184)	(50,688)	(66,267)	1,780,885
Land and natural properties	300,382	(36,109)	(334)	(35,815)	228,124
Buildings for own use	460,956	(128,479)	(5,640)	–	326,837
Plant	1,569,475	(774,163)	(44,432)	(332)	750,548
Machinery and transport equipment	1,269,211	(763,433)	(282)	(30,120)	475,376
Other items of property, plant and equipment	700,553	(367,818)	(177)	–	332,558
Property, plant and equipment in the course of construction	98,142	–	–	–	98,142
Other property, plant and equipment	602,411	(367,818)	(177)	–	234,416
	4,413,161	(2,114,394)	(50,865)	(66,267)	2,181,635

The changes in 2006 and 2005 in property, plant and equipment accounts were as follows:

	Investment property	Land and natural properties	Buildings for own use	Plant	Machinery and transport equipment	buildings, plant and equipment	Property, plant and equipment in the course of construction	Other property, plant and equipment	Other items of pp, & E	Accumulated depreciation	Grants	Allowances
Balance at 12-31-04	111,738	257,336	413,907	1,197,759	1,106,137	2,975,139	248,734	530,711	779,445	(1,834,322)	(51,184)	(51,640)
Additions or charge for the year	853	10,673	7,455	27,967	136,052	182,147	154,955	55,670	210,625	(288,863)	(3,109)	(10,026)
Disposals and reductions	(7)	(1,858)	(4,777)	(23,109)	(63,969)	(93,713)	(711)	(20,747)	(21,458)	91,547	3,993	42
Changes in the scope of consolidation, translation differences and other changes	–	29,473	31,443	89,765	69,964	220,645	13,874	34,040	47,914	(82,958)	(565)	(4,643)
Transfers	–	4,758	12,928	277,093	21,027	315,806	(318,710)	2,737	(315,973)	202	–	–
Balance at 12-31-05	112,584	300,382	460,956	1,569,475	1,269,211	3,600,024	98,142	602,411	700,553	(2,114,394)	(50,865)	(66,267)
Additions or charge for the year	1,117	19,904	27,610	66,432	149,598	263,544	237,773	72,981	310,754	(426,650)	(3,012)	(2,379)
Disposals and reductions	(340)	(4,559)	(26,540)	(17,523)	(73,849)	(122,471)	(7,295)	(25,112)	(32,407)	103,641	6,725	13
Changes in the scope of consolidation, translation differences and other changes	–	605,874	1,301,324	2,832,012	999,727	5,738,937	311,684	238,080	549,764	(1,742,975)	(61,993)	(4,301)
Transfers	–	(3,575)	28,063	92,832	(20,699)	96,621	(149,521)	6,210	(143,311)	5,244	–	–
Balance at 12-31-06	113,361	918,026	1,791,413	4,543,228	2,323,988	9,576,655	490,783	894,570	1,385,353	(4,175,134)	(109,145)	(72,934)

The period depreciation charge for 2006 and 2005 is included under “Depreciation and Amortisation Charge” in the accompanying consolidated income statement. This account includes EUR 419,925 thousand relating to the depreciation of property, plant and equipment (2005: EUR 284,870 thousand), after deducting the grants allocated to income, which amount to EUR 6,725 thousand (2005: EUR 3,993 thousand).

The “Disposals and Reductions” under “Buildings, Plant and Equipment”, which amount to EUR 122,471 thousand (31 December 2005: EUR 93,713 thousand), relate mainly to the disposal of inventories and assets which, in general, had been depreciated practically in full since they had reached the end of their useful lives.

“Changes in the Scope of Consolidation, Translation Differences and Other Changes” includes the items of property, plant and equipment included at fair value as a result of the acquisitions of companies, as detailed in Note 3 to these consolidated financial statements.

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

The changes in allowances in 2006 include most notably the US dollar exchange gains of EUR 3,536 thousand on the allowances recognised by the cement company Giant Cement Holding Inc. The changes in allowances in 2005 relate mainly to the allowance of EUR 9,738 thousand recognised for the non-current assets of the Environmental Services area in Egypt, and to the US dollar exchange losses of EUR 4,540 thousand on the allowances recognised by the cement company Giant Cement Holding Inc.

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

Fully depreciated property, plant and equipment which, being in good working order, are used in production, amount to EUR 1,534,713 thousand (31 December 2005: EUR 941,563 thousand). The changes in 2006 relate mainly to the inclusion in the scope of consolidation of the Waste Recycling group and the Corporación Uniland group, which contributed EUR 207,806 thousand and EUR 173,039 thousand, respectively.

Of the total property, plant and equipment in the accompanying consolidated balance sheet, EUR 5,105,080 thousand (2005: EUR 886,424 thousand) were located abroad, with accumulated depreciation of EUR 1,704,952 thousand (2005: EUR 332,905 thousand). The net year-on-year increase in property, plant and equipment located abroad relates mainly to the acquisitions made, including most notably the Waste Recycling group (EUR 2,054,606 thousand), the Alpine Mayreder Bau group (EUR 345,217 thousand) and the SmVak group (EUR 260,256 thousand).

Investment property

The investment property relates in full to 80% of the Torre Picasso building in which office space, commercial premises and parking spaces are leased. The investment is managed through an owners' association.

The property rental income and profit are presented below:

	2006	2005
Rental income	19,519	18,053
Transfer of costs to tenants	6,001	6,601
Profit net of taxes	9,571	9,524

The minimum future lease payments receivable by the lessors under current leases amount to EUR 80,549 thousand (31 December 2005: EUR 85,009 thousand), which fall due as follows:

	2006	2005
Within one year	21,821	20,662
Between one and five years	48,766	44,188
After five years	9,962	20,159
	80,549	85,009

At 31 December 2006, there were no restrictions on the realisability of investment property. Similarly, there were no firm obligations to purchase, construct or develop new investment property.

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at 31 December 2006, there are restrictions on title to assets amounting to EUR 1,423,304 thousand (31 December 2005: EUR 750,165 thousand), the detail being as follows

	Cost	Accumulated depreciation	Carrying amount
2006			
Buildings, plant and equipment	2,509,572	(1,263,778)	1,245,794
Other items of property, plant and equipment	372,905	(195,395)	177,510
	2,882,477	(1,459,173)	1,423,304
2005			
Buildings, plant and equipment	1,225,594	(565,235)	660,359
Other items of property, plant and equipment	268,485	(178,679)	89,806
	1,494,079	(743,914)	750,165

The Group's assets subject to restrictions on title relate to non-current assets held under finance leases or financed using other financing methods, as indicated in Note 15, which discloses the various financing methods used in the acquisitions in the year, and to revertible assets assigned to the operation of concessions and other contracts.

The year-on-year increase in assets title to which is restricted is due mainly to the additions to the scope of consolidation in 2006, such as the Tacel Group, concession operator of the Central Galician motorway, which contributed to EUR 357,547 thousand, and the Waste Recycling group, which added EUR 273,155 thousand (see Notes 3 and 7).

Assets held for sale

At 31 December 2006 and 2005, the Group did not own, and had not sold in the years then ended, any non-current assets or disposal groups held for sale within the meaning defined by IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) and, accordingly, no amount was reflected in this connection in the accompanying consolidated financial statements.

Non-current asset purchase commitments

In the course of their business activities, the Group's subsidiaries and joint ventures had formalised property, plant and equipment purchase commitments amounting to EUR 522,081 thousand at 31 December 2006 (31 December 2005: EUR 482,665 thousand), the detail being as follows:

	2006	2005
Buildings for own use	4,434	78,691
Plant	324,115	78,918
Machinery and transport equipment	159,001	257,887
Property, plant and equipment in the course of construction	11,462	–
Other items of property, plant and equipment	23,069	67,169
	522,081	482,665

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

Finance leases

The detail of the finance leases at the end of 2006 and 2005 and of the related cash flows is as follows:

	Movable property	Real estate	Total
2006			
Carrying amount	170,436	9,082	179,518
Accumulated depreciation	76,840	1,373	78,213
Original cost of the assets	247,276	10,455	257,731
Finance charges	19,839	1,393	21,232
Capitalised original cost of the assets	267,115	11,848	278,963
Lease payments paid in the year	(79,586)	(1,228)	(80,814)
Lease payments paid in prior years	(86,440)	(2,994)	(89,434)
Lease payments outstanding, including purchase option	101,089	7,626	108,715
Unaccrued finance charges	(6,272)	(473)	(6,745)
Present value of lease payments outstanding, including purchase option	94,817	7,153	101,970
Contract term (years)	2 a 5	10	
Value of purchase options	6,494	3,895	10,389
2005			
Carrying amount	128,558	1,389	129,947
Accumulated depreciation	46,661	170	46,831
Original cost of the assets	175,219	1,559	176,778
Finance charges	6,449	167	6,616
Capitalised original cost of the assets	181,668	1,726	183,394
Lease payments paid in the year	(53,244)	(94)	(53,338)
Lease payments paid in prior years	(46,232)	(831)	(47,063)
Lease payments outstanding, including purchase option	82,192	801	82,993
Unaccrued finance charges	(2,955)	(29)	(2,984)
Present value of lease payments outstanding, including purchase option	79,237	772	80,009
Contract term (years)	2 a 5	10	
Value of purchase options	1,782	90	1,872

The increase in the finance lease aggregates set forth in the foregoing table is due mainly to the acquisitions of companies in 2006, as indicated in Note 3, including most notably the Waste Recycling group and the ASA Abfall Service group, which contributed EUR 22,503 thousand and EUR 14,545 thousand, respectively.

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

The detail, by maturity, of the reconciliation of the total amount of the lease payments to their present value at the balance-sheet dates (31 December 2006 and 2005) is as follows:

	Within one year	Between one and five years	After five years	Total
2006				
Lease payments outstanding, including purchase option	58,948	41,316	8,451	108,715
Unaccrued finance charges	(1,554)	(4,211)	(980)	(6,745)
Present value of the lease payments outstanding, including purchase option	57,394	37,105	7,471	101,970
2005				
Lease payments outstanding, including purchase option	48,436	34,343	214	82,993
Unaccrued finance charges	(1,142)	(1,824)	(18)	(2,984)
Present value of the lease payments outstanding, including purchase option	47,294	32,519	196	80,009

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2006 no expense was incurred in connection with contingent rent.

6. Intangible assets

The detail of the intangible assets and of the related accumulated amortisation at 31 December 2006 and 2005 is as follows:

	Cost	Accumulated amortisation	Allowances	Impairment losses	Carrying amount
2006					
Concessions	511,756	(123,186)	(1,368)	–	387,202
Goodwill	2,493,363	–	–	(23,318)	2,470,045
Other intangible assets	519,547	(118,885)	(37)	–	400,625
	3,524,666	(242,071)	(1,405)	(23,318)	3,257,872
2005					
Concessions	465,723	(109,407)	(1,207)	–	355,109
Goodwill	482,642	–	–	(21,193)	461,449
Other intangible assets	197,559	(58,312)	–	–	139,247
	1,145,924	(167,719)	(1,207)	(21,193)	955,805

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

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

The amortisation charge for 2006 and 2005 is included under “Depreciation and Amortisation Charge” in the accompanying consolidated income statement.

At 31 December 2006 and 2005, there were no noteworthy intangible assets title to which was restricted.

Concessions and other intangible assets

The changes in these headings in the consolidated balance sheet in 2006 and 2005 were as follows:

	Concessions	Other intangible assets	Accumulated depreciation	Allowances
Balance at 12-31-04	348,472	170,448	(131,656)	(62)
Additions or charge for the year	50,601	9,983	(33,898)	(1,137)
Disposals and reductions	(5,418)	(154)	2,759	–
Changes in the scope of consolidation, translation differences and other changes	72,001	16,658	(4,866)	(8)
Transfers	67	624	(58)	–
Balance at 12-31-05	465,723	197,559	(167,719)	(1,207)
Additions or charge for the year	99,014	13,344	(54,581)	–
Disposals and reductions	(21)	(4,098)	3,037	–
Changes in the scope of consolidation, translation differences and other changes	5,666	262,884	(24,013)	(198)
Transfers	(58,626)	49,858	1,205	–
Balance at 12.31.06	511,756	519,547	(242,071)	(1,405)

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

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

In 2005 the most significant changes in "Concessions" related to the award of the Lloret de Mar water service concession for EUR 21,000 thousand and to the inclusion in the scope of consolidation of the water treatment and distribution company, Entemanser, S.A., the effect of which amounted to EUR 53,388 thousand.

Concessions are amortised on a straight-line basis over the concession term, which ranges on average from 25 to 50 years.

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

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

Goodwill

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

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

The changes in goodwill in the accompanying consolidated balance sheet in 2006 and 2005 were as follows:

Balance at 12-31-04		266,642
Additions		
FCC Logística Group	94,085	
Cementos Portland Valderrivas, S.A	76,843	
Marepa Group	15,308	
Papeles Hernández e Hijos Group	5,023	
Other	6,411	197,670
Allocation to assets of		
Corporación M&S Internacional C.A., S.A.		(6,299)
Translation differences		4,202
Impairment losses on assets		(766)
Balance at 12-31-05		461,449
Additions		
Waste Recycling Group	875,173	
Corporación Uniland Group	679,707	
Alpine Mayreder Bau Group	232,786	
ASA Abfall Service Group	129,251	
Cementos Lemona Group	73,646	
Aeroporti di Roma Handling, SpA	44,079	
Cementos Portland Valderrivas, S.A	6,346	
Other	8,219	2,049,207
Allocation to assets		
FCC Logística Group		(35,774)
Translation differences		(2,712)
Impairment losses on assets		(2,125)
Balance at 12-31-06		2,470,045

A detailed description of the main additions in 2006 is included in Note 3 ("Most Significant Additions") to these consolidated financial statements.

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2006 and 2005 is as follows:

	2006	2005
Waste Recycling Group	874,824	—
Corporación Uniland Group	678,964	—
Alpine Mayreder Bau Group	232,786	—
Cementos Portland Valderrivas, S.A.	215,906	209,560
ASA Abfall Service Group	127,997	—
Cementos Leona Group	73,646	—
FCC Logística Group	60,071	95,845
Aeroporti di Roma Handling, SpA	44,079	—
Ekonor Group	35,361	35,361
Giant Cement Holding, Inc.	29,163	30,145
Marepa Group	16,432	15,308
Jaime Franquesa, S.A.	13,935	14,806
Tratamientos y Recuperaciones Industriales, S.A.	9,860	9,860
Limpiezas Industriales Alfus, S.A.	7,779	7,779
Gestiones Especializadas e Instalaciones	6,410	—
Montajes Gavisa, S.A.	5,531	5,531
Belgian Ground Services, S.A.	5,503	5,503
Papeles Hernández e Hijos Group	5,056	5,023
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A.	3,712	3,712
Áridos y Premezclados, S.A., Sole-Shareholder Company	3,704	3,704
Elcen Obras Servicios y Proyectos, S.A.	1,587	—
Other	13,407	14,980
	2,470,045	461,449

In 2006 Cementos Portland Valderrivas, S.A. increased goodwill by EUR 6,346 thousand through the acquisition of treasury shares for EUR 11,303 thousand, thereby increasing the FCC Group's effective holding therein by 0.32%. Goodwill also rose in 2005 by EUR 76,843 thousand due to the purchase of an additional 8.5% holding in this company; this addition to goodwill was calculated as the difference between the acquisition cost of this additional interest and the carrying amount of the related minority interests (see Note 14, "Equity") since, in accordance with IFRS 3 "Business Combinations" because control was already exercised by the Parent over Cementos Portland Valderrivas, S.A., this difference could not be allocated to the latter company's assets. Following those transactions, the FCC Group's total effective ownership interest in this cement company now stands at 67.66%.

In relation to the goodwill of EUR 94,085 thousand generated in 2005 as a result of the acquisition of the Logístico Santos group (now the FCC Logística Group) and recognised in the balance sheet at 31 December 2005, it should be indicated that, in accordance with IFRS 3 "Business Combinations", which states that goodwill may be modified within one year from the acquisition date, EUR 45,034 thousand were allocated to "Other Intangible Assets" as a addition to contracts and a deferred tax liability amounting to EUR 9,260 thousand was recognised, resulting in a decrease of EUR 35,774 thousand in goodwill.

7. Investments in concessions

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

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

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

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

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

Accounting principles and policies

In 2006 the International Accounting Standards Board (IASB) issued a definitive interpretation on the accounting treatment for concessions which will be applicable once it has been adopted by the European Union. In both 2006 and 2005 the FCC Group applied the most relevant aspects of the accounting principles and policies contained in this interpretation, which are indicated below, except with respect to the classification of assets as intangible or non-current financial assets.

- a) When a substantial period of time is required for the construction and start-up of the assets assigned to the concession, the related borrowing costs accrued during that period are capitalised.
- b) When the assets come into service, the accrued borrowing costs are allocated to the income statement.
- c) Property, plant and equipment and intangible assets assigned to the concessions are depreciated and amortised, respectively, on a straight-line basis over the shorter of the concession term or the useful life of the assets concerned.
- d) When the concession assets are constructed by Group companies, the results arising from the construction work are recognised by reference to the stage of completion, in accordance with the accounting policies described in Note 20, Revenue and Expense Recognition.

Detail of concessions

The following table sets forth the total investments made by the Group companies in concessions, which are included under "Property, Plant and Equipment", "Intangible Assets" and "Investments in Associates" in the accompanying consolidated balance sheet at 31 December 2006 and 2005.

	Concession	Property, plant and equipment	Concession operator associates	Total investment
2006				
Water services	490,511	410,285	11,717	912,513
Motorways and tunnels	240	477,955	116,303	594,498
Other	21,005	81,686	45,902	148,593
	511,756	969,926	173,922	1,655,604
Depreciation and amortisation	(123,186)	(255,189)	–	(378,375)
Impairment losses	(1,368)	(200)	–	(1,568)
	387,202	714,537	173,922	1,275,661
2005				
Quarries	25,465	231,840	–	257,305
Water services	386,361	342,775	1,194	730,330
Motorways and tunnels	–	51,029	83,291	134,320
Other	53,897	524,667	27,023	605,587
	465,723	1,150,311	111,508	1,727,542
Depreciation and amortisation	(109,407)	(311,892)	–	(421,299)
Impairment losses	(1,207)	–	–	(1,207)
	355,109	838,419	111,508	1,305,036

In 2006 the Group reclassified certain contracts with public-sector entities which, per the definitive interpretation of the International Accounting Standards Board (IASB) discussed in the preceding section, did not qualify for consideration as concessions. The transfers made relate mainly to quarries and operating licenses of the cement activity which in 2005 had been recognised under "Quarries" and "Other" in the foregoing table.

Also, noteworthy in 2006 were the changes in "Motorways and Tunnels", which related to the acquisition of control of the Tael Group, the concession operator of the Central Galician motorway between Santiago de Compostela and Alto de Santo Domingo, and in "Water Services" as a result of the concessions granted in the year, including most notably the Santander city concession.

Under the concession contracts, the concession operators controlled by the Group are obliged to purchase or construct property, plant and equipment items assigned to the concessions amounting to EUR 317,140 thousand (2005: EUR 150,524 thousand).

8. Investments in associates

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

The investment is initially recognised at acquisition cost and is subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These changes include most notably translation differences and the adjustments to reserves arising from changes in the fair value of the cash flow hedges arranged by the associates.

	Purchases and expenditure	Profit (loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Sa
Balance at 12-31-04					
Realia Business Group		67,489	(33,273)	(401)	
Tacel Group	12,528	(520)		591	
Autopista de la Costa Cálida C.E.A., S.A.	14,175	39		471	
Metro de Málaga, S.A.	10,273	(121)			
Concesiones de Madrid, S.A.	10,000	1,108	(819)	(1,662)	
Torres Porta Fira, S.A.	8,332	16			
Cementos Lemona Group		6,016	(1,871)		
Autopistas del Valle, S.A.	2,670				
Ibisan, Sociedad Concesionaria, S.A.	2,613	(72)			
Domino Holdings, S.A.					
Urbs Iudex et Causidicus, S.A.	2,820	(136)		(16,172)	
Eumex Group					
Autovía del Camino, S.A.		(83)		(11,419)	
Tramvia Metropolità, S.A.		676		(1,944)	
Tramvia Metropolità del Besós, S.A.	481	(213)		(1,397)	
Other	6,153	4,165	(2,253)	(3,203)	
Total 2005	70,045	78,364	(38,216)	(35,136)	
Balance at 12-31-05					
Realia Business Group		78,739	(38,864)	57	
Gesi 9, S.A.	13,104	(92)			
Autopista de la Costa Cálida C.E.A., S.A.	11,225	(115)		1,590	
Ibisan, Sociedad Concesionaria, S.A.	7,838	(3)			
Cedinsa Concesionaria, S.A.	5,052	17		1,906	
Urbs Iudex et Causidicus, S.A.	2,820	(3,065)		6,254	
ASA Group investees	205	1,492	(1,023)		
Metro de Málaga, S.A.	5,136	27			
Concesiones Aeroportuarias, S.A.	3,409				
Madrid 407 Sociedad Concesionaria, S.A.	4,247	(2)		(887)	
Teide Gestión del Sur, S.L.	3,150				
Nova Bocana Barcelona, S.A.	2,512	(76)			
Hospital del Sureste, S.A.	1,642	(1)		340	
Tranvía de Parla, S.A.	2,280	(320)			
Autovía del Camino, S.A.		(4)		3,456	
Hormigones y Áridos del Pirineo Aragonés, S.A.		1,809	(105)		
Autopistas del Valle, S.A.	1,595				
Autopistas del Sol, S.A.	1,196				
Concesiones de Madrid, S.A.		1,483	(1,185)		
Cementos Lemona Group					
Tacel Group					
Other	6,997	9,189	(3,849)	1,497	
Total 2006	72,408	89,078	(45,026)	14,213	
Balance at 12-31-06					

In the years ended 31 December 2006 and 2005, there were no impairment losses, since the market value was equal to or higher than the values obtained by applying the method described in the preceding paragraph.

In the case of associates which engage in the operation of infrastructure concessions, when the infrastructure is fully or partly constructed by Group companies, the results arising from the construction work are recognised by reference to the stage of completion, as indicated in Notes 7 and 20 to these consolidated financial statements.

Investments in associates engaging in the operation of infrastructure concessions will be grouped together at Global Via Infraestructuras, as indicated in Note 26 "Events After the Balance Sheet Date".

les	Changes in consolidation method and transfers	Translation differences and other changes	Value of the investment	Loans granted	Total	
				442,734	29,107	471,841
			(51)	33,764	28	33,792
		4,051		16,650		16,650
				14,685		14,685
				10,152		10,152
				8,627		8,627
				8,348		8,348
			187	4,332		4,332
			39	2,709		2,709
				2,541		2,541
		(20,631)		(20,631)		(20,631)
				(13,488)		(13,488)
		(13,499)	1,304	(12,195)		(12,195)
				(11,502)		(11,502)
			(349)	(1,617)		(1,617)
			(194)	(1,323)		(1,323)
	(3,081)	(3,140)	(1,047)	(2,406)	1,173	(1,233)
	(3,081)	(33,219)	(111)	38,646	1,201	39,847
				481,380	30,308	511,688
				39,932	20	39,952
				13,012		13,012
				12,700		12,700
				7,835		7,835
				6,975		6,975
				6,009		6,009
			5,217	5,891		5,891
				5,163		5,163
				3,409		3,409
				3,358		3,358
				3,150		3,150
				2,436		2,436
				1,981	200	2,181
				1,960		1,960
				3,452	(1,720)	1,732
				1,704		1,704
			(307)	1,288		1,288
				1,196		1,196
				298		298
		(43,500)		(43,500)		(43,500)
		(16,650)		(16,650)		(16,650)
		(124)	(811)	12,899	(1,174)	11,725
		(60,274)	4,099	74,498	(2,674)	71,824
				555,878	27,634	583,512

In 2006 the Cementos Lemona Group and the Tacel Group were fully consolidated since control was acquired of the parents of the respective groups (see Note 3), whereas in 2005 the Eumex Group and Domino Holdings, S.A. were transferred to available-for-sale financial assets, since the Group was no longer in a position to exercise significant influence over these companies, as indicated in section a.1) of Note 10 to these consolidated financial statements.

The detail of the assets, liabilities, revenue and profit for 2006 and 2005 of the associates, in proportion to the FCC Group's ownership interest in each company, is as follows

2006	Realia Business Group	Other
ASSETS		
Non-current assets	1,029,510	865,484
Leased buildings	925,210	
Other non-current assets	104,300	865,484
Current assets	715,372	266,894
Inventories	624,749	55,235
Other current assets	90,623	211,659
Non-current assets held for sale and discontinued operations	23,615	
Total assets	1,768,497	1,132,378
EQUITY AND LIABILITIES		
Equity	436,324	224,161
Non-current liabilities	275,276	660,849
Non-current bank borrowings	84,897	568,756
Other non-current liabilities	190,379	92,093
Current liabilities	1,042,999	247,368
Current bank borrowings	429,051	64,778
Other current liabilities	613,948	182,590
Liabilities associated with non-current assets held for sale and discontinued operations	13,898	
Total equity and liabilities	1,768,497	1,132,378
Income statement		
Revenue	364,885	131,382
Profit from operations	131,063	32,180
Profit before tax	127,069	14,503
Profit attributable to the Parent	78,739	10,339

2005	Realia Business Group	Other
ASSETS		
Non-current assets	379,882	781,197
Leased buildings	345,217	
Other non-current assets	34,665	781,197
Current assets	621,970	204,538
Inventories	573,133	31,969
Other current assets	48,837	172,569
Total assets	1,001,852	985,735
EQUITY AND LIABILITIES		
Equity	353,713	193,693
Non-current liabilities	312,052	518,170
Non-current bank borrowings	291,850	353,682
Other non-current liabilities	20,202	164,488
Current liabilities	336,087	273,872
Current bank borrowings	51,365	128,513
Other current liabilities	284,722	145,359
Total equity and liabilities	1,001,852	985,735
Income statement		
Revenue	311,171	144,993
Profit from operations	115,952	26,539
Profit before tax	109,576	15,346
Profit attributable to the Parent	67,489	10,875

The Realia Business group, in which the FCC Group owns a holding of 49.17%, engages mainly in the development and operation of real estate businesses. Noteworthy in 2006 was the acquisition of 88.97% of Société d'Investissements Immobiliers Cotée de Paris, parent of the property group of the same name, which engages basically in the property asset management business and owns various buildings located mainly in the business districts of Paris. This transaction gave rise to significant growth for the FCC Group's property division.

As indicated in Note 26 ("Events After the Balance Sheet Date") to these consolidated financial statements, Fomento de Construcciones y Contratas, S.A. and Caja Madrid, reference shareholders of the Realia group, have resolved to establish a structure enabling the FCC Group to take control of the Realia group in 2007.

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

9. Joint ventures

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

Following are the main aggregates of the joint ventures included in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the percentage of ownership therein, at 31 December 2006 and 2005:

	Unincorporated joint ventures, economic interest groupings and joint property entities	Companies	Total
2006			
Revenue	1,637,572	339,018	1,976,590
Gross profit from operations	167,592	63,863	231,455
Net profit from operations	125,164	35,644	160,808
Non-current assets	115,506	314,071	429,577
Current assets	1,393,895	200,641	1,594,536
Non-current liabilities	18,197	155,554	173,751
Current liabilities	1,213,576	190,577	1,404,153
2005			
Revenue	1,293,341	319,608	1,612,949
Gross profit from operations	108,580	61,684	170,264
Net profit from operations	80,859	33,331	114,190
Non-current assets	118,803	344,017	462,820
Current assets	1,137,345	170,068	1,307,413
Non-current liabilities	24,097	159,552	183,649
Current liabilities	1,026,061	181,080	1,207,141

At 2006 year-end, the Group companies had commitments to acquire property, plant and equipment for contribution to joint ventures amounting to EUR 33,440 thousand (2005: EUR 54,545 thousand). Also, property, plant and equipment purchase commitments made directly by the joint ventures in 2006 amounted to EUR 47,774 thousand (2005: EUR 98,107 thousand), based on the percentage interest held by the Group companies.

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

Guarantees amounting to EUR 874,379 thousand (2005: EUR 789,665 thousand) were provided, mostly to government agencies and private customers, for joint ventures managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

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

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

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

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

- Held-for-trading financial assets are assets acquired with the intention of generating a profit from short-term fluctuations in their prices. These assets, which are expected to mature within 12 months, are included under “Other Current Financial Assets” in the accompanying consolidated balance sheet.
- Held-for-trading financial assets which are expected to be realised or to mature within three months or less and whose realisation is not expected to give rise to significant costs are included under the heading “Cash and Cash Equivalents” in the accompanying consolidated balance sheet.
- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.
- Loans maturing within no more than 12 months are classified as current loans and those maturing within more than 12 months as non-current loans. They are measured at the amount delivered plus the unmaturing accrued interest at the balance sheet date. The appropriate valuation adjustments are made by recognising allowances for doubtful debts.
- Available-for-sale financial assets are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

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

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

Held-to-maturity investments and originated loans and receivables are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, or market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life.

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

a) Non-current financial assets

The breakdown of the non-current financial assets at 31 December 2006 and 2005 is as follows:

	2006	2005
Available-for-sale financial assets	105,848	67,410
Non-current loans	177,615	114,320
Held-to-maturity investments	19,509	2,641
Other financial assets	302,218	–
	605,190	184,371

a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2006 and 2005:

	Effective percentage of ownership	Fair value
2006		
Ownership interests of 5% or more		
Domino Holdings, S.A.	15.00	20,631
Eumex Group	50.00	13,499
World Trade Center Barcelona, S.A.	16.52	11,422
Vertederos de Residuos, S.A.	16.03	4,354
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	4,098
SCL Terminal Aéreo de Santiago, S.A.	14.77	4,088
Transportes Ferroviarios de Madrid, S.A.	12.19	3,786
WTC Almeda Park, S.A.	12.50	1,875
Build2Edifica, S.A.	15.45	901
Artscapital Investment, S.A.	10.83	–
Shopnet Brokers, S.A.	15.54	–
Other		4,646
Ownership interests of less than 5%		
Xfera Móviles, S.A.	3.44	10,781
Parque Temático de Madrid, S.A.	1.75	700
Auna Operadores de Telecomunicaciones, S.A.	0.01	–
Terra Mítica Parque Temático de Benidorm, S.A.	2.00	–
Holdings of the Alpine Mayreder Bau Group		20,914
Other		4,153
		105,848
2005		
Ownership interests of 5% or more		
Domino Holdings, S.A.	15.00	20,631
Eumex Group	50.00	13,499
World Trade Center Barcelona, S.A.	16.52	9,987
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	4,098
Transportes Ferroviarios de Madrid, S.A.	12.19	3,786
Vertederos de Residuos, S.A.	16.03	3,590
SCL Terminal Aéreo de Santiago, S.A.	14.77	2,423
WTC Almeda Park, S.A.	12.50	1,283
Build2Edifica, S.A.	15.45	796
Xfera Móviles, S.A.	7.76	–
Artscapital Investment, S.A.	10.83	–
Shopnet Brokers, S.A.	15.54	–
Other		3,134
Ownership interests of less than 5%		
Parque Temático de Madrid, S.A.	1.75	1,758
Auna Operadores de Telecomunicaciones, S.A.	0.01	–
Other		2,425
		67,410

In 2005 the FCC Group's was 8,25% . As the result of the capital increase of Xfera Móviles in which the Group didn't participate, now the ownership interest in Xfera is 7,76%.

Most of these securities correspond to concession operators in relation to which the Group companies were awarded the contracts to perform the construction projects forming the subject matter of the related concessions. Also, mention should be made of the FCC Group's ownership interest in Xfera Móviles, S.A., which fell from 7.76% to 3.44% due to the sale to the current majority shareholder, Sonera Holding B.V., of 4.32% of this company's shares. The transaction gave rise, on the one hand, to a cash inflow and to a gain of EUR 5,394 thousand, which is recognised under "Gains Resulting from Changes in Value of Financial Instruments" in the accompanying income statement and, on the other hand, to a revaluation of EUR 4,299 thousand, which is recognised, after deduction of the related tax effect, under "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet. In turn, the FCC Group participated in the capital increase of Xfera Móviles, S.A. with a payment of EUR 3,833 thousand and granted a participating loan, in proportion to its ownership interest, amounting to EUR 2,649 thousand, thus bringing the value of this available-for-sale financial asset to EUR 10,781 thousand at year-end.

At 31 December 2006, the Parent had provided guarantees for Xfera Móviles, S.A. amounting to EUR 20,122 thousand (2005: EUR 31,607 thousand). Additionally, Fomento de Construcciones y Contratas, S.A., parent of the FCC Group, has a put option on the portfolio of Xfera Móviles, S.A. that is symmetrical to the call option held by Sonera Holding B.V. These rights can only be exercised on the maturity date in 2011, provided that certain terms and conditions are met, including most notably that Xfera Móviles, S.A. generates profit over two consecutive years prior to the aforementioned maturity date.

The changes in the available-for-sale financial assets in 2006 and 2005 were as follows:

Available-for-sale financial assets	Cost	Impairment losses	Disposals and reductions	Transfers to/from associates	Change in scope of consolidation, translation differences and other changes	Carrying amount	Changes in fair value	Fair value
Balance at 12-31-04						62,063		N/A
Domino Holdings, S.A.				20,631				
Eumex Group				13,499				
Tacel Group				(4,051)				
Alazor Inversiones, S.A.	2,078		(32,431)					
Auna Operadores de Telecomunicaciones, S.A.		(1,909)						
World Trade Center Barcelona, S.A.							3,370	
Vertederos de Residuos, S.A.							2,483	
Other	821	(4)	(527)		690		697	
Total 2005	2,899	(1,913)	(32,958)	30,079	690	(1,203)	6,550	
Balance at 12-31-05						60,860	6,550	67,410
Terra Mítica Parque Temático de Benidorm, S.A.	3,630	(3,630)						
Xfera Móviles, S.A.	6,482						4,299	
SCL Terminal Aéreo de Santiago, S.A.							1,665	
World Trade Center Barcelona, S.A.							1,435	
Vertederos de Residuos, S.A.							764	
CGEA Colombia, S.A.	745							
Parque Temático de Madrid, S.A.		(1,058)						
Financial investments Alpine Mayreder Bau Group					20,914			
Other	3,292	(1,161)	(16)		262		815	
Total 2006	14,149	(5,849)	(16)	–	21,176	29,460	8,978	
Balance at 12-31-06						90,320	15,528	105,848

The most significant changes in the foregoing table in 2006 relate mainly to the inclusion in the scope of consolidation of the Alpine Mayreder Bau Group, as indicated in Note 3, and to the change in the fair value of financial assets amounting to EUR 8,978 thousand, including most notably that mentioned above relating to Xfera Móviles, S.A.

In 2005 the FCC Group began to restructure and concentrate its investments in infrastructure concession operators. In the framework of this process, in 2005 the Group's ownership interest in Alazor Inversiones, S.A. was sold for EUR 33,862 thousand, giving rise to a gain of EUR 1,431 thousand, which is recognised under "Gains resulting from Changes in Value of Financial Instruments" in the accompanying consolidated income statement. Also, in 2005, the Tacel Group was deemed to be an associate because the Group's ownership interest in it increased to 44.64%. As indicated in Note 8, the Eumex Group and Domino Holdings, S.A. were transferred to available-for-sale financial assets, since the Group was no longer in a position to exercise significant influence over these companies.

a.2) Non-current loans

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

	20	2009	2010	2011	2012 and subsequent years	Total
Non-trade loans	16,808	8,746	29,669	10,423	88,809	154,455
Deposits and guarantees	1,871	96	2,292	115	21,356	25,730
Allowances	–	–	–	–	–	(2,570)
	18,679	8,842	31,961	10,538	110,165	177,615

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

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

In 2005 there were no events that raised doubts concerning the recovery of these loans.

a.3) Other financial assets

This heading includes mainly the put option on 20.32% of the shares of Corporación Uniland, S.A., whose shareholders are entitled to exercise the option over a maximum period of five years. This transaction, which forms part of the agreement for the acquisition of this company in 2006, enabled the FCC Group to raise its ownership interest in the Corporación Uniland Group to 53.22%, as indicated Note 3 to these consolidated financial statements. In this connection, in accordance with IFRSs, the FCC Group recognised a financial asset of EUR 259,321 thousand for the difference between the cost of exercising the option predetermined in the aforementioned agreement, amounting to EUR 435,336 thousand, and the value of the minority interests of this holding, amounting to EUR 176,015 thousand. In short, this financial asset represents the goodwill that will be paid if this acquisition is performed.

b) Other current financial assets

The breakdown of the balance at 31 December 2006 and 2005 is as follows:

	2006	2005
Held-for-trading financial assets	3,333	4,012
Government debt securities	64	948
Equity mutual funds	2,710	2,402
Fixed-income mutual funds	559	561
Commercial promissory notes and other	–	101
Held-to-maturity investments	17,189	3,514
Promissory notes	7,082	624
Government debt securities	4,925	1,533
Fixed-income mutual funds	5,182	1,357
Other loans	112,287	48,410
Loans to non-Group third parties	23,034	26,477
Deposits at banks	65,957	5,284
Other	23,296	16,649
Deposits and guarantees given	26,682	14,955
Allowances	(4,216)	(3,507)
	155,275	67,384

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

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

The average rate of return obtained in this connection was 3.43%.

11. Inventories

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

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

The breakdown of the inventories at 31 December 2006 and 2005 is as follows:

	2006	2005
Properties	526,871	188,729
Raw materials and other procurements	497,151	288,518
Construction	293,399	155,552
Cement	142,667	74,393
Versia	34,280	29,092
Environmental services	26,233	23,642
Other activities	572	5,839
Finished goods	44,422	27,552
Advances	23,451	11,251
Allowances	(12,061)	(6,965)
	1,079,834	509,085

"Properties" includes land intended for sale, acquired by the FCC Construcción Group mainly in exchange for completed construction work or construction work pending completion, which at 31 December 2006 included most notably:

- in the Madrid Autonomous Community: Tres Cantos distribution areas amounting to EUR 232,919 thousand, Ensanche Vallecas amounting to EUR 45,313 thousand (December 31 2005: EUR 50,262 thousand) and Las Tablas amounting to EUR 7,015 thousand (December 31 2005: EUR 11,631 thousand);
- in the province of Barcelona: land located in Sant Joan Despí amounting to EUR 46,040 thousand (December 31 2005: EUR 45,580 thousand), in Badalona amounting to EUR 49,830 thousand (December 31 2005: EUR 24,200 thousand) and in Hospitalet de Llobregat amounting to EUR 9,136 thousand, acquired in 2006;
- in the province of Toledo: land located in Vegas Bajas amounting to EUR 16,250 thousand acquired in 2006.

This heading also includes a balance of EUR 71,607 thousand (2005: EUR 29,824 thousand) relating to properties in the course of construction, on which there are sale commitments representing a final value on delivery to customers of EUR 186,017 thousand (2005: EUR 91,276 thousand).

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

The most significant changes under "Raw Materials and Other Procurements" arose due to the effect of the inclusion of companies in the scope of consolidation indicated in Note 3 to these consolidated financial statements, including most notably EUR 56,190 thousand relating to the Alpine Mayreder Bau Group and EUR 40,228 thousand relating to the Corporación Uniland Group.

12. Accounts receivable

This heading in the accompanying consolidated balance sheet includes the present value of the uncollected amounts of revenue, valued as indicated in Note 20 ("Revenue and Expense Recognition"), contributed by the Group's various lines of business and which form the basis of the profit from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2006 and 2005 is as follows:

	2006	2005
Construction certificates receivable and trade receivables for sales	3,657,062	2,295,863
Completed production pending certification	807,145	718,464
Retentions	63,044	47,137
Production billed to associates not yet collected	240,857	104,901
Allowances for doubtful debts	(201,271)	(191,962)
Accounts receivable	4,566,837	2,974,403
Advances received on orders	(1,109,254)	(603,694)
Total net accounts receivable	3,457,583	2,370,709

The foregoing total is the net balance of trade receivables after taking into consideration the adjustments for the risk of doubtful debts and after deducting the balance of "Trade Payables - Advances Received on Orders" on the liability side of the accompanying consolidated balance sheet, which also includes the collected and uncollected certificate prebillings for various items.

"Construction Certificates Receivable and Trade Receivables for Sales" reflects the amount of the certificate billings to customers for completed work and services provided pending collection at the consolidated balance sheet date.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured in accordance with the bases set forth in Note 20 ("Revenue and Expense Recognition") and the amount of the certificates issued through the date of the consolidated financial statements is included under "Accounts Receivable - Completed Production Pending Certification".

The increase in the net accounts receivable balance in 2006 relates mainly to the inclusion in the scope of consolidation of the companies acquired in the year (see Note 3), which contributed a net balance of EUR 1,073,277 thousand on the date of inclusion in the Group, including most notably the Alpine Group, which contributed EUR 689,624 thousand.

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The balance of accounts receivable was reduced by EUR 200,790 thousand in this connection at 31 December 2006 (31 December 2005: EUR 235,794 thousand). These transactions bear interest at normal market rates. The Group companies continue to manage collection. Also, future collection rights arising from construction project contracts awarded under the lump-sum payment method were sold for EUR 28,111 thousand (31 December 2005: EUR 73,470 thousand). This amount was deducted from the balance of "Completed Production Pending Certification".

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

13. Cash and cash equivalents

The principal aim of the administrative management of its cash by the Group is to optimise the cash position, controlling liquidity and cash needs, endeavouring, through efficient cash management, to ensure that the balance in the Group's bank accounts is as low as possible, and, when the cash position is negative, to use financing lines at the lowest possible cost for the Group.

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

The liquidity requirements of Group companies with cash deficits are catered for through financing lines provided by financial institutions (see Note 15).

These financial assets relate basically to very short-term, highly liquid investments with a high turnover whose immediate realisation would not give rise to significant costs.

The detail of this balance at 31 December 2006 and 2005 is as follows:

	2006	2005
Cash	730,855	381,144
Deposits and guarantees maturing within less than three months	35,087	9,502
Held-for-trading fixed-income securities	37,695	125,011
Held-to-maturity fixed-income securities	194,827	109,863
Credit facilities	372,586	338,473
Other financial assets maturing within less than three months	59,104	77,623
	1,430,154	1,041,616

14. Equity

The accompanying consolidated statements of changes in equity at 31 December 2006 and 2005 show the changes in equity attributable to the shareholders of the Parent and to the minority interests in those years.

I. Equity attributable to shareholders of the Parent

a) Share capital

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

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

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

With regard to the investments of 10% or more owned directly or indirectly (through subsidiaries) by other companies, as required by current legislation B-1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.483% in the share capital. Also, per the data recorded at the Spanish National Securities Market Commission (CNMV), Grupo Inmocaral, S.A. had an ownership interest of 15.066% in 2006.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Ibersuizas Holdings, S.L., Simante, S.L., Larranza XXI, S.L. and Cartera Deva, S.A. have ownership interests of 73.375%, 10.552%, 5.726%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders which are recorded and published by the CNMV and in the FCC Group's Corporate Governance Report.

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

b) Retained earnings and other reserves

The breakdown of the balance of this heading in the accompanying consolidated balance sheets at 31 December 2006 and 2005 is as follows:

	2006	2005
Reserves of the parent	729,476	701,956
Reserves for treasury share transactions	944	(26,874)
Consolidation reserves	1,300,621	1,121,733
Revaluations in business combinations achieved in stages	53,702	–
Changes in the fair value of financial instruments	(173)	(30,607)
Translation differences	(8,902)	13,626
Other reserves	1,533	–
	2,077,201	1,779,834

b.1) Reserves of the Parent

This heading relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, which originate mainly from retained earnings, and which were set up in accordance, where appropriate, with the applicable legislation.

The detail at 31 December 2006 and 2005 is as follows:

	2006	2005
Share premium	242,133	242,133
Legal reserve	26,113	26,113
Reserve for treasury shares	8,156	9,422
Reserve for retired shares	2,770	2,770
Voluntary reserves	450,304	421,518
	729,476	701,956

Share premium

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

Legal reserve

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

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

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

At 31 December 2006, the Parent's legal reserve had reached the stipulated level.

Reserve for treasury shares

At 2006 year-end the Parent held 375,986 treasury shares (2005: 434,322 treasury shares) of EUR 1 par value each, representing 0.29% of its share capital (2005: 0.33%), with a carrying amount of EUR 8,156 thousand (2005: EUR 9,422 thousand).

In compliance with the obligation provided for under Article 79.3 of the Companies Law, the Company recognised, with a charge to voluntary reserves, a reserve for treasury shares amounting to EUR 8,156 thousand (2005: EUR 9,422 thousand). This reserve is restricted until the shares are disposed of or retired.

Reserve for retired shares

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

Voluntary reserves

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

b.2) Reserves for treasury share transactions

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

On 29 June 2006, the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to derivatively acquire treasury shares and to authorise the subsidiaries to acquire shares of the Parent, all within the limits and in accordance with the requirements of Article 75 et seq. of the Companies Law.

The changes in treasury shares in 2006 and 2005 were as follows:

Balance at 31 december 2004	(10,539)
Acquisitions	(16,345)
Sales	10
Balance at 31 december 2005	(26,874)
Acquisitions	(26,038)
Sales	43,649
Gains on sales	10,207
Balance at 31 december 2006	944

The detail of treasury shares at 31 December 2006 and 2005 is as follows:

	2006		2005	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Fomento de Construcciones y Contratas, S.A.	375,986	(8,156)	434,322	(9,422)
Compañía Auxiliar de Agencia y Mediación, S.A.	316,098	(1,107)	316,098	(1,107)
Asesoría Financiera y de Gestión, S.A.	–	–	343,922	(16,345)
Carrying amount of treasury shares		(9,263)		(26,874)
Gains on treasury share transactions	–	10,207	–	–
Total	692,084	944	1,094,432	(26,874)

At 31 December 2006, the shares of the Parent owned by it or by its subsidiaries represented 0.53% of the share capital (December 31, 2005: 0.84%).

b.3) Consolidation reserves

This heading in the accompanying consolidated balance sheet includes the reserves at fully and proportionately consolidated companies and at companies accounted for using the equity method generated from the date on which the companies were acquired. The detail of the amounts included under this heading for each of the most significant companies at 31 December 2006 and 2005, including, where appropriate, their subsidiaries, is as follows:

	2006	2005
Cementos Portland Valderrivas Group	354,289	320,849
Afigesa Group	262,900	247,929
FCC Construcción Group	141,148	121,868
Corporación Financiera Hispánica, S.A.	103,147	102,633
Realia Business Group	83,565	54,672
FCC Versia, S.A.	55,980	50,036
FCC Medio Ambiente, S.A.	51,546	58,425
Alfonso Benítez, S.A.	26,489	22,053
Fedemés, S.L.	13,076	13,030
Other and consolidation adjustments	208,481	130,238
	1,300,621	1,121,733

The share corresponding to the Parent of the reserve arising from the revaluation made at certain subsidiaries belonging to the cement line of business pursuant to Royal Decree-Law 7/1996 (as indicated in Note 5) at 31 December 2006 amounted to EUR 23,195 thousand (December 31, 2005: EUR 23,084 thousand).

b.4) Revaluations in business combinations achieved in stages

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

The detail, by company, of these reserves at 31 December 2006 is as follows:

Tacel Group	27,324
Cementos Leona Group	24,321
Dragon Alfa Cement Limited	2,057
	53,702

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

This heading includes the changes, net of taxes, in the fair value of available-for-sale financial assets (see Note 10) and of cash flow hedging derivatives (see Note 23).

The detail of the reserves arising from the changes in the fair value of financial instruments at 31 December 2006 and 2005 is as follows:

	2006	2005
Available-for-sale financial assets	11,694	5,370
World Trade Center Barcelona, S.A.	3,243	2,190
Vertederos de Residuos, S.A.	3,247	2,483
SCL Terminal Aéreo de Santiago, S.A.	1,124	—
Xfera Móviles, S.A.	2,794	—
Other	1,286	697
Financial derivatives	(11,867)	(35,977)
Autovía del Camino, S.A.	(7,963)	(11,419)
Urbs Iudex et Causidicus, S.A.	(9,918)	(16,172)
Other	6,014	(8,386)
	(173)	(30,607)

b.6) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2006 and 2005 is as follows:

	2006		2005	
USA				
Giant Cement Holding, Inc.	(8,303)		4,380	
CDN-USA Inc.	–		1,045	
Cementos Lemona Group	–		783	
Other	(894)	(9,197)	227	6,435
Latin America				
Proactiva Group	(1,112)		3,005	
Cemusa Group	1,378		1,711	
Corporación M&S Internacional C.A., S.A.	368		237	
Other	(555)	79	999	5,952
Egypt				
Egypt Environmental Services, S.A.E.	804		1,052	
Giza Environmental Services, S.A.E.	670	1,474	733	1,785
European Union				
Dragon Alfa Cement Limited	(169)		(237)	
Resto	397	228	26	(211)
Other				
Corporación Uniland Group	(1,944)			
Other	458	(1,486)		(335)
	(8,902)		13,626	

In 2006, unlike in 2005, the depreciation of the US dollar and of the main Latin American currencies gave rise to exchange losses.

Net investment abroad in currencies other than the euro represented approximately 45% of the FCC Group's equity (2005: 14%). The detail, by geographical market, of this net investment, after translation to euros as described in Note 2-c), is as follows:

	2006	2005
United Kingdom	1,129,483	28,216
USA	233,426	199,724
Latin America	141,551	121,724
Other	30,729	10,258
	1,535,189	359,922

Particularly noteworthy, in the UK, is the Waste Recycling Group, which was acquired in the year, with a net investment at 31 December 2006 of EUR 1,091,827 thousand and, in the US market, the Giant Cement Holding, Inc. Group, with a net investment which amounted to EUR 194,282 thousand at 31 December 2006 (31 December 2005: EUR 149,439 thousand).

c) Earnings per share

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

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

The detail of the Group's basic and diluted earnings per share for 2006 and 2005 is as follows.

	2006	2005
Earnings per share		
Basic	4.14 €	3.25 €
Diluted	4.14 €	3.25 €

d) Interim dividend

On 19 December 2006, the Parent, Fomento de Construcciones y Contratas, S.A., resolved to distribute an interim dividend out of 2006 profit equal to 100% gross of the par value of the shares (EUR 1 per share). This dividend (EUR 130,191 thousand) was paid on or after 8 January 2007.

II. Minority interests

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

The detail of the balances of the minority interests relating to the main companies at 31 December 2006 and 2005 is as follows:

	Equity		Profit/(Loss)	Total
	Share capital	Reserves		
2006				
Cementos Portland Valderrivas Group	13,638	561,200	72,063	646,901
Alpine Mayreder Bau Group	23	65,415	1,115	66,553
Tacel Group	14,629	35,163	(3,156)	46,636
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	(3,491)	(301)	3,446
Corporación M&S Internacional C.A., S.A.	5,551	(3,429)	(872)	1,250
Other	17,557	17,839	4,248	39,644
	58,636	672,697	73,097	804,430
2005				
Cementos Portland Valderrivas Group	13,828	278,042	59,085	350,955
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	(3,388)	(103)	3,747
Corporación M&S Internacional C.A., S.A.	6,197	(1,694)	(2,512)	1,991
Other	9,084	9,038	1,422	19,544
	36,347	281,998	57,892	376,237

The main changes under this heading presented in the accompanying statement of changes in equity are due to the additions to the scope of consolidation, detailed in Note 3 to these consolidated financial statements, such as the Corporación Uniland Group and the Cementos Lemona Group, included in the Cementos Portland Valderrivas Group, and the Alpine Mayreder Bau Group and the Tacel Group.

In 2005 the main change related to the purchase by the Group of an additional ownership interest of 8.5% in Cementos Portland Valderrivas, S.A., which reduced the minority interests relating to the Cementos Portland Valderrivas Group by EUR 81,670 thousand.

The share of the minority interests of Cementos Portland Valderrivas, S.A. in the asset revaluation reserve relating to the revaluation made by the cement companies pursuant to Royal Decree-Law 7/1996, as indicated in Note 5, amounted to EUR 11,086 thousand at 31 December 2006 (31 December 2005: EUR 11,197 thousand).

15. Bank borrowings and other non-current and current financial liabilities

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal performance of their business activities. In this connection, all Group companies are furnished with the credit facilities required to cater for their budgetary plans, which are monitored on a monthly basis. Also, risk is generally spread over various financial institutions and the Group companies currently have credit facilities with more than 40 financial institutions. However, should the financial transaction so require, the Group arranges interest rate hedging transactions on the basis of the type and structure of each transaction (see Note 23).

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

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

a) Non-current and current bank borrowings

The detail at 31 December 2006 and 2005 is as follows:

	Non-current	Current	Total
2006			
Loans and credit facilities	2,082,831	2,401,204	4,484,035
Project financing loans without recourse	1,870,448	37,593	1,908,041
Amounts payable under finance leases	44,576	57,394	101,970
	3,997,855	2,496,191	6,494,046
2005			
Loans and credit facilities	591,107	660,558	1,251,665
Project financing loans without recourse	56,920	7,733	64,653
Amounts payable under finance leases	32,715	47,294	80,009
	680,742	715,585	1,396,327

The increase in 2006 in bank borrowings and other financial liabilities (current and non-current) is due to the financing of company acquisitions, within the framework of the FCC Group's Strategic Plan, and to the inclusion in the scope of consolidation of the borrowings of the acquired companies, as detailed in Note 3 to these consolidated financial statements.

These financing transactions include most notably the following:

The financing for the acquisition of the Waste Recycling Group amounting to EUR 1,963,019 thousand, comprising a without recourse tranche amounting to GBP 625,000 thousand (EUR 933,019 thousand), bearing interest tied to GBP Libor, and a with recourse tranche amounting to EUR 1,030,000 thousand. For the without recourse tranche, the financing was structured on the basis of the projected future cash flows generated by the assets of the Waste Recycling Group and was secured by the shares of this group. The with recourse tranche took the form of a syndicated bridge loan arranged by the FCC Group on 22 September 2006. This loan, which matures in March 2007, has been drawn down in full and bears interest tied to Euribor plus a spread of 0.275%. A hedge was arranged for this transaction amounting to GBP 200,000 thousand (EUR 297,840 thousand). This bridge loan was substituted by the definitive financing in January 2007, consisting of a loan of GBP 200,000 thousand (approximately EUR 300,000 thousand) and EUR 820,000 thousand. This transaction is subject to certain ratios being met in relation to the level of EBITDA, and there is recourse against the FCC Group.

The loans financing the acquisition of the Corporación Uniland Group amounting to EUR 1,580,000 thousand, also divided into in two tranches, the first for EUR 800,000 thousand, without recourse and tied to Euribor, against which EUR 574,846 thousand had been drawn down at year-end, with final maturity in 2013, and the second, using the credit lines and facilities at the disposal of the Cementos Portland Valderrivas Group amounting to EUR 780,000 thousand, tied to Euribor, against which EUR 551,773 thousand had been drawn down, with final maturity in 2012. The without recourse tranche is similar to that described in the preceding paragraph, with the exception that, in this case, the financing was structured on the basis of the anticipated future dividends generated by the Corporación Uniland Group. This financing is covered by interest rate hedges amounting to EUR 1,111,900 thousand, and during the term of the loans certain ratios must be met concerning coverage of financial expenses and levels of net debt in relation to EBITDA. The ratios established were being met at year-end.

The financing for the acquisition of the Alpine Mayreder Bau Group amounting to EUR 483,680 thousand was covered by the credit lines of the FCC Group, mainly by the EUR 800,000 thousand syndicated loan described in the following paragraphs.

The limit of the credit facilities and loans granted to the Group is EUR 5,993,473 thousand (2005: EUR 3,176,808 thousand), of which EUR 1,537,339 thousand had not been drawn down at 31 December 2006 (31 December 2005: EUR 1,936,940 thousand).

The credit facilities include most notably a syndicated loan arranged by Fomento de Construcciones y Contratas, S.A., Parent of the FCC Group, on 30 July 2003, totalling EUR 800,000 thousand. This loan is subdivided into two tranches: tranche "A", a closed-end credit amounting to EUR 700,000 thousand, of which EUR 300,000 thousand are repayable on 30 July 2007, and the remaining EUR 400,000 thousand is repayable on 30 July 2008, and tranche "B", a revolving line of credit amounting to EUR 100,000 thousand, with final maturity on 30 July 2008. At year-end EUR 550,000 thousand had been drawn down, and this amount was used mainly to acquire the Alpine Mayreder Bau Group as described above. The financial cost of the two tranches is tied to Euribor plus a spread established on the basis of the debt-equity ratio of each year per the FCC Group's consolidated financial statements. This spread is currently 0.275%.

The balance of "Project Financing Loans without Recourse" relates to the financing of a portion of the aforementioned company acquisitions, and to the amounts payable in relation to the financing of the investments made in the concessions.

The average interest rate on these loans is tied to Euribor plus a market spread.

The main characteristics common to these financing loans are as follows:

- Main security for the lenders: cash flows generated by the project vehicles and their assets, accounts and contractual rights. Since these cash flows constitute the main security for the repayment of the debts, the distribution of funds to the shareholders is restricted until certain conditions have been met, which is evaluated annually. In addition, reserve accounts are set up and maintained over the term of the credit facilities, generally relating to the subsequent six-month debt-servicing period, which are restricted for the company concerned and whose purpose is to meet the debt servicing obligations should the cash flows generated by the company be insufficient. These funds are included under “Other Current Financial Assets” in the accompanying consolidated balance sheet.
- Limited recourse against the shareholders: debt servicing obligations are covered by the income arising from operation of the related services and the FCC Group companies’ liability is limited if the funds obtained during the term of the debt do not cover the full amount of the principal plus interest.
- Long financing period.

Following is a detail of the amounts payable at 31 December 2006 and 2005 relating to the projects financed through “Project Financing Loans without Recourse”:

	2006	2005
Acquisition Waste Recycling Group	1,114,294	–
Acquisition of Corporación Uniland, S.A.	574,846	–
Central Galician motorway (Tacel group)	148,376	–
Other	70,525	64,653
	1,908,041	64,653

“Other” includes the financing relating to the investments made in the integral water cycle concessions of Vigo and the economic interest grouping Aguas y Servicios de la Costa Tropical de Granada, in Compañía Concesionaria del Túnel de Sóller, S.A. and in the operation of the solid waste plant in Vizcaya.

The detail, by currency, of the bank borrowings drawn down at 31 December 2006 and 2005 is as follows:

	Euros	US Dollars	Pound Sterling	Czech Koruna	Brazilian Real	Other	Total
2006							
Loans and credit facilities	4,034,087	162,146	2,573	174,641	27,598	82,990	4,484,035
Amounts payable under finance leases	94,209	–	6,367	–	198	1,196	101,970
Project financing loans without recourse	777,894	–	1,130,147	–	–	–	1,908,041
	4,906,190	162,146	1,139,087	174,641	27,796	84,186	6,494,046
2005							
Loans and credit facilities	1,010,467	128,738	6,213	–	36,209	70,038	1,251,665
Amounts payable under finance leases	78,180	–	–	–	393	1,436	80,009
Project financing loans without recourse	64,653	–	–	–	–	–	64,653
	1,153,300	128,738	6,213	–	36,602	71,474	1,396,327

The credit facilities and loans in US dollars were arranged mainly by the US cement companies, those arranged in pounds sterling relate to the above-mentioned acquisition of the Waste Recycling Group and those arranged in Czech koruna relate to the acquisition of the SmVak Group.

“Other” includes mainly the Latin American currencies, except the Brazilian real, and the North African currencies.

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

The most significant items recognised under these headings include those contributed by the cement group Portland Valderrivas (through the US company Giant Cement Holding, Inc.) relating to an issue of non-convertible bonds amounting to USD 96 million (approximately EUR 72,759 thousand) (31 December 2005: EUR 50,191 thousand). This issue, which is repayable in a single maturity in 2013, bears interest tied to Libor. The Group has arranged an interest rate hedging contract on this debt for a notional amount of USD 96 million and an interest rate of 6.093%. Also, Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK) issued non-convertible debentures amounting to CSK 2,000 million (EUR 72,015 thousand). These debentures, which were traded on the Prague Stock Exchange, mature in 2015 and bear nominal interest of 5%. As security for this issue, the Czech company is obliged not to grant additional pledges on its assets to third parties, not to sell assets above a certain cumulative value, and not to become indebted in excess of a certain amount. Furthermore, this company is obliged to maintain a certain debt coverage ratio, for which purpose an interest rate hedge transaction was arranged amounting to CSK 500 million, maturing in 2015.

c) Other non-current financial liabilities

This balance-sheet heading includes, on the one hand, EUR 435,336 thousand relating to the put option on 20.32% of the shares of Corporación Uniland, S.A., whose shareholders are entitled to exercise the option over a maximum period of five years, as discussed in Note 10-a.3 to these consolidated financial statements and, on the other hand, mainly the debts earmarked for the acquisition of non-current assets amounting to EUR 123,097 thousand (31 December 2005: EUR 57,768 thousand) which, where appropriate, bear interest at market rates.

d) Other current financial liabilities

This balance sheet heading includes various non-interest-bearing debt items, including most notably that relating to the payment of the 2006 interim dividend amounting to EUR 130,191 thousand (31 December 2005: EUR 99,682 thousand).

e) Repayment schedule

The repayment schedule for the bank borrowings and other non-current financial liabilities is as follows:

	2008	2009	2010	2011	2012 and subsequent	Years Total
Non-current bank borrowings	820,034	270,664	329,776	434,789	2,142,592	3,997,855
Non-current debt instruments and other held-for-trading liabilities	2,040	453	—	—	144,774	147,267
Other non-current financial liabilities	9,714	4,460	5,303	438,837	135,024	593,338
	831,788	275,577	335,079	873,626	2,422,390	4,738,460

f) Other non-current and current liabilities

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

The detail at 31 December 2006 and 2005 is as follows:

	2006	2005
Non-current		
Non-current asset suppliers	15,736	29,582
Other	24,972	5,297
	40,708	34,879
Current		
Remuneration payable	124,054	87,397
Non-current asset suppliers	74,862	78,620
Royalties and other items	79,047	49,304
	277,963	215,321

16. Provisions

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

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

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

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

The detail of the provisions at 31 December 2006 and 2005 is as follows:

	2006		2005	
Non-current				
Provisions for pensions and similar obligations	84,046		20,424	
Provisions for litigation	169,972		189,627	
Environmental provisions	378,878		35,964	
Provisions for contractual and legal guarantees and obligations	106,436		46,818	
Provisions for other contingencies and expenses	225,209	964,541	121,972	414,805
Current				
Provisions for construction contract settlement and project losses	43,281		24,556	
Provisions for termination benefits to site personnel	6,197	49,478	6,132	30,688

The changes in "Provisions" in 2006 and 2005 were as follows:

	Long-Term provisions	Short-Term provisions
Balance at 12-31-2004	330,991	27,354
Environmental expenses for the withdrawal or dismantling of assets	19,044	—
Provisions recognised/(reversed)	7,915	1,875
Transfers	53,885	938
Changes in the scope of consolidation, translation differences and other changes	2,970	521
Balance at 12-31-2005	414,805	30,688
Environmental expenses for the withdrawal or dismantling of assets	16,271	—
Provisions recognised/(reversed)	35,603	7,886
Amounts used	(9,620)	—
Changes in the scope of consolidation, translation differences and other changes	507,482	10,904
Balance at 12-31-2006	964,541	49,478

The FCC Group recognises the necessary provisions to cover third-party liability and other estimated contingencies as indicated above. Additionally, the heading "(Charge to)/Reversal of Operating Allowances" in the accompanying 2006 consolidated income statement includes a provision to cover other future contingencies and expenses arising from decisions taken in 2006 as part of the strategy to enhance and integrate processes and functions. These expenses are expected to be incurred over the next two years.

In 2005 the transfers related mainly to liabilities that in 2004 had been classified under "Trade Payables" in the consolidated balance sheet.

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

Following is a detail of the long-term provisions included under "Changes in the Scope of Consolidation, Translation Differences and Other Changes" at 31 December 2006, which relate mainly to the acquisitions made in 2006 (see Note 3):

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

The timing of the expected outflows of economic benefits at 31 December 2006 arising from the obligations covered by long-term provisions is as follows:

	Up to Five Years	Over Five Years	Total
Provisions for pensions and similar obligations	2,455	81,591	84,046
Provisions for litigation	41,835	128,137	169,972
Environmental provisions	147,522	231,356	378,878
Provisions for contractual and legal guarantees and obligations	65,121	41,315	106,436
Provisions for other contingencies and expenses	73,673	151,536	225,209
	330,606	633,935	964,541

Provisions for pensions and similar obligations

"Long-Term Provisions" in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in Note 18.

Provisions for litigation

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

Environmental provisions

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

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at 31 December 2006 would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 22 to these consolidated financial statements ("Information on the Environment") supplements the information set forth with respect to environmental provisions.

Provisions for contractual and legal guarantees and obligations

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

Provisions for other contingencies and expenses

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

Provisions for construction contract settlements

These provisions are recognised for losses budgeted on construction projects in accordance with the measurement bases set forth in Note 20, and for the expenses arising from such projects from the date of their completion through the date of their definitive settlement, which are determined systematically as a percentage of the production value over the term of the project based on experience in the construction business.

Provisions for termination benefits to site personnel

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

17. Tax matters

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

Law 35/2006, of 28 November, partially amending the corporation tax regulations for companies resident in Spain establishes, inter alia, a reduction over two years of the standard income tax rate from 35% in 2006 to 32.5% in 2007 and 30% in 2008. Accordingly, the FCC Group companies affected by this measure estimated the year in which the deferred tax assets and liabilities existing at 31 December 2006 would be taken to income or reversed in order to adjust them to the new tax rates indicated. This assessment gave rise to a net adjustment of EUR 184 thousand to "Income Tax Expense" in the accompanying consolidated income statement and an increase of EUR 450 thousand under "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet, for items previously taken directly to reserves in accordance with IFRSs, such as the tax charge in relation to the fair value of financial instruments, translation differences, etc.

Under authorisation 18/89, the FCC Group is taxed on a consolidated basis for income tax purposes with all the other Group companies that meet the relevant requirements provided for by tax legislation.

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

a) Deferred tax assets and liabilities

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

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

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

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies, mainly foreign cement companies, recognised deferred tax assets relating to tax losses amounting to EUR 36,350 thousand, since they considered that there are no doubts as to their recoverability (31 December 2005: EUR 36,163 thousand).

Deferred tax liabilities arose mainly as a result of:

- The differences between the tax base and the carrying amount resulting from the recognition at fair value of assets in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in Note 3. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.
- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, including most notably EUR 10,166 thousand (31 December 2005: EUR 12,051 thousand) relating to 30% (€ 9,973 thousand) and 32,5% (€ 193 thousand) of the cost depreciated on an accelerated basis of the Torre Picasso building, which qualifies for the tax benefits provided for in Royal Decree-Law 2/1985 and Royal Decree-Law 3/1993.
- The profit of joint ventures that will be included in the income tax base for the following year.
- The tax deductibility of the goodwill arising on the acquisition of non-resident companies (up to a limit of one-twentieth of the total) since, in accordance with IFRS 3 ("Business Combinations"), goodwill is not amortisable for accounting purposes.

The balancing items for the changes in the aforementioned deferred tax assets and liabilities are, on the one hand, the increase in the value of assets due to the recognition at fair value of the business combinations, amounting to EUR 778,454 thousand in 2006 (31 December 2005: EUR 32,979 thousand) (see Note 3) and, on the other, the amount directly allocated to "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet, which reduced reserves by EUR 2,314 thousand (31 December 2005: EUR 7,498 thousand), due to the adjustment of the fair value of the financial instruments.

Additionally, Note 17-c) below ("Income Tax Expense") shows the changes in the other deferred taxes which include the tax deductible portion of the goodwill that arose on the acquisition of foreign companies and which reduced the income tax payable in 2006 by EUR 10,850 thousand.

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

	2007	2008	2009	2010	2011 and subsequent years	Total
Assets	36,339	26,114	10,527	15,611	294,478	383,069
Liabilities	93,598	41,592	38,074	34,846	906,157	1,114,267

b) Tax receivables and payables

The detail at 31 December 2006 and 2005 of the current assets and liabilities included under "Tax Receivables" and "Tax Payables", respectively, is as follows:

Current assets

	2006	2005
VAT refundable	130,481	99,684
Remaining taxes and other	37,308	30,331
	167,789	130,015

Current liabilities

	2006	2005
VAT payable	245,851	176,403
Income tax payable	178,323	138,569
Remaining taxes and other	263,616	140,138
	687,790	455,110

c) Income tax expense

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

The income tax expense incurred in 2006 amounts to EUR 278,022 thousand (2005: EUR 217,159 thousand), as shown in the accompanying income statement. Following is the reconciliation of the expense to the tax charge payable:

	2006			2005		
Consolidated accounting profit for the year before tax			886,630			696,449
	Increase	Decrease		Increase	Decrease	
Consolidation adjustments and eliminations		(55,168)	(55,168)		(59,418)	(59,418)
Permanent differences	33,014	(36,147)	(3,133)	15,275	(9,286)	5,989
Adjusted consolidated accounting profit			828,329			643,020
Temporary differences						
- Arising in the year	209,052	(233,437)	(24,385)	274,265	(231,140)	43,125
- Arising in prior years	225,929	(187,544)	38,385	128,133	(67,328)	60,805
Consolidated taxable profit			842,329			746,950

	2006	2005
Adjusted consolidated accounting profit	828,329	643,020
Income tax charge	290,188	225,057
Tax credits and tax relief	(15,032)	(15,070)
Adjustments due to change in tax rate	(184)	–
Other adjustments	3,050	7,172
Income tax expense	278,022	217,159

The tax credits and tax relief include those relating to environmental protection, foreign investments, R&D and the reinvestment of gains on the sale of non-current assets.

18. Pension plans and similar obligations

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

In addition, following the authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent disability, retirement bonuses and pensions and other situations for, among other employees, executive directors and executives. In particular, the contingencies giving rise to benefits relate to employee terminations for the following reasons:

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

The accompanying consolidated income statement includes premium payments in relation to this insurance policy amounting to EUR 4,619 thousand (2005: EUR 3,810 thousand) and income from rebates on the premiums paid amounting to EUR 235 thousand (2005: EUR 1,281 thousand). At 31 December 2006, following payment of the aforementioned net amounts, the fair value of the premiums contributed covered all the actuarial obligations assumed.

In relation to the Spanish Group companies' post-employment benefit obligations to former executives, the liability side of the accompanying consolidated balance sheet for 2006 includes the present value of a liability, totalling EUR 3,225 thousand (2005: EUR 3,267 thousand). Also, in both 2006 and 2005 remuneration amounting to EUR 221 thousand was paid with a charge to this provision.

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

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

- The cement company Giant Cement Holding Inc., resident in the USA, is obliged to supplement its employees' retirement pension benefits. The related plan assets and the accrued obligations were valued by independent actuaries using the "projected unit credit method", based on an average actuarial rate of 6%. At 31 December 2006, the fair value of the plan assets amounted to EUR 45,758 thousand (2005 year-end: EUR 48,430 thousand) and the actuarial value of the accrued obligations totalled EUR 44,810 thousand (2005 year-end: EUR 50,116 thousand).

In addition, Giant Cement Holding, Inc. has undertaken to maintain the medical and life insurance of certain of its employees after they have left the company's employ. In this connection, in 2006 EUR 12,738 thousand (2005: EUR 14,978 thousand), were recognised under "Long-Term Provisions - Provisions for Pensions and Similar Obligations". At 31 December 2006, the actuarial deficit for the employee retirement benefit and medical insurance obligations assumed by the company amounted to EUR 9,066 thousand. This amount was not provisioned in the consolidated books of account of the Cementos Portland Valderrivas Group since, as permitted by IAS 19

("Employee Benefits"), this Group opted to defer the actuarial gains and losses, which will be recognised in the income statement systematically over the employees' remaining years of working life for pension obligations and over their remaining years of life expectancy for medical insurance obligations.

- The accompanying consolidated balance sheet at 31 December 2006 includes the employee benefit obligations of the Waste Recycling Group companies, resident in the UK and acquired in 2006. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 40,409 thousand, and the actuarial value of the accrued obligations amounted to EUR 45,213 thousand. The net difference, representing a liability of EUR 4,804 thousand, was recognised as a "Provision for Pensions and Similar Obligations" in the accompanying consolidated balance sheet. The heading "(Charge to)/Reversal of Operating Allowances" in the accompanying consolidated income statement includes income of EUR 944 thousand relating to the net difference between the service cost and the contributions made to the plan. The average actuarial rate applied was 5.10%.
- At 31 December 2006, the Alpine Mayreder Bau Group companies acquired during the year contributed EUR 39,498 thousand relating to the actuarial value of their accrued pension and termination benefit obligations to which no assets have been assigned. The amount of these obligations is recognised under "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet. Since this Group was included in the scope of consolidation of the FCC Group in November, its impact on the accompanying consolidated income statement is not material. The average actuarial rate applied was 4.50%.
- Lastly, Aeroporti di Roma Handling SpA, acquired in 2006, also contributed EUR 17,643 thousand to "Provisions for Pensions and Similar Obligations" in the accompanying consolidated balance sheet at 31 December 2006. This amount relates to the actuarial value of the accrued obligations, to which no assets have been assigned. The heading "(Charge to)/Reversal of Operating Allowances" in the accompanying consolidated income statement includes income of EUR 962 thousand relating to the net difference between the service cost and the actuarial gains. The average actuarial rate applied was 4.37%.

19. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2006, the Group had provided EUR 3,103,596 thousand (31 December 2005: EUR 2,510,746 thousand) of guarantees to third parties, mostly consisting of completion bonds provided to government agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see Note 16). The lawsuits, although numerous, represent scanty material amounts when considered individually and none of them are particularly noteworthy. Accordingly, on the basis of past experience, the resulting liabilities would not have a significant effect on the Group's equity and on existing provisions.

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

There are non-cancellable future payment obligations amounting to EUR 355,952 thousand (2005: EUR 183,138 thousand) in relation to operating leases on buildings and structures entered into mainly by the companies engaging in the logistics business, which are recognised in the income statement on an accrual basis.

20. Revenue and expense recognition

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

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

a) Operating income

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

Note 21 ("Segment Reporting") shows the contribution of the business lines to consolidated revenue.

The detail of "Other Income" in 2006 and 2005 is as follows:

	2006	2005
Group work on non-current assets	34,435	40,569
Grants related to income	13,080	17,484
Chargeable expenses of the property business	6,001	6,601
	53,516	64,654

b) Procurements and other external expenses

The detail of the balance of "Procurements and Other External Expenses" at 31 December 2006 and 2005 is as follows:

	2006	2005
Work performed by subcontractors and other companies	2,878,400	2,080,214
Purchases and procurements	1,634,444	1,196,837
Other external expenses	1,512,614	1,069,045
	6,025,458	4,346,096

c) Staff costs

The detail of staff costs in 2006 and 2005 is as follows:

	2006	2005
Wages and salaries	1,649,381	1,402,833
Social security costs	457,513	393,324
Other staff costs	73,156	67,458
	2,180,050	1,863,615

The average number of employees at the Group, by professional category, in 2006 and 2005 was as follows:

	2006	2005
Managers and university graduates	4,574	3,443
Other qualified line personnel	5,366	3,450
Clerical and similar staff	5,681	5,471
Other salaried employees	60,435	55,052
	76,056	67,416

d) Finance income and costs

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

The detail of the finance income in 2006 and 2005, based on the assets giving rise thereto, is as follows:

	2006	2005
Held-for-trading financial assets	2,095	2,882
Available-for-sale financial assets	3,983	589
Held-to-maturity investments	5,002	2,581
Current and non-current loans	29,439	17,401
"Lump-sum payment" construction projects	5,254	6,694
Cash and cash equivalents	25,762	11,057
	71,535	41,204

The detail of "Finance Costs" in 2006 and 2005 is as follows:

	2006	2005
Credit facilities and loans	128,103	39,203
Project financing loans without recourse	29,131	3,902
Amounts payable under finance leases	3,620	1,537
Other payables to third parties	4,448	4,597
Assignment of accounts receivable and "lump-sum payment" construction projects	23,106	14,739
Cash discount and other finance costs	20,731	16,903
	209,139	80,881

e) Gains on changes in value of financial instruments

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

	2006	2005
Changes in value		
Held-for-trading financial assets	(212)	6,033
Available-for-sale financial assets	5,436	1,293
Held-to-maturity investments	963	–
Receivables	(1,280)	(169)
Derivatives	55,823	2,039
Impairment losses		
Held-for-trading financial assets	159	–
Available-for-sale financial assets	(5,789)	(3,818)
Receivables	1,203	–
	56,303	5,378

"Derivatives" includes EUR 54,226 thousand relating to a derivative financial instrument (swap) on cash flows determined by the market price of equity securities, maturing on 30 March 2007. At year-end, the estimated value of the instrument was zero and its cancellation at maturity is not expected to have a significant effect on the Group's 2007 income statement.

f) Other gains or losses

"Other Gains or Losses" in the accompanying 2006 consolidated income statement includes mainly gains on sales of property, plant and equipment and of investments in consolidated companies, provided that such sales did not lead to discontinued operations or give rise to non-current assets held for sale.

In 2005 this heading included mainly gains on the sale of land adjacent to factories in the cement area not used in production and expenses incurred in the modernisation of production systems at the factories of Giant Cement Holding Inc.

2006	
Sales of property, plant and equipment	4,732
Sales of investments in Group companies of the services business	2,654
Other items	(634)
	6,752
2005	
Changes in the production process at Giant Cement Holding Inc.	(10,163)
Sales of property, plant and equipment of the cement business	7,580
Other items	4,634
	2,051

21. Segment reporting

a) Business segments

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

The "Other Activities" column includes the financial activity arising from the Group's centralised cash management, the property business, which is carried on through the operation of the Torre Picasso building under a community association regime, as explained in Note 5, the investment in the Realia Business Group (see Note 8), and, lastly, the companies that do not belong to any of the Group's aforementioned business lines.

Income statement by segment

In particular, the information shown in the following tables includes as the segment result for 2006 and 2005 the following items:

- All operating income and expenses of the subsidiaries and joint ventures relating to the business carried on by the segment
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial assets of the segment.
- The share of the results of associates accounted for using the equity method.
- Impairment losses on property, plant and equipment and intangible assets and other gains and losses (see Note 20), which are included under "Other Results".
- The income tax expense relating to the transactions performed by each segment.
- The "Other Businesses" column includes, in addition to the aforementioned items, the eliminations due to financial or other transactions between Group segments.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under "Contribution to the FCC Group's Profit".

	Total Group	Services		Construction	Cement	Other businesses
		Environment	Versia			
2006						
Revenue from non-Group customers	9,480,928	2,835,632	867,080	4,395,254	1,466,557	(83,595)
Gross profit from operations	1,387,308	501,371	104,184	268,635	485,315	27,803
Percentage of revenue	14.63%	17.68%	12.02%	6.11%	33.09%	–
Depreciation and amortisation charge	(474,506)	(218,031)	(54,079)	(51,574)	(148,290)	(2,532)
(Charge to)/Reversal of operating allowances	(31,528)	(32,428)	8,166	23,981	(2,015)	(29,232)
Net profit from operations	881,274	250,912	58,271	241,042	335,010	(3,961)
Percentage of revenue	9.30%	8.85%	6.72%	5.48%	22.84%	–
Financial profit (loss)	(85,708)	(81,430)	(20,911)	(13,007)	(53,607)	83,247
Share of results of associates	89,078	4,289	187	624	5,210	78,768
Other results	1,986	435	(636)	281	1,380	526
Profit before tax from continuing operations	886,630	174,206	36,911	228,940	287,993	158,580
Income tax expense	(278,022)	(46,175)	(12,367)	(91,384)	(97,225)	(30,871)
Minority interests	(73,097)	(4,420)	513	2,870	(14,904)	(57,156)
Profit attributable to the parent	535,511	123,611	25,057	140,426	175,864	70,553
Contribution to the FCC Group's profit	535,511	123,611	25,057	140,426	118,706	127,711
2005						
Revenue from non-Group customers	7,089,787	2,078,008	721,509	3,346,724	978,380	(34,834)
Gross profit from operations	988,903	342,761	110,690	191,397	312,309	31,746
Percentage of revenue	13.95%	16.49%	15.34%	5.72%	31.92%	–
Depreciation and amortisation charge	(318,768)	(131,189)	(51,285)	(35,184)	(96,941)	(4,169)
(Charge to)/Reversal of operating allowances	(13,957)	(10,213)	(3,149)	(48)	(265)	(282)
Net profit from operations	656,178	201,359	56,256	156,165	215,103	27,295
Percentage of revenue	9.26%	9.69%	7.80%	4.67%	21.99%	–
Financial profit (loss)	(28,259)	(30,605)	(11,689)	4,942	(13,525)	22,618
Share of results of associates	78,364	1,938	95	(396)	9,238	67,489
Other results	(9,834)	(10,892)	(1,172)	1,694	704	(168)
Profit before tax from continuing operations	696,449	161,800	43,490	162,405	211,520	117,234
Income tax expense	(217,159)	(58,502)	(15,632)	(54,960)	(68,880)	(19,185)
Minority interests	(57,892)	(1,711)	415	2,491	(5,537)	(53,550)
Profit attributable to the parent	421,398	101,587	28,273	109,936	137,103	44,499
Contribution to the FCC Group's profit	421,398	101,587	28,273	109,936	83,556	98,046

The detail of the contribution after taxes to the FCC Group's profit of the other items included under "Other Businesses" in 2006 and 2005 is as follows:

	2006	2005
Share of results of the Realia Business Group (Note 8)	78,739	67,489
Torre Picasso (Note 5)	9,571	9,524
Financial management	54,080	12,934
Other items	(14,679)	8,099
	127,711	98,046

Balance sheets by segment

	Total Group	Services		Construction	Cement	Other businesses
		Environment	Versia			
2006						
Assets						
Non-current assets	11,580,539	5,240,180	626,584	1,808,388	3,422,887	482,500
Property, plant and equipment	6,718,156	3,363,227	307,579	912,260	2,079,698	55,392
Intangible assets	3,257,872	1,633,560	245,869	357,321	975,618	45,504
Investments in associates	583,512	31,381	2,504	221,580	30,914	297,133
Non-current financial assets	605,190	170,739	23,117	121,442	276,313	13,579
Other non-current assets	415,809	41,273	47,515	195,785	60,344	70,892
Current assets	7,441,535	1,531,699	441,265	4,363,240	810,244	295,087
Inventories	1,079,834	39,217	34,895	825,188	179,962	572
Trade and other receivables	4,776,272	1,170,568	350,125	2,900,944	410,463	(55,828)
Other current financial assets	155,275	115,388	7,615	40,264	13,104	(21,096)
Cash and cash equivalents	1,430,154	206,526	48,630	596,844	206,715	371,439
Total assets	19,022,074	6,771,879	1,067,849	6,171,628	4,233,131	777,587
Equity and liabilities						
Equity	3,417,518	634,184	163,237	590,448	1,374,254	655,395
Non-current liabilities	6,857,976	2,973,495	299,880	727,796	2,446,997	409,808
Bank borrowings and other non-current financial liabilities	4,738,460	1,924,295	222,146	353,622	2,032,384	206,013
Long-term provisions	964,541	484,895	47,574	225,532	46,973	159,567
Other non-current liabilities	1,154,975	564,305	30,160	148,642	367,640	44,228
Current liabilities	8,746,580	3,164,200	604,732	4,853,384	411,880	(287,616)
Bank borrowings and other current financial liabilities	2,656,421	2,077,923	361,320	453,387	98,741	(334,950)
Trade payables and other current liabilities	6,040,681	1,081,764	242,723	4,355,722	313,139	47,333
Short-term provisions	49,478	4,513	689	44,275	–	1
Total equity and liabilities	19,022,074	6,771,879	1,067,849	6,171,628	4,233,131	777,587
2005						
Assets						
Non-current assets	4,200,860	1,489,532	495,156	698,160	1,117,225	400,787
Property, plant and equipment	2,181,635	820,554	284,096	238,489	781,119	57,377
Intangible assets	955,805	461,725	168,800	69,139	216,971	39,170
Investments in associates	511,688	23,645	1,947	160,578	68,363	257,155
Non-current financial assets	184,371	118,280	19,257	33,424	9,191	4,219
Other non-current assets	367,361	65,328	21,056	196,530	41,581	42,866
Current assets	4,738,683	1,068,454	319,626	3,051,837	370,028	(71,262)
Inventories	509,085	34,347	30,482	342,514	96,673	5,069
Trade and other receivables	3,120,598	886,391	246,386	1,785,069	204,312	(1,560)
Other current financial assets	67,384	37,127	879	27,375	3,969	(1,966)
Cash and cash equivalents	1,041,616	110,589	41,879	896,879	65,074	(72,805)
Total assets	8,939,543	2,557,986	814,782	3,749,997	1,487,253	329,525
Equity and liabilities						
Equity	2,608,354	574,773	156,162	375,808	1,001,921	499,690
Non-current liabilities	1,546,700	612,349	253,684	217,590	282,169	180,908
Bank borrowings and other non-current financial liabilities	810,978	408,840	208,233	20,266	176,258	(2,619)
Long-term provisions	414,805	109,801	32,659	124,789	18,633	128,923
Other non-current liabilities	320,917	93,708	12,792	72,535	87,278	54,604
Current liabilities	4,784,489	1,370,864	404,936	3,156,599	203,163	(351,073)
Bank borrowings and other current financial liabilities	831,575	667,790	206,214	135,040	25,936	(203,405)
Trade payables and other current liabilities	3,922,226	701,176	198,713	2,993,176	177,227	(148,066)
Short-term provisions	30,688	1,898	9	28,383	–	398
Total equity and liabilities	8,939,543	2,557,986	814,782	3,749,997	1,487,253	329,525

Cash flows by segment

	Total Group	Services		Construction	Cement	Other businesses
		Environment	Versia			
2006						
From operating activities	1,159,024	456,083	41,635	310,523	322,046	28,737
From investing activities	(4,502,527)	(2,450,382)	(165,179)	(546,168)	(1,384,042)	43,244
From financing activities	3,738,369	2,093,458	132,677	(64,861)	1,204,576	372,519
Total net cash flows for the year	394,866	99,159	9,133	(300,506)	142,580	444,500
2005						
From operating activities	1,018,344	274,666	56,229	428,063	205,966	53,420
From investing activities	(877,403)	(345,084)	(168,761)	(110,368)	(98,167)	(155,023)
From financing activities	142,246	107,334	111,154	(2,043)	(64,615)	(9,584)
Total net cash flows for the year	283,187	36,916	(1,378)	315,652	43,184	(111,187)

b) Activities and investments by geographical market

Approximately 18% of the Group's business is conducted abroad (2005: 10%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2006 and 2005 is as follows:

	Total Group	Services		Construction	Cement	Other businesses
		Environment	Versia			
2006						
European Union	1,104,562	531,103	167,802	364,342	41,315	–
USA	266,046	–	15,957	–	250,089	–
Latin America	261,797	118,850	17,804	89,078	36,065	–
Other	85,635	22,745	711	36,633	25,546	–
	1,718,040	672,698	202,274	490,053	353,015	–
2005						
European Union	328,475	78,583	147,284	91,591	11,017	–
USA	199,451	–	2,063	–	197,388	–
Latin America	146,914	114,190	17,608	15,116	–	–
	28,372	6,603	394	20,957	179	239
Other	703,212	199,376	167,349	127,664	208,584	239

The growth in revenue abroad was due mainly to the corporate acquisitions in 2006 under the Group's 2005-2008 Strategic Plan discussed in Note 3. The most significant acquisitions in the EU were the ASA Abfall Service Group, the Waste Recycling Group and the SmVaK Group in the Environmental Services area and the Alpine Mayreder Bau Group in the Construction area.

The detail, by geographical area, of the Group's assets and liabilities and the cost of the investments made in property, plant and equipment and intangible assets in 2006 and 2005 is as follows:

	Total Group	Spain	Other European Union	Countries USA	Latin America	Other
2006						
Assets						
Non-current assets	11,580,539	6,374,124	4,507,334	512,263	159,989	26,829
Property, plant and equipment	6,718,156	3,318,028	2,895,962	386,231	107,059	10,876
Intangible assets	3,257,872	1,717,190	1,479,108	48,604	12,970	–
Investments in associates	583,512	558,488	5,890	–	7,901	11,233
Non-current financial assets	605,190	456,427	113,215	9,060	26,486	2
Other non-current assets	415,809	323,991	13,159	68,368	5,573	4,718
Current assets	7,441,535	5,645,088	1,523,262	111,948	157,785	3,452
Inventories	1,079,834	953,730	70,040	43,892	11,436	736
Trade and other receivables	4,776,272	3,511,592	1,110,707	38,070	113,838	2,065
Other current financial assets	155,275	77,369	67,638	139	10,110	19
Cash and cash equivalents	1,430,154	1,102,397	274,877	29,847	22,401	632
Total assets	19,022,074	12,019,212	6,030,596	624,211	317,774	30,281
Equity and liabilities						
Non-current liabilities	6,857,976	3,855,015	2,583,816	338,260	75,691	5,194
Bank borrowings and other non-current financial liabilities	4,738,460	2,927,939	1,551,981	208,774	47,024	2,742
Long-term provisions	964,541	382,702	503,579	60,006	16,437	1,817
Other non-current liabilities	1,154,975	544,374	528,256	69,480	12,230	635
Current liabilities	8,746,580	7,278,976	1,313,009	52,525	100,532	1,538
Bank borrowings and other current financial liabilities	2,656,421	2,253,992	310,103	25,806	66,517	3
Trade payables and other current liabilities	6,040,681	4,991,233	988,768	26,719	32,426	1,535
Short-term provisions	49,478	33,751	14,138	–	1,589	–
Total non-current and current liabilities	15,604,556	11,133,991	3,896,825	390,785	176,223	6,732
Assets less liabilities	3,417,518	885,221	2,133,771	233,426	141,551	23,549
Total equity and liabilities	19,022,074	12,019,212	6,030,596	624,211	317,774	30,281
Investments in property, plant and equipment and intangible assets	687,773	526,880	99,239	33,070	28,444	140

	Total Group	Spain	Other European Union	Countries USA	Latin America	Other
2005						
Assets						
Non-current assets	4,200,860	3,432,000	130,080	438,097	166,169	34,514
Property, plant and equipment	2,181,635	1,628,116	79,403	340,329	110,564	23,223
Intangible assets	955,805	855,542	38,009	52,709	9,545	–
Investments in associates	511,688	487,466	–	–	16,809	7,413
Non-current financial assets	184,371	143,310	10,554	6,894	23,613	–
Other non-current assets	367,361	317,566	2,114	38,165	5,638	3,878
Current assets	4,738,683	4,343,704	215,636	64,067	111,704	3,572
Inventories	509,085	457,152	6,057	38,137	6,739	1,000
Trade and other receivables	3,120,598	2,909,958	106,072	24,779	77,621	2,168
Other current financial assets	67,384	58,792	1,571	160	6,841	20
Cash and cash equivalents	1,041,616	917,802	101,936	991	20,503	384
Total assets	8,939,543	7,775,704	345,716	502,164	277,873	38,086
Equity and liabilities						
Non-current liabilities	1,546,700	1,153,453	50,647	258,334	59,667	24,599
Bank borrowings and other non-current financial liabilities	810,978	555,511	25,163	177,427	28,305	24,572
Long-term provisions	414,805	365,274	13,701	18,340	17,490	–
Other non-current liabilities	320,917	232,668	11,783	62,567	13,872	27
Current liabilities	4,784,489	4,508,316	132,377	44,106	96,482	3,208
Bank borrowings and other current financial liabilities	831,575	711,042	31,235	16,159	72,207	932
Trade payables and other current liabilities	3,922,226	3,770,650	98,775	27,947	22,637	2,217
Short-term provisions	30,688	26,624	2,367	–	1,638	59
Total non-current and current liabilities	6,331,189	5,661,769	183,024	302,440	156,149	27,807
Assets less liabilities	2,608,354	2,113,935	162,692	199,724	121,724	10,279
Total equity and liabilities	8,939,543	7,775,704	345,716	502,164	277,873	38,086
Investments in property, plant and equipment and intangible assets	454,209	375,876	15,714	43,582	18,618	419

c) Headcount

The average number of employees in 2006 and 2005, by business area, was as follows:

	2006	2005
Services	59,767	53,263
Construction	12,321	10,147
Cement	3,595	2,674
Other businesses	373	1,332
	76,056	67,416

22. Information on the environment

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

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

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

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

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

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

The performance of production activities in the Environmental Services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2006, the acquisition cost of the non-current assets assigned to production in the Services area totalled EUR 7,119,128 thousand (31 December 2005: EUR 2,151,446 thousand), and the related accumulated depreciation amounted to EUR 2,122,341 thousand (31 December 2005: EUR 869,167 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 362,212 thousand (31 December 2005: EUR 33,578 thousand).

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

At year-end, the Cementos Portland Valderrivas Group had non-current assets relating to environmental conservation and protection amounting to EUR 122,248 thousand (net of depreciation) (2005: EUR 66,681 thousand).

The Group continues to record its CO₂ emission allowances as non-amortisable intangible assets. The allowances received for no consideration under the related national allocation plans are measured at the market price prevailing when they are received, and an item of deferred income is recognised for the same amount. The Group opted to apply the method permitted under IFRSs of recognising non-refundable grants as a reduction of the subsidised assets, and the related amount was deducted from the intangible asset recognised.

In 2006, under the National Allocation Plan approved in Spain, the Cementos Portland Valderrivas Group received for no consideration emission allowances equivalent to 7,779 thousand tonnes. These allowances related to Cementos Portland Valderrivas, S.A., Cementos Alfa, S.A., Lemona Industrial, S.A. and Uniland Cementera, S.A. The aforementioned plan also provides for the allocation, for no consideration, of emission allowances equal to 7,779 thousand tonnes in 2007. The emission allowances consumed in 2006 by the Cementos Portland Valderrivas Group totalled 6,454 thousand tonnes, considering the expense recognised from the date of inclusion in the scope of consolidation of the companies composing the Cementos Lemona and Corporación Uniland Groups. The cost incurred for the emission of greenhouse-effect gases, which amounted to EUR 139,281 thousand, was recognised with a charge to "Other External Expenses" in the accompanying consolidated income statement, against which the application of the grant for allowances received for no consideration was also recognised for the same amount.

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

For further information on the matters discussed in this Note, please refer to the Group's Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es, among other channels.

23. Financial risk management policies

Interest rate risk

Since, due to their nature, the FCC Group's activities are closely linked to inflation, the Group's financial policy is to tie its debt and liquid financial assets, both of which are associated with its production cycle, to floating interest rates.

As part of its Strategic Plan, the FCC Group recently acquired certain companies in order to boost its core business areas. These acquisitions, which were financed mainly by borrowed funds, have increased the Group's debt and also considerably reshaped its debt profile.

In view of the foregoing and whilst observing its policy of natural hedging, FCC has arranged interest rate hedges amounting to EUR 2,103,100 thousand, mainly in the form of swaps in which the Group companies pay fixed interest rates and receive floating interest rates.

In any case, given the volatility of the money markets, FCC adopts an active interest rate risk management policy to ensure that its position in this respect is at all times in the Group's best interest.

Foreign exchange risk

A significant outcome of the aforementioned Strategic Plan was the increase in international exposure, due to the major acquisitions made in markets with currencies other than the euro, mainly the pound sterling and the Czech koruna.

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to foreign currencies, with regard to both transactional and purely equity-related changes.

In practice, when permitted by the local financial markets, the Group actively manages its foreign exchange risk, through hedges achieved by arranging financial transactions in the same currency as that in which the related asset is denominated.

Solvency risk

At 31 December 2006, the FCC Group's net financial debt amounted to EUR 5,203,694 thousand, as shown in the following table:

	2006	2005
Bank borrowings	6,494,046	1,396,327
Debt instruments and other held-for-trading liabilities	148,397	50,191
Other interest-bearing financial debt	146,680	65,519
Current financial assets	(155,275)	(67,384)
Cash and cash equivalents	(1,430,154)	(1,041,616)
Net financial debt	5,203,694	403,037
Debt without recourse	1,908,041	64,653
Net debt with recourse	3,295,653	338,384

Of the increase in net financial debt in 2006 due to the implementation of the Strategic Acquisition Plan, at 2006 year-end EUR 1,908,041 thousand related to transactions without recourse (36.6% of total net financial debt), whereas the net debt with recourse amounted to EUR 3,295,653 thousand (63.4% of total net financial debt), representing 96% of equity at 31 December 2006.

The Group's gearing ratio (direct debt with recourse/direct debt with recourse plus equity) is 49.1%.

The ratio of net debt with recourse to EBITDA is 2.63% (this ratio excludes the full amount of EBITDA of the companies which were fully or partially financed without recourse).

Liquidity risk

At year-end the FCC Group had arranged credit facilities that more than covered its debt position.

In view of the aforementioned gearing ratios, it is estimated that the Group will not only maintain its existing credit lines with no restrictions of any kind, but will also be able to increase them, within reasonable limits, if this is necessary.

Financial derivatives designated as hedging instruments

A financial derivative is a financial instrument or any other type of contract that has the following characteristics:

- Its value varies on the basis of changes in certain variables, such as interest rates, the price of a financial instrument, exchange rates, credit ratings or any other type of variable which may be of a non-financial nature.
- It does not require an initial net investment.
- It will be settled on a future date.

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

In order to be considered a hedge, a financial derivative must necessarily

- Cover one of the following three risks:
 - a) changes in the fair value of assets and liabilities.
 - b) changes in projected cash flows relating to financial assets and liabilities.
 - c) net investments in a foreign operation.
- Effectively eliminate the risk inherent to the hedged item or position throughout the projected term of the hedge. The hedge is considered to be effective when the changes in expected cash flows or in the fair value of the item hedged are offset in a range of 80% - 125% by those of the derivative.
- Be able to be measured reliably in terms of its effectiveness; and
- be accompanied by formal documentation at the inception of the hedge and during the term of the hedge clearly identifying the items to be hedged, the hedging instrument and the nature of the hedged risk.

At 31 December 2006, the FCC Group had arranged hedging transactions totalling EUR 2,451,830 thousand (2005 year-end: EUR 487,974 thousand), mainly in the form of IRSs in which the Group companies pay fixed interest rates and receive floating interest rates. The detail of the cash flow hedges and their fair value, in which the amounts relating to joint ventures and associates is shown in proportion to the percentage of ownership, is as follows:

	Fair value 2006	Notional amount 2006	Fair Value 2005	Notional amount 2005	Maturity
Fully consolidated companies					
WRG Group	(4,396)	180,537			2009/2027
Cementos Portland Valderrivas, S.A.	3,817	648,108			2011
Autopista Central Gallega Concesionaria Española, S.A. Sole-Shareholder Company	2,486	135,000			2013
Portland, S.L.	1,969	613,823			2012
Giant Cement Holding Inc.	994	117,232	339	59,339	2007/2008/2013
Fomento de Construcciones y Contratas, S.A.	732	296,780			2013
Cementos Lemona, S.A.	144	6,815			2009
Lemona Industrial, S.A.	16	1,210			2009
Tecami Ofitas, S.A.	11	825			2009
Aqualia Gestión Integral del Agua, S.A.			208	2,780	2007
	5,773	2,000,330	547	62,119	
Joint ventures					
Atlántica de Graneles y Moliendas, S.A.	101	7,875			2011
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	6	2,543	132	2,931	2008
CDN-USA Group			360	1,700	
	107	10,418	492	4,631	
Associates					
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.	3,055	80,438	725	176,963	2010
Cedinsa Eix del Llobregat Concessionària de la Generalitat de Catalunya, S.A. Sole-Shareholder Company	1,279	52,728	(1,605)	52,728	2033
Hospital del Sureste, S.A.	270	21,777	(243)	10,813	2033
Ibisan, Sociedad Concesionaria, S.A.	267	58,515			2007/2027
Terminal Polivalente de Castellón, S.A.	87	8,889	(190)	9,371	2009
Túnel d'Envalira, S.A. Concessionària del Principal d'Andorra	(83)	7,254			2022
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A. Sole-Shareholder Company	(235)	9,809			2033
Ruta de los Pantanos, S.A.	(500)	1,953	(839)	1,988	2018
Madrid 407 Sociedad Concesionaria, S.A.	(1,313)	39,744			2007/2033
Tramvia Metropolità del Besòs, S.A.	(1,413)	15,280	(2,536)	15,695	2023
Tramvia Metropolità, S.A.	(2,295)	14,587	(3,526)	15,162	2023
Autovía del Camino, S.A.	(11,797)	100,174	(17,567)	66,295	2024/2027/2030
Urbs Iudex et Causidicus, S.A.	(14,692)	29,934	(20,474)	65,823	2033
Atlántica de Graneles y Moliendas, S.A.			25	2,693	2011
Lemona Industrial, S.A.			(2)	346	2009
Tecami Ofitas, S.A.			(3)	508	2009
Cementos Lemona, S.A.			(20)	2,839	2009
	(27,370)	441,082	(46,255)	421,224	

The changes in the fair value of cash flow hedges are taken, net of the tax effect, to reserves (see Note 14-b.5) and are recognised in income for the year to the extent that the hedged item has an impact on the income statement.

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

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

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

The detail, by maturity, of the notional amount of the hedging transactions arranged at 31 December 2006 is as follows:

			Notional maturity		2011 and subsequent years
	2007	2008	2009	2010	
Fully consolidated companies	72,452	94,905	152,449	134,598	1,545,926
Joint ventures	2,156	3,887	1,750	1,750	875
Associates	63,951	3,403	12,303	6,573	354,852

Derivatives that do not qualify for hedge accounting

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

At 31 December 2006, the FCC Group had arranged the following transactions that do not qualify for hedge accounting:

	Fair value 2006	Notional amount 2006	Fair value 2005	Notional amount 2005	Maturity
Fully consolidated companies					
Recuperaciones Madrileñas del Papel, S.A.		428		572	2009
FCC Logística, S.A. Sole-Shareholder	(3)	2,500		2,500	2007
SmVaK Group	(11)	18,230			2015
Aqualia Gestión Integral del Agua, S.A.	(37)	10,007	(164)	10,314	2008
Fomento de Construcciones y Contratas, S.A.	(74)	31,323	(838)	60,284	2007/2008
	(125)	62,488	(1,002)	73,670	
Joint ventures					
Zabalgarbi, S.A.	(464)	29,900	(1,464)	29,900	2007/2009/2014
	(464)	29,900	(1,464)	29,900	
Associates					
Tirme, S.A.	(9)	1,202		1,202	2007
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra	(39)	1,396		1,396	2007
Ruta de los Pantanos, S.A.	(438)	8,321	(874)	8,511	2009
Concesiones de Madrid, S.A.	(595)	33,621	(1,850)	33,700	2008
	(1,081)	44,540	(2,724)	44,809	

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

			Notional maturity		2011 and subsequent years
	2007	2008	2009	2010	
Fully consolidated companies	24,582	19,554	122		18,230
Joint ventures	9,100		2,600	11,700	6,500
Associates	2,819	33,872	7,849		

Sensitivity test on derivatives and net debt

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, a simulation was performed which assumed a 100-basis point increase and decrease in the interest rates at 31 December 2006.

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

	Group Companies and Joint Ventures		Associates	
	-100 basis points	+100 basis points	-100 basis points	+100 basis points
Impact on equity (Derivatives qualifying for hedge accounting)	(60,470)	56,220	(31,050)	26,490
Impact on the income statement (Derivatives not qualifying for hedge accounting)	(680)	320	(440)	430

It should also be noted that a 100-basis point increase and decrease in the interest rates on the net debt, after excluding any hedged debt, would give rise to a cost of EUR 35,800 thousand or income of EUR 35,800 thousand, respectively, in profit before tax in the FCC Group's income statement.

24. Information on related party transactions

a) Transactions with significant shareholders of the parent

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

Shareholder	Group Company	Type of transaction	Type of relationship	Amount
B 1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Rendering of services	7
B 1998, S.L. (Dominum Desga, S.A.)	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	9
B 1998, S.L. (Diseño Especializado en Organización de Recursos, S.L.)	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	10
B 1998, S.L. (Ordenamientos Ibéricos, S.A.)	FCC Construcción, S.A.	Contractual	Rendering of services	251
B 1998, S.L. (Esther Koplowitz Romero de Juseu)	Eurman, S.A.	Contractual	Rendering of services	5

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

The detail of the remuneration earned by the directors of Fomento de Construcciones y Contratas, S.A. in 2006 and 2005 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2006	2005
Fixed remuneration	2,365	2,205
Variable remuneration	519	484
Bylaw-stipulated directors' emoluments	2,754	2,392
Attendance fees	6	6
	5,644	5,087

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 4,852 thousand in 2006 (2005: EUR 4,258 thousand):

2006		2005	
Ignacio Bayón Maríné	Chairman of Realía Business, S.A.	Ignacio Bayón Maríné	Chairman of Realía Business, S.A.
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Managing Director of Cementos P.V	José Ignacio Martínez-Ynzenga Cánovas del Castillo	Managing Director of Cementos P.V.
José Mayor Oreja	Chairman of FCC Construcción, S.A.	José Mayor Oreja	Chairman of FCC Construcción, S.A.
José Eugenio Trueba Gutiérrez	General Administration and Finance Manager	José Eugenio Trueba Gutiérrez	General Administration and Finance Manager
José Luís Vasco Hernando	General Administration Manager	José Luís Vasco Hernando	General Administration Manager
José Luís de la Torre Sánchez	Chairman of FCC Servicios	José Luís de la Torre Sánchez	Chairman of FCC Servicios
Antonio Gómez Ciria	Internal Audit Manager	Antonio Gómez Ciria	Internal Audit Manager

The payments made by the Group in relation to the insurance policy taken out for, among others, the executive directors and senior executives of the Company or the Group are disclosed in Note 18. The Company's directors did not receive any amount from the insurance policy in 2006 (they received EUR 3,942 thousand in 2005).

Except as indicated in Note 18, no other remuneration, advances, loans or guarantees were granted to the Board members.

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

The director Miguel Blesa de la Parra declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of Fomento de Construcciones y Contratas, S.A., in his capacity as Chairman of the Boards of Directors of Caja Madrid and of Corporación Financiera Caja de Madrid, S.A., which directly or indirectly own 33.92% and 15.24%, respectively, of the share capital of Realía Business, S.A., a company directly or indirectly 49.16% owned by Fomento de Construcciones y Contratas, S.A.

The other directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, as independent professionals or as employees, that is identical, similar or complementary to the activity that constitutes the Company's object.

The other Board members of the Company do not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.

In 2006 the other directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company in the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on an arm's length basis.

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

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

Name or corporate name of the directors or executives	Name or corporate name of the group company or entity	Type of transaction	Type of relationship	Amount
Larranza XXI, S.L.	FCC Versia, S.A.	Contractual	Purchases of goods	2
Larranza XXI, S.L.	FCC Construcción, S.A.	Contractual	Purchases of goods	3
Larranza XXI, S.L.	Fomento de Construcciones y Contratas, S.A.	Contractual	Purchases of goods	26
Larranza XXI, S.L.	FCC Construcción, S.A.	Contractual	Rendering of services	454
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	9
B 1998, S.L.	FCC Medio Ambiente, S.A.	Contractual	Rendering of services	7
B 1998, S.L. (Dominun Desga, S.a.)	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	9
B 1998, S.L. (Diseño Especializado en Organización de Recursos, S.L.)	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	10
B 1998, S.L. (Ordenamientos Ibéricos, S.A.)	FCC Construcción, S.A.	Contractual	Rendering of services	251
B 1998, S.L. (Esther Koplowitz Romero de Juseu)	Eurman, S.A.	Contractual	Rendering of services	5

c) Transactions between Group companies or entities

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

The revenue recognised in the accompanying consolidated income statement includes EUR 458,963 thousand (2005: EUR 260,310 thousand) relating to Group company billings to associates.

The Group's consolidated financial statements also include purchases from associates amounting to EUR 25,403 thousand (2005: EUR 39,420 thousand).

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

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

25. Fees paid to auditors

The 2006 and 2005 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them, both in Spain and abroad, are shown in the following table:

	2006	2005
Fees for financial audit services	4,424	3,089
Principal auditor	1,864	1,830
Other auditors	2,560	1,259
Fees for other services	2,042	1,626
Principal auditor	366	791
Other auditors	1,676	835
	6,466	4,715

26. Events after the balance sheet date

– Incorporation of Global Vía.

On 30 January 2007, Global Vía Infraestructuras was incorporated by Caja Madrid and FCC, which each contributed 50% of the capital, in order to bring together all the infrastructure concession investments of the two firms.

This company, which was created with share capital of EUR 250,000 thousand, will group together 35 infrastructure concessions, mainly those for motorways and freeways, commercial ports and marinas, underground railway lines, trams and hospitals.

– Flotation of Realía.

FCC and Caja Madrid agreed to establish a structure to enable FCC to take control of Realía. They also reiterated their willingness to commence the formal procedures for the listing of Realía on the stock markets and to maintain stable control of the company after it is floated.

At the date of issue of these consolidated financial statements, the appropriate steps are being taken to achieve these objectives.

27. Explanation added for translation to english

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

Appendix I Subsidiaries (fully consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
Environmental services			
Abastecimientos y Saneamientos del Norte, S.A. Sole-Shareholder Company	Uruguay, 11. Vigo (Pontevedra)	100.00	
Acque di Caltanissetta, S.p.A.	Italy	51.00	KPMG (Italy)
Adobs Orgànics, S.L.	Sant Benet, 21. Manresa (Barcelona)	60.00	
AEBA Ambiente y Ecología de Buenos Aires, S.A.	Argentina	52.50	Estudio Torrent Auditores
Aecosol, S.L.	Común de las Eras. Fustiñana (Navarra)	100.00	
Aguas Jaén, S.A.	Plaza de los Jardiniños, 6. Jaén	60.00	Deloitte, S.L.
Aguas Torrelavega, S.A.	La Viña, 4. Torrelavega (Cantabria)	51.00	Enrique Campos&Cia. Censores Jurados de Cuentas
Aigües de l'Alt Empordà, S.A.	Lluís Companys, 43. Roses (Girona)	51.40	
Alfonso Benítez, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Aqua Campiña, S.A.	Avda. Blas Infante, 6. Écija (Seville)	90.00	Mazars Auditores, S.A.
Aqualia Gestión Integral del Agua, S.A.	Federico Salmón, 13. Madrid	100.00	KPMG
Augas Municipais de Arteixo, S.A.	Plaza Alcalde Ramón Dopico. Arteixo (La Coruña)	51.00	Centium Auditores, S.L.
Azincourt Investment, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Azuser, S.L.	Camí de la Rambla, 12. Onda (Castellón)	100.00	
Baltecma Gestión de Residuos Industriales, S.L.	Conradores, parcela 34 P.I. Marratxi. Marratxi (Balearic Islands)	70.00	
Bistibiet, S.L.	Trinidad, 9. Algorta (Vizcaya)	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Chemipur Químicos, S.L. Sole-Shareholder Company	Pínel, 25. Seville	100.00	
Colaboración, Gestión y Asistencia, S.A.	Federico Salmón, 13. Madrid	100.00	
Compañía Catalana de Servicios, S.A.	Balmes, 36. Barcelona	100.00	Price Waterhouse Coopers Auditores, S.L.
Compañía de Control de Residuos, S.L.	Peña Redonda, 27. P.I. Silvota. Llanera (Asturias)	64.00	
Compañía Onubense de Aguas, S.A.	Avda. Martín Alonso Pinzón, 8. Huelva	60.00	
Conservación de Infraestructuras Urbanas, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	Audinfo, S.L.
Corporación Inmobiliaria Ibérica, S.A.	Ulises, 18. Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A. Sole-Shareholder Company	Ctra. Puebla Albortón a Zaragoza Km. 25. Zaragoza	60.00	Deloitte, S.L.
Ecodeal-Gestao Integral de Resíduos Industriais, S.A.	Portugal	55.00	Price Waterhouse Coopers Auditores, S.L.
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	Audinfo, S.L.
Egypt Environmental Services, S.A.E.	Egypt	100.00	
Ekonor, S.A.	Larras de San Juan-Iruña de Oca (Álava)	100.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaza del Centre, 3. El Vendrell (Tarragona)	80.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3. Madrid	70.00	
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.	Plaza Vázquez de Molina, s/n. Úbeda (Jaén)	90.00	Audinfo, S.L.
Entemanser, S.A.	Castillo, 13. Adeje (Santa Cruz de Tenerife)	97.00	MACG y Auditores Asociados, S.L.
Enviropower Investments Limited	United Kingdom	100.00	
Equipos de Protección Ambiental, S.L.	Trinidad, 9. Algorta (Vizcaya)	100.00	
F.S. Colaboración y Asistencia, S.A.	Ulises, 18 Edificio H. Madrid	65.00	Audinfo, S.L.
FCC Medio Ambiente, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Focsa Services, U.K., Ltd.	United Kingdom	100.00	Deloitte & Touche, S.A.
Focsa Serviços de Saneamento Urbano de Portugal, S.A.	Portugal	100.00	Horwarth
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jímena de la Frontera, s/n. Los Barrios (Cádiz)	85.00	Price Waterhouse Coopers Auditores, S.L.
GEMECAN, Gestora Medioambiental y de Residuos, S.L.	Josefina Mayor, 12. Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A.	Paratge Vacamorta. Cruilles (Girona)	80.00	
Gestión de Aguas del Norte, S.A.	Avda. de Tirajana, 39. San Bartolomé de Tirajana (Las Palmas)	51.00	Audinfo, S.L.
Gestiones Medioambientales del Sur, S.L.	P.I. Las Quemadas, parcela 271. Córdoba	100.00	Price Waterhouse Coopers Auditores, S.L.
Giza Environmental Services, S.A.E.	Egypt	100.00	Deloitte, S.L.
Graver Española, S.A. Sole-Shareholder Company	Epalza, 8. Bilbao (Vizcaya)	100.00	
ASA Group:	Austria		Price Waterhouse Coopers Auditores, S.L.
ASA Abfall Service AG	Austria	100.00	
ASA Abfall Service Betriebs GmbH	Austria	100.00	
ASA Abfall Service Halbenrain GmbH	Austria	100.00	
ASA Abfall Service Halbenrain GmbH & Co Nfg KG	Austria	100.00	
ASA Abfall Service Industrieviertel Betriebs GmbH	Austria	100.00	
ASA Abfall Service Industrieviertel GmbH & Co Nfg KG	Austria	100.00	

Subsidiaries (fully consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
ASA Abfall Service Neunkirchen GmbH	Austria	100.00	
ASA Abfall Service Oberösterreich GmbH	Austria	100.00	
ASA Abfall Service Wiener Neustadt GmbH	Austria	100.00	
ASA Abfall Service Zistersdorf GmbH	Austria	100.00	
ASA Abfall Sortieranlage Asten Betriebs GmbH Nfg KG	Austria	100.00	
ASA Abfallservice Halbenrain GmbH & Co Nfg KG	Austria	100.00	
ASA Areal spol. s.r.o.	Czech Republic	100.00	
ASA České Budějovice s.r.o.	Czech Republic	75.00	
ASA Dacice s.r.o.	Czech Republic	60.00	
ASA EKO BiH d.o.o.	Bosnia Herzegovina	100.00	
ASA EKO Polska sp. z o.o.	Poland	100.00	
ASA EKO s.r.o.	Slovakia	100.00	
ASA EKO Znojmo s.r.o.	Austria	50.00	
ASA Ekologické Služby spol. s.r.o.	Slovakia	100.00	
ASA Ekoloski Servis d.o.o.	Slovakia	100.00	
ASA Es d.o.o.	Serbia	100.00	
ASA Es Únanov s.r.o.	Czech Republic	66.00	
ASA Finanzdienstleistungen GmbH	Austria	100.00	
ASA Hódmezővásárhelyi Köztisztasági Kft	Hungary	61.83	
ASA Hp spol. s.r.o.	Czech Republic	100.00	
ASA International Environmental Services GmbH	Austria	100.00	
ASA Kisalföld Szállító Környezetvédelmi És H Kft	Hungary	100.00	
ASA Kosické Olsany s.r.o.	Slovakia	95.00	
ASA Liberec s.r.o.	Czech Republic	55.00	
ASA Magyarország Környezetvédelem És H Kft	Hungary	100.00	
ASA Odpady Litovel s.r.o.	Czech Republic	49.00	
ASA Olsava spol. s.r.o.	Slovakia	100.00	
ASA Pol spol. s.r.o.	Czech Republic	65.79	
ASA Posázaví s.r.o.	Czech Republic	100.00	
ASA Slovensko spol. s.r.o.	Slovakia	100.00	
ASA Služby Zabovresky s.r.o.	Czech Republic	89.00	
ASA spol. s.r.o.	Czech Republic	100.00	
ASA TRNAVA spol. s.r.o.	Slovakia	50.00	
ASA Usluge Za Zastitu Okolisa d.o.o.	Croatia	100.00	
ASA V.O.D.S. Sanacie s.r.o.	Slovakia	51.00	
ASA Zabčice spol. s.r.o.	Czech Republic	80.00	
ASA Zohor spol. s.r.o.	Slovakia	85.00	
Abfallwirtschaftszentrum Mostviertel GmbH	Austria	100.00	
Bec Odpady s.r.o.	Czech Republic	100.00	
Eko Serwis sp. z o.o.	Poland	100.00	
Entsorga Entsorgungs GmbH Nfg KG	Austria	100.00	
EnviCon G s.r.o.	Czech Republic	99.60	
Erd-Kom Érdi Kommunális Hulladékkezelő	Hungary	90.00	
Esko – ASA s.r.o.	Czech Republic	66.00	
Inerta Abfallbehandlungs GmbH	Austria	100.00	
Matra-Kom Hulladékgazdálkodási Szolgáltató Kft	Hungary	100.00	
Miejska Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o. Zabrze	Poland	80.00	
Polabska s.r.o.	Czech Republic	66.67	
Quail spol. s.r.o.	Czech Republic	100.00	
Regios AS	Czech Republic	99.00	
S C ASA Servicii Ecologice SRL	Romania	100.00	
Sárréti Közterület-Fenntartó Kft	Hungary	17.00	
SC Valmax Impex SRL	Romania	60.00	
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o.	Poland	60.00	
Technické Služby – ASA s.r.o.	Slovakia	100.00	
Textil Verwertung GmbH	Austria	100.00	
Tores – Technické, Obchodní a Rekreační Služby AS	Czech Republic	100.00	
Waste City spol. s.r.o. -in liquidation-	Slovakia	100.00	

Appendix I

Company	Registered office	Effective Percentage of Ownership	Auditor
Waste Recycling Group:	United Kingdom		KPMG
3C Holdings Limited	United Kingdom	100.00	
3C Waste Limited	United Kingdom	100.00	
Advanced Natural Fuels Limited	United Kingdom	100.00	
Airdriehill Quarries Limited	United Kingdom	100.00	
Allington Waste Company Limited	United Kingdom	100.00	
Anti-Rubbish Limited	United Kingdom	100.00	
Anti-Waste (Restoration) Limited	United Kingdom	100.00	
Anti-Waste Limited	United Kingdom	100.00	
Arnold Waste Disposal Limited	United Kingdom	100.00	
Arpley Gas Limited	United Kingdom	99.97	
BDR Waste Disposal Limited	United Kingdom	80.00	
CLWR Management 2001 Limited	United Kingdom	100.00	
Darrington Quarries Limited	United Kingdom	100.00	
Derbyshire Waste Limited	United Kingdom	80.00	
East Waste Limited	United Kingdom	100.00	
Econowaste Limited	United Kingdom	100.00	
Finstop Limited	United Kingdom	100.00	
Green Waste Services Limited	United Kingdom	100.00	
GWS (Holdings) Limited	United Kingdom	100.00	
Herrington Limited	United Kingdom	100.00	
Humberside Wastewise Waste Management Services Limited	United Kingdom	100.00	
Integrated Waste Management Limited	United Kingdom	100.00	
Kent Energy Limited	United Kingdom	100.00	
Kent Enviropower Limited	United Kingdom	100.00	
Landfill Management Limited	United Kingdom	100.00	
Lincwaste Limited	United Kingdom	100.00	
Meadshores Limited	United Kingdom	100.00	
Norfolk Waste Limited	United Kingdom	100.00	
Oxfordshire Waste Limited	United Kingdom	100.00	
Paper Product Developments Limited	United Kingdom	90.00	
Pennine Waste Management Limited	United Kingdom	100.00	
RE3 Holding Limited	United Kingdom	100.00	
RE3 Limited	United Kingdom	100.00	
Site&Field Equipment Limited	United Kingdom	100.00	
T Shooter Limited	United Kingdom	100.00	
Tawse Ellon (Haulage) Limited	United Kingdom	100.00	
Waste Recovery Limited	United Kingdom	100.00	
Waste Recycling Group (Central) Limited	United Kingdom	100.00	
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	
Waste Recycling Group (South West) Limited	United Kingdom	100.00	
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	
Waste Recycling Group Limited	United Kingdom	100.00	
Waste Recycling Limited	United Kingdom	100.00	
Wastenotts (Reclamation) Limited	United Kingdom	100.00	
Wastenotts Limited	United Kingdom	100.00	
Wastewise Limited	United Kingdom	100.00	
Wastewise Power Limited	United Kingdom	100.00	
Wastewise Trustees Limited	United Kingdom	100.00	
Welbeck Waste Management Limited	United Kingdom	81.00	
Winterton Power Limited	United Kingdom	100.00	
WRG (Management) Limited	United Kingdom	100.00	
WRG (Midlands) Limited	United Kingdom	100.00	
WRG (Northerm) Limited	United Kingdom	100.00	
WRG Acquisitions 2 Limited	United Kingdom	100.00	
WRG Berkshire Limited	United Kingdom	100.00	
WRG Environmental Limited	United Kingdom	100.00	
WRG PFI Holdings Limited	United Kingdom	100.00	

Subsidiaries (fully consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
WRG Properties Limited	United Kingdom	100.00	
WRG Waste Services Limited	United Kingdom	100.00	
WRG Wrexham Limited	United Kingdom	65.00	
WRG Wrexham PFI Holdings Limited	United Kingdom	65.00	
Hidrocen, S.L.	Camino del Valle, 12. Arganda del Rey (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
Hidrotec Tecnología del Agua, S.L. Sole-Shareholder Company	Pincel, 25. Seville	100.00	
Industrias Sangar, S.A.	Guadalquivir, 16. Fuenlabrada (Madrid)	100.00	
Innovación y Gestión Medioambiental, S.A.	Camí de la Rambla, 10. Onda (Castellón)	100.00	Deloitte, S.L.
Instugasa, S.L. Sole-Shareholder Company	La Presa, 14. Adeje (Santa Cruz de Tenerife)	100.00	MACG y Auditores Asociados, S.L.
Integraciones Ambientales de Cantabria, S.A.	Lealtad, 14. Santander (Cantabria)	90.00	
International Services Inc., S.A. Sole-Shareholder Company	Arquitecto Gaudi, 4. Madrid	100.00	
Inversora Riutort, S.L.	Alfonso XIII. Sabadell (Barcelona)	90.00	
Ipodec Riscop, S.A. Sole-Shareholder Company	Ctra. Sabadell a Mollet Km. 1 Molí d'en Gall. Barberà del Vallés (Barcelona)	100.00	Price Waterhouse Coopers Auditores, S.L.
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D49. Barcelona	100.00	
Jaume Oro, S.L.	Avda. de les Garrigues, 15. Bellpuig (Lleida)	100.00	Audinfo, S.L.
Ligete, S.L.	Trinidad, 9. Algorta (Vizcaya)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6. Cartagena (Murcia)	90.00	Deloitte, S.L.
Limpiezas Industriales Alfus, S.A.	Barrio Ibarra, 20. Bedia (Vizcaya)	100.00	Audinfo, S.L.
Limpiezas Urbanas de Mallorca, S.A.	Ctra. San Margalida-Can Picafort. Santa Margalida (Balearic Islands)	100.00	Audinfo, S.L.
Lizarreka, S.L.	Bº Elbarrena. Aduna (Guipúzcoa)	100.00	
Manipulación y Recuperación MAREPA, S.A.	Avda. San Martín de Valdeiglesias, 22. Alcorcón (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
Municipal de Serveis, S.A.	Joan Torrà i Cabrosa, 7. Girona	80.00	B.L.S. Auditores, S.L.
Nilo Medioambiente, S.L. Sole-Shareholder Company	Pincel, 25. Seville	100.00	Audinfo, S.L.
Onyx Gibraltar, Ltd.	United Kingdom	100.00	
Ovod spol. s.r.o.	Czech Republic	98.67	Deloitte & Touche, spol s.r.o.
Papeles Hernández e Hijos, S.A.	Guadalquivir, 16. Fuenlabrada (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
Papeles Vela, S.A.	Álava, 90. Barcelona	100.00	
Recitermia, S.A. Sole-Shareholder Company	Ctra. Andalucía Km. 12 P.I. Los Olivos. Getafe (Madrid)	100.00	
Recuperació de Pedreres, S.L.	Paratge Vacamorta. Cruilles (Girona)	80.00	Price Waterhouse Coopers Auditores, S.L.
Recuperaciones Madrileñas del Papel, S.A.	Guadalquivir, 16. Fuenlabrada (Madrid)	100.00	
Recuperados Extremeños, S.A.	Ctra. Nacional 630 Km. 543. Casar de Cáceres (Cáceres)	100.00	
Saneamiento y Servicios, S.A.	Ronda Vigilancia, s/n. Cádiz	100.00	Deloitte, S.L.
Senblen Bat, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	83.25	
Serveis d'Escombreries i Neteja, S.A.	Coure, s/n. P.I. Riu Clar. Tarragona	100.00	Deloitte, S.L.
Servicios de Levante, S.A.	Ctra. de Valencia Km. 3. Castellón de la Plana (Castellón)	100.00	Deloitte, S.L.
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Servicios y Procesos Ambientales, S.A.	Avda. General Perón, 36. Madrid	100.00	KPMG
Severomoravské Vodovody a Kanalizace Ostrava A.S.	Czech Republic	98.67	Deloitte & Touche, spol s.r.o.
SmVaK-Inzenyryng s.r.o.	Czech Republic	78.94	Deloitte & Touche, spol s.r.o.
Sociedad Ibérica del Agua S.I.A., S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
T.P.A., Técnicas de Protección Ambiental, S.A.	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Técnicas de Descontaminación, S.A.	P.I. Guarnizo, parcela 97. El Astillero (Cantabria)	100.00	Audinfo, S.L.
Telford & Wrekin Services, Ltd.	United Kingdom	100.00	Deloitte & Touche, S.A.
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13. Madrid	100.00	Audinfo, S.L.
Tratamiento y Reciclado Integral de Ocaña, S.A.	Federico Salmón, 13. Madrid	100.00	
Tratamientos y Recuperaciones Industriales, S.A.	Angli, 31. Barcelona	75.00	Price Waterhouse Coopers Auditores, S.L.
Valoración y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A. Bilbao (Vizcaya)	100.00	Audinfo, S.L.
VERSIA			
Aeroporti di Roma Handling, S.p.A.	Italy	100.00	Deloitte, S.L.
Aitena Portugal Amacene Transporte e Distribuição de Mercaderias, S.A.	Portugal	100.00	Reinaldo Soares
Aparcamientos Concertados, S.A.	Arquitecto Gaudi, 4. Madrid	100.00	Deloitte, S.L.
Aragonesa de Servicios I.T.V., S.A.	Federico Salmón, 13. Madrid	100.00	C.T.A. Auditores, S.A.
Beta de Administración, S.A.	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
C.G.T. Corporación General de Transportes, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Camusa Corporación Americana de Mobiliario Urbano, S.A.	Argentina	100.00	Price Waterhouse Coopers Auditores, S.L.

Appendix I

Company	Registered office	Effective Percentage of Ownership	Auditor
Casa Park Moulay Youssef, S.A.R.L.	Morocco	100.00	
Casa Park, S.A.	Morocco	97.91	
Cemusa Amazonia, S.A.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Boston, LLC.	U.S.A.	100.00	
Cemusa Brasilia, S.A.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Corporación Europea de Mobiliario Urbano, S.A.	Francisco Sancha, 24. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa do Brasil Ltda.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Inc.	U.S.A.	100.00	KPMG
Cemusa Italia, S.R.L.	Italy	100.00	
Cemusa Miami Ltd.	U.S.A.	100.00	
Cemusa NY, LLC.	U.S.A.	100.00	KPMG
Cemusa Portugal Companhia de Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Rio, S.A.	Brazil	100.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa Salvador, S.A.	Brazil	65.00	Price Waterhouse Coopers Auditores, S.L.
Cemusa San Antonio GP, LLC.	U.S.A.	100.00	
Cemusa San Antonio, Ltd.	U.S.A.	100.00	
Cemusa Texas, LLC.	U.S.A.	100.00	
Concesionaria Zona 5, S.A.	Argentina	100.00	Deloitte & Touche, S.A.
Conservación y Sistemas, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Empresa Mixta de Tráfico de Gijón, S.A.	P.I. Promosa nave 27. El Plano. Tremañes (Gijón)	60.00	Deloitte, S.L.
Equipos y Procesos, S.A.	Conde de Peñalver, 45. Madrid	80.73	
Estacionamientos y Servicios, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
FCC International, B.V.	The Netherlands	100.00	
FCC Logística, S.A. Sole-Shareholder Company	Avda. Fuentemar, 19. Coslada (Madrid)	100.00	Deloitte, S.L.
FCC Versia, S.A.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
Flightcare Belgium, Naamloze Vennootschap	Belgium	100.00	Deloitte, S.L.
Flightcare, S.L.	Federico Salmón, 13. Madrid	100.00	Deloitte, S.L.
General de Servicios I.T.V., S.A.	Federico Salmón, 13. Madrid	100.00	C.T.A. Auditores, S.A.
Geral I.S.V. Brasil Ltda.	Brazil	100.00	
High Technology Vehicles Inc.	U.S.A.	100.00	
I.T.V., S.A.	Argentina	100.00	Deloitte & Touche, S.A.
Industrial de Limpiezas y Servicios, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
LNP – Logística Lda.	Portugal	100.00	Baptista da Costa & Associados
Logística Navarra, S.A. Sole-Shareholder Company	E.P.I. Arazuri Orcylen Parcela 3.8. Pamplona (Navarra)	100.00	
Santos Renting, S.L. Sole-Shareholder Company	Francisco Medina y Mendoza. Guadalajara	100.00	
Servicios de Publicidad Urbanos, S.A.	Atenas, nave 46 P.I. San Luis. Málaga	75.00	
Sistemas y Vehículos de Alta Tecnología, S.A.	Conde de Peñalver, 45. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Verauto La Plata, S.A.	Argentina	98.45	Deloitte & Touche, S.A.
VTV Verificaciones Técnicas Vehiculares de Argentina, S.A.	Argentina	100.00	Deloitte & Touche, S.A.
Zona Verde-Promoçao e Marketing Limitada	Portugal	100.00	
Construction			
Alpetrol, S.A.	Camino Casa Sola, 1. Chiloeches (Guadalajara)	100.00	
Aremi Asociados, S.L.	Avda. de les Corts Valencianes, 50. Valencia	100.00	
Aremi Tecair, S.A.	Avda. de les Corts Valencianes, 50. Valencia	100.00	Price Waterhouse Coopers Auditores, S.L.
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)	100.00	
Autopista Central Galega Sociedad Concesionaria Española, S.A. Sole-Shareholder Company	Lugar el Feal, s/n. San Mamede de Rivadulla. Vedra (La Coruña)	54.64	
Auxiliar de Pipelines, S.A.	Paseo del Club Deportivo, 1. Pozuelo de Alarcón (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
BBR Pretensados y Técnicas Especiales, S.L.	Retama, 5. Madrid	100.00	
Binatex al Maghreb, S.A.	Morocco	100.00	
Compañía Concesionaria del Túnel de Sóller, S.A.	Puerto Pi, 8. Palma de Mallorca (Balearic Islands)	56.53	Ernst & Young
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100.00	
Concesiones Viales, S. de R.L. de C.V.	Mexico	99.97	
Conservial, S.L.	Manuel Lasala, 36. Zaragoza	100.00	
Construcción y Filiales Mexicanas, S.A. de C.V.	Mexico	100.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	

Subsidiaries (fully consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
Contratas y Ventas, S.A.	Asturias, 41. Oviedo (Asturias)	100.00	Deloitte, S.L.
Corporación M&S Internacional C.A, S.A.	Costa Rica	50.00	Deloitte & Touche, S.A.
Dezvoltare Infrastructura, S.A.	Romania	51.03	
Dizara Inversión, S.L.	Avda. General Perón, 36. Madrid	100.00	
Elcen Obras Servicios y Proyectos, S.A.	Voluntarios Catalanes, 30. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Especialidades Eléctricas, S.A.	Acanto, 22. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Espelsa – Luwat, S.A.	Acanto, 22. Madrid	60.00	
Eurman, S.A.	Valentín Beato, 24-26. Madrid	100.00	
FCC Construcción, S.A.	Balmes, 36. Barcelona	100.00	Deloitte, S.L.
FCC Constructii Romania, S.A.	Romania	100.00	
FCC Construction Inc.	U.S.A.	100.00	
FCC Construction International B.V.	The Netherlands	100.00	
Gavisa Portugal Montagens Eléctricas Lda.	Portugal	97.00	
Gestión Especializada en Instalaciones, S.A.	Valentín Beato, 24. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Ibérica de Servicios y Obras, S.A.	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Ibervia Construcciones y Contratas, S.L.	Avda. General Perón, 36. Madrid	100.00	
Impulsa Infraestructura, S.A. de C.V.	Mexico	52.00	Deloitte, S.L.
Internacional Tecair, S.A.	Valentín Beato, 24-26. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Mantenimiento de Infraestructuras, S.A.	Avda. General Perón, 36. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Marcas Andaluzas, S.L.	Hilera, 10. Málaga	100.00	
Megaplás Italia, S.p.A.	Italy	100.00	
Megaplás, S.A.	Hilanderas, 4-14. La Poveda. Arganda del Rey (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
Metro Barajas Sociedad Concesionaria, S.A.	Pedro Texeira, 8. Madrid	70.00	
Montajes Gavisa, S.A.	La Farga, 5-7 P.I. La Cerrería. Montcada i Reixac (Barcelona)	100.00	Price Waterhouse Coopers Auditores, S.L.
Motre, S.L.	Enginyer Algarra, 65. Pals (Girona)	100.00	
Moviterra, S.A.	Enginyer Algarra, 65. Pals (Girona)	100.00	Batlle, Canovas y Cía.
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Galena, 11. Entreplanta. Valladolid	100.00	Audinfor, S.L.
Nevasa Inversión, S.L.	Avda. General Perón, 36. Madrid	100.00	
Norseñal, S.L.	Juan Flórez, 64. La Coruña	100.00	
Operalia Infraestructuras, S.A.	Pedro Texeira, 8. Madrid	100.00	
Participaciones Teide, S.A.	Avda. General Perón, 36. Madrid	100.00	
Pedraera Les Gavarres, S.L.	Enginyer Algarra, 65. Pals (Girona)	100.00	
Pi Promotora de Infraestructuras, S.A.	Costa Rica	100.00	
Pinturas Jaque, S.L.	P.I. Oeste, Paraje Sangonera. El Palmar (Murcia)	100.00	Price Waterhouse Coopers Auditores, S.L.
Prefabricados Delta, S.A.	Arquitecto Gaudí, 4. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Proyectos y Servicios, S.A.	Torregalindo, 1. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Ramalhó Rosa Cobetar Sociedade de Construções, S.A.	Portugal	100.00	Deloitte & Asociados, SROC, S.A.
Reparalia, S.A.	P.E. Cerro de los Gamos, 1. Pozuelo de Alarcón (Madrid)	100.00	Price Waterhouse Coopers Auditores, S.L.
Señalizaciones de Vías Públicas, S.L.	Avda. de Barber, 2. Toledo	100.00	
Señalizaciones Levante, S.L.	Itálica, 25. Alicante	100.00	
Serviá Cantó, S.A.	Enginyer Algarra, 65. Pals (Girona)	100.00	Batlle, Cánovas y Cía.
Sinclair, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Tacel Inversiones, S.A.	Rozabella, 6 Europa Empresarial. Las Rozas de Madrid (Madrid)	54.64	
Tema Concesionaria, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)	100.00	
Tulsa Inversión, S.L.	Avda. General Perón, 36. Madrid	100.00	
Viales de Andalucía, S.L.	Avda. Kansas City, 9. Seville	100.00	
Vialia, Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Avda. General Perón, 36. Madrid	100.00	
Xequêvia Sinalização de Vias de Comunicação, Ltda.	Portugal	100.00	
Alpine Group:	Austria		DKB & Partner Treuhand GmbH
3 G Netzwerk Errichtungs GmbH	Austria	76.67	
3 G Netzwerk Errichtungs GmbH & Co KG	Austria	76.67	
Acoton Projektmanagement & Bauträger GmbH	Austria	79.10	
Ad Grundbesitzverwaltung GmbH	Germany	80.54	
Ajs Acoton Projektmanagement & Baustrager GmbH Co KG	Austria	79.90	
Alpine, S.A.	Romania	20.18	
Alpine Aleksandar d.o.o.	Macedonia	72.11	
Alpine Bau Deutschland AG	Germany	80.62	
Alpine Bau Trostberg GmbH	Germany	80.71	

Appendix I

Company	Registered office	Effective Percentage of Ownership	Auditor
Alpine Bau Zagreb d.o.o.	Croatia	80.71	
Alpine BH d.o.o. Travnik	Bosnia Herzegovina	56.50	
Alpine Bulgaria AD	Bulgaria	41.16	
Alpine Consulting d.o.o. Gradbeni Inzeniring	Slovenia	80.71	
Alpine d.o.o. Serbien	Serbia	80.71	
Alpine Dolomit AD	Serbia	66.48	
Alpine Energie Deutschland G m bH	Germany	76.67	
Alpine Energie Gesellschaft für Elektrische und Industrielle Unternehmungen GmbH	Austria	76.67	
Alpine Energie Holding AG	Germany	76.67	
Alpine Energie Luxembourg SARL	Luxembourg	76.67	
Alpine Energie Luxembourg SARL & CIE SECS	Luxembourg	76.67	
Alpine Energie Networks AG	Switzerland	76.66	
Alpine Granit AD	Serbia	79.00	
Alpine Holding GmbH	Austria	79.27	
Alpine Investment d.o.o.	Bosnia Herzegovina	41.16	
Alpine Ips Ostrava Polska sp z.o.o.	Poland	80.71	
Alpine Krakbau sp. z.o.o.	Poland	40.31	
Alpine Mayreder & Tabcon Ltd.	Ghana	80.71	
Alpine Mayreder Bau d.o.o. Maribor –in liquidation-	Slovenia	80.71	
Alpine Mayreder Bau GmbH	Austria	80.71	
Alpine Mayreder Construction Co Ltd. AMCC	China	60.53	
Alpine Mayreder GmbH Schweiz	Switzerland	80.71	
Alpine Mayreder Liegenschaftsverwertung GmbH	Austria	80.71	
Alpine Mayreder Romania SRL	Romania	80.71	
Alpine Mayreder Services GmbH	Switzerland	80.71	
Alpine Podgorica d.o.o.	Montenegro	75.11	
Alpine Project Finance and Consulting GmbH	Germany	80.71	
Alpine Pzpb d.o.o. Serbien	Serbia	56.50	
Alpine Rudnik Krecnjaka Lapisnica d.o.o.	Bosnia Herzegovina	41.16	
Alpine Slovakia spol s.r.o.	Slovakia	80.71	
Alpine Stavebni Spolecnost Cz s.r.o.	Czech Republic	80.71	
Altec Umwelttechnik GmbH	Austria	80.71	
Alpine Inzeniring Gradbeno Podjetje d.o.o. -in liquidation-	Slovenia	80.71	
Apt Alpine Project Technology GmbH	Austria	80.71	
Architec Bautrager GmbH	Austria	79.90	
Arn Asphalt und Recycling GmbH	Germany	64.50	
Arn Asphalt und Recycling GmbH & Co KG	Germany	64.50	
BA-ÉP Balaton Aszfalt és Épitő K.F.T.	Hungary	40.36	
Baugesellschaft MbH Konrad Beyer & Co Spezialbau GmbH	Austria	80.71	
Bautechnische Prüf und Versuchsanstalt GmbH	Austria	80.71	
Betotrub Ostrava S.r.o.	Czech Republic	80.71	
Bruno Freibauer GmbH	Austria	80.71	
Bürozentrum U3 Projekt GmbH	Austria	80.71	
Conex Warenhandels GmbH	Austria	80.71	
Cpi Czech Property Invest AG	Austria	51.65	
E Gottschall & Co GmbH	Germany	79.27	
Emberger & Essl GmbH	Austria	69.08	
Emberger & Heuberger Bau GmbH	Austria	72.72	
Erfurth Spezialbau GmbH	Austria	80.71	
Erfurth Specialne Gradnje d.o.o.	Slovenia	80.71	
Febarest Ltd.	Cyprus	40.36	
Fels und Sprengtechnik GmbH	Austria	80.71	
Ferro-Betonit-Werke Immobilien GmbH	Austria	80.71	
Fritz & Co Bau GmbH	Austria	72.64	
Fröhlich Bau und Zimmereiunternehmen GmbH	Austria	80.71	
G und T Bau GmbH	Germany	80.62	
Garazna Hisa d.o.o.	Slovenia	64.57	

Subsidiaries (fully consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
Ginzkeyplatz Liegenschaftsverwertungs GmbH	Austria	80.71	
Granitul, S.A.	Romania	33.86	
Gregorich GmbH	Austria	80.71	
Grund Pfahl und Sonderbau GmbH	Austria	80.71	
Grund und Sonderbau GmbH	Austria	80.71	
Hazet Bauunternehmung GmbH	Austria	80.71	
Hoch & Tief Bau Beteiligungs GmbH	Austria	80.51	
Ing Haderer Arnulf GmbH	Austria	80.71	
Intech Installationstechnik GmbH	Austria	65.45	
Jam Asphalt GmbH	Austria	80.71	
Kai Center Errichtungs und Vermietungs GmbH	Austria	79.90	
Kapsreiter Mischanlagen GmbH	Germany	80.62	
Klöcher Bau GmbH	Austria	80.71	
Mas Bau Projekt und Handels GmbH	Austria	53.81	
Mayreder Bau GmbH Budapest	Hungary	80.71	
Mayreder Bohemia Stavebni Spolecnost spol. s.r.o.	Czech Republic	80.71	
Mayreder Hoch und Tiefbau GmbH	Austria	80.71	
Mayreder Praha Stavebni Spolec spol. s.r.o.	Czech Republic	80.71	
Mla Lieferasphalt GmbH	Austria	80.71	
MMU Gleisbaugerätevermietung GmbH	Austria	40.36	
Mortinger-Grohmann GmbH	Austria	72.64	
Mwg Wohnbau GmbH	Austria	79.90	
Netzbau Verwaltungs GmbH	Germany	76.67	
Oekotechna Entsorgungs und Umwelttechnik GmbH	Austria	80.71	
Parkgarage Makatplatz GmbH	Austria	80.71	
Project Development GmbH	Austria	80.71	
RMG d.o.o.	Bosnia Herzegovina	41.16	
S C Scaep Giurgiu Port, S.A.	Romania	30.99	
S P Co Floreasca SRL	Romania	40.36	
Salzburg Center Development AG	Poland	80.71	
Salzburger Lieferasphalt O.H.G.	Austria	45.20	
Schauer Eisenbahnbau GmbH	Austria	80.71	
Senovska Stavebni s.r.o. V Likvidaci	Czech Republic	55.85	
Silasfalt s.r.o.	Czech Republic	40.36	
Song Consulting GmbH	Austria	80.71	
Stump Funderingstechnik B.V. -in liquidation-	The Netherlands	80.71	
Stump Hydrobudowa sp. z.o.o. Warschan	Poland	68.30	
Stump Spezial Tiefbau GmbH	Czech Republic	80.71	
Stump Spezial Tiefbau spol. s.r.o. Trag	Czech Republic	80.71	
Thalia Errichtungs und Vermietungs GmbH	Austria	80.71	
Tiefbau Deutschlandsberg GmbH	Austria	48.43	
Tiefbau Deutschlandsberg GmbH & Co KG	Germany	48.43	
Too Alpine KAZ	Kazakhstan	48.43	
Universale Bau GmbH	Austria	80.71	
Uno-Center s.r.o. Konkurs	Czech Republic	51.65	
Vela Borovica Konzern d.o.o.	Croatia	80.71	
Walter Hamann Hoch Tief und Stahlbetonbau GmbH	Germany	80.62	
Weinfried Bauträger GmbH	Austria	80.71	
Abo Asphalt-Bau Oeynhausen GmbH	Germany	45.07	
AE Stadtland GmbH	Germany	39.86	
Asfaltna Cesta d.o.o.	Croatia	40.36	
Asphaltnischwerk Betriebs GmbH & Co KG	Austria	16.14	
Asphaltnischwerk Greinsfurth GmbH	Austria	20.18	
Asphaltnischwerk Greinsfurth GmbH & Co KG	Austria	20.18	
Asphaltnischwerk Leopoldau GmbH	Austria	40.36	
Asphaltnischwerk Steyregg GmbH & Co KG	Austria	16.14	
AWT Asphaltwerk GmbH	Austria	26.63	
AWW Asphaltmischwerk Wölbling GmbH	Austria	40.36	

Appendix I

Company	Registered office	Effective Percentage of Ownership	Auditor
Baustofee Handrick GmbH	Germany	19.93	
Dolomit-Beton Lieferbetonwerk GmbH	Austria	38.74	
Draubeton GmbH	Austria	28.25	
EVW Energieversorgung GmbH	Austria	19.37	
Hemmelmair Frösttechnik GmbH	Austria	20.18	
Kieswerk-Betriebs GmbH & Co KG	Austria	18.16	
Konsorcjum Autostrada Slask AG	Poland	26.80	
RBA Recycling und Betonanlagen GmbH & Co Nfg KG	Austria	19.37	
RFM Asphaltmischwerk GmbH	Austria	26.90	
RFM Asphaltmischwerk GmbH & Co KG	Austria	26.91	
RFM Kies GmbH	Austria	26.91	
RFPB Kieswerk GmbH	Austria	13.45	
RFPB Kieswerk GmbH & Co KG	Austria	13.45	
Transportbeton und Asphalt GmbH & Co KG	Austria	36.32	
TSK Sand und Kies GmbH	Germany	26.90	
Waldviertler Lieferasphalt GmbH & Co KG	Austria	40.36	
Ziegelwerk Freital Eder GmbH	Germany	32.22	
Cement			
Agregats Uniland, SARL	France	35.93	Price Waterhouse Coopers Auditores, S.L.
Alquileres y Transportes, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
Arenas y Hormigones Muñorrodero, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
Áridos de Navarra, S.A.	Estella, 6. Pamplona (Navarra)	44.66	
Áridos Uniland, S.A. Sole-Shareholder Company	Torrenteres, 20 P.I. Sur. El Papiol (Barcelona)	35.93	Price Waterhouse Coopers Auditores, S.L.
Áridos y Premezclados, S.A. Sole-Shareholder Company	José Abascal, 59. Madrid	67.66	Deloitte, S.L.
Arriberri, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	49.87	Deloitte, S.L.
Atracem, S.A. Sole-Shareholder Company	José Abascal, 59. Madrid	67.66	Deloitte, S.L.
Cántabra Industrial y Minera, S.A. Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	59.43	Price Waterhouse Coopers Auditores, S.L.
Cantera Galdames II, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
Canteras de Alaiz, S.A.	Estella, 6. Pamplona (Navarra)	47.38	KPMG
Canteras del Pirineo Occidental, S.A.	Estella, 6. Pamplona (Navarra)	67.19	
Canteras Villallano, S.L.	Poblado de Villallano. Villallano (Palencia)	59.43	Price Waterhouse Coopers Auditores, S.L.
Canteras y Construcciones de Vizcaya, S.A.	Barrio La Cadena, 10. Carranza (Vizcaya)	66.50	
Carbocem, S.A.	Paseo de la Castellana, 45. Madrid	52.14	KPMG
Cemensilos, S.A.	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	59.43	Price Waterhouse Coopers Auditores, S.L.
Cementos Alfa, S.A.	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	59.43	Price Waterhouse Coopers Auditores, S.L.
Cementos Lemona, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	Deloitte, S.L.
Cementos Portland Valderrivas, S.A.	Estella, 6. Pamplona (Navarra)	67.66	Deloitte, S.L.
Cementtrade, S.A. Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	59.43	Price Waterhouse Coopers Auditores, S.L.
Ceminter Madrid, S.L. Sole-Shareholder Company	Almagro, 26. Madrid	67.66	Deloitte, S.L.
Cisternas Lemona, S.L. Sole-Shareholder Company	Barrio Arraibi, s/n. Lemona (Vizcaya)	66.50	
Compañía Auxiliar de Bombeo de Hormigón, S.A. Sole-Shareholder Company	José Abascal, 59. Madrid	67.66	
Corporación Uniland, S.A.	Córcega, 299. Barcelona	36.01	Price Waterhouse Coopers Auditores, S.L.
Dragon Alfa Cement Limited	United Kingdom	59.43	Bentley Jennison Co. UK
Egur Birziklatu Bi Mila, S.L.	Barrio Olazar, 2. Zeberio (Vizcaya)	39.90	
Explotaciones San Antonio, S.L. Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	59.43	Price Waterhouse Coopers Auditores, S.L.
Giant Cement Holding, Inc.	U.S.A.	67.49	Deloitte & Touche, S.A.
Gulfland Cement Llc.	U.S.A.	27.00	Postlethwaite & Netterville
Hormigones Arkaitza, S.A. Sole-Shareholder Company	Estella, 6. Pamplona (Navarra)	67.66	KPMG
Hormigones de la Jacetania, S.A.	Llano de la Victoria. Jaca (Huesca)	42.29	KPMG
Hormigones del Zadorra, S.A. Sole-Shareholder Company	Estella, 6. Pamplona (Navarra)	67.19	
Hormigones Galdames, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	Deloitte, S.L.
Hormigones Lemona, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
Hormigones Premezclados del Norte, S.A.	Barrio La Cadena. Carranza (Vizcaya)	66.50	
Hormigones Reinoso, S.A. Sole-Shareholder Company	Josefina de la Maza, 4 P.E. Piasca. Santander (Cantabria)	59.43	Price Waterhouse Coopers Auditores, S.L.
Hormigones Uniland, S.L. Sole-Shareholder Company	Ctra. Vilafranca del P. a Moja Km. 1. Olérdola (Barcelona)	35.93	Price Waterhouse Coopers Auditores, S.L.
Hormigones y Morteros Preparados, S.A. Sole-Shareholder Company	José Abascal, 59. Madrid	67.66	Deloitte, S.L.
Lemona Industrial, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	Deloitte, S.L.

Subsidiaries (fully consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
Morteros Bizkor, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	35.80	Deloitte, S.L.
Morteros Valderrivas, S.L. Sole-Shareholder Company	José Abascal, 59. Madrid	67.66	
Participaciones Estella 6, S.L. Sole-Shareholder Company	Estella, 6. Pamplona (Navarra)	67.66	
Portland, S.L.	José Abascal, 59. Madrid	67.66	Price Waterhouse Coopers Auditores, S.L.
Prebesec Mallorca, S.A.	Conradors, 48. Marratxi. Palma de Mallorca (Balearic Islands)	24.60	Price Waterhouse Coopers Auditores, S.L.
Prebesec, S.A. Sole-Shareholder Company	Torrenteres, 20 P.I. Sur. El Papiol (Barcelona)	35.93	Price Waterhouse Coopers Auditores, S.L.
Prefabricados Uniland, S.A. Sole-Shareholder Company	Córcega, 299. Barcelona	35.93	
Recisuelos, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
RH Enterprises (1993) Limited	United Kingdom	59.43	Bentley Jennison Co. UK
Santursaba, S.L. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
Select Béton, S.A.	Tunisia	31.64	Mourad Guellaty
Société des Ciments d'Enfida	Tunisia	31.64	Mourad Guellaty, Deloitte & Touche, S.A.
Southern Cement Limited	United Kingdom	36.00	Price Waterhouse Coopers Auditores, S.L.
Tecami Ofitas, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	Deloitte, S.L.
Telsa, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	
Telsa, S.A. y Compañía Sociedad Regular Colectiva	Alameda de Urquijo, 10. Bilbao (Vizcaya)	66.50	Deloitte, S.L.
Transportes Gorozteta, S.L. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	49.87	
Transportes Lemona, S.A.	Arraibi. Lemona (Vizcaya)	66.50	
Uniland Cementera, S.A.	Córcega, 299. Barcelona	35.93	Price Waterhouse Coopers Auditores, S.L.
Uniland International B.V.	The Netherlands	36.00	Price Waterhouse Coopers Auditores, S.L.
Uniland Marítima, S.L. Sole-Shareholder Company	Córcega, 299. Barcelona	35.93	Price Waterhouse Coopers Auditores, S.L.
Uniland Trading B.V.	The Netherlands	36.00	Price Waterhouse Coopers Auditores, S.L.
Uniland USA Llc.	U.S.A.	36.00	Price Waterhouse Coopers Auditores, S.L.
Utonka, S.A. Sole-Shareholder Company	Torrenteres, 20 P.I. Sur. El Papiol (Barcelona)	35.93	Price Waterhouse Coopers Auditores, S.L.
Other activities			
Afígesa Inversión, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13. Madrid	100.00	Price Waterhouse Coopers Auditores, S.L.
Asiris, S.A. Correduría de Seguros	Paseo de la Castellana, 111. Madrid	100.00	Deloitte, S.L.
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Cia General de Servicios Empresariales, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Corporación Española de Servicios, S.A.	Federico Salmón, 13. Madrid	100.00	
Corporación Financiera Hispánica, S.A.	Federico Salmón, 13. Madrid	100.00	
Europea de Gestión, S.A. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
Eusko Lanak, S.A.	Federico Salmón, 13. Madrid	100.00	
F-C y C, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC 1, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC Construcciones y Contratas Internacional, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC Finance, B.V.	The Netherlands	100.00	Price Waterhouse Coopers Auditores, S.L.
FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC Inmobiliaria Conycon, S.L. Sole-Shareholder Company	Federico Salmón, 13. Madrid	100.00	
FCC International B.V.	The Netherlands	100.00	Price Waterhouse Coopers Auditores, S.L.
Fedemes, S.L.	Federico Salmón, 13. Madrid	100.00	
Fir Re Société Anonyme	Luxembourg	100.00	Price Waterhouse Coopers Auditores, S.L.
Fomento Internacional FOCSA, S.A.	Federico Salmón, 13. Madrid	100.00	
Grucysa, S.A.	Plaza Pablo Ruiz Picasso. Madrid	100.00	Deloitte, S.L.
Per Gestora Inmobiliaria, S.L.	Plaza Pablo Ruiz Picasso. Madrid	80.00	CTA Auditores, S.A.
Puerto Cala Merced, S.A.	Arquitecto Gaudí, 4. Madrid	100.00	
T.A.C.K. Inversiones, S.L. Sole-Shareholder Company	Arquitecto Gaudí, 4. Madrid	100.00	

Appendix II Entities jointly controlled with non-Group third parties (proportionately consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
Environmental services			
Aguas de Langreo, S.L.	Alonso del Riesgo, 3. Sama de Langreo (Asturias)	49.00	Audinfo, S.L.
Aigües de Girona Salt i Sarrià de Ter, S.A.	Ciudadans, 11. Girona	26.89	
Atlas Gestión Medioambiental, S.A.	Viriato, 47. Barcelona	50.00	B.L.S. Auditores, S.L.
Beacon Waste Limited	United Kingdom	50.00	
Compañía de Servicios Medioambientales Do Atlantico, S.A.	Ctra. de Cedeira Km. 1. Narón (La Coruña)	49.00	Deloitte & Touche, S.A.
Depurplan 11, S.A.	Madre Rafols, 2. Zaragoza	50.00	
Ecoparc del Besós, S.A.	Rambla Cataluña, 91-93. Barcelona	49.00	Audinfo, S.L.
Ecoserveis Urbans de Figueres, S.L.	Avda. de les Alegries, s/n. Lloret de Mar (Girona)	50.00	
Electrorecycling, S.A.	Ctra. BV. 1224 Km. 6,750. El Pont de Vilomara i Rocafort (Barcelona)	33.34	
Empresa Mixta d'Aigües de la Costa Brava, S.A.	Plaza Josep Pla, 4. Girona	25.00	
Empresa Mixta de Aguas y Servicios, S.A.	Alarcos, 13. Ciudad Real	41.25	Centium Auditores, S.L.
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1. Torrox (Málaga)	50.00	Audinfo, S.L.
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Avda. Zorreras, 8. Rincón de la Victoria (Málaga)	50.00	Price Waterhouse Coopers Auditores, S.L.
Empresa Municipal de Aguas de Benalmádena, Emabesa, S.A.	Avda. Juan Luis Peralta, s/n. Benalmádena (Málaga)	50.00	Mazars Auditores, S.L.
Fisera Ecoserveis, S.A.	Germany, 5. Figueres (Girona)	36.35	Tax Consulting Auditoria, S.L.
Girona, S.A.	Travessera del Carril, 2. Girona	33.61	KPMG
Grupo Proactiva	Paseo de la Castellana, 216. Madrid	50.00	Deloitte, S.L.
Hades Soluciones Medioambientales, S.L.	Mayor, 3. Cartagena (Murcia)	50.00	
Inalia Cap Djinet, S.L.	Ulises, 18. Madrid	50.00	
Inalia Mostaganem, S.L.	Gobelas, 47-49. Madrid	50.00	
Ingeniería Urbana, S.A.	Avda. Saturno, 6. Alicante	35.00	Deloitte, S.L.
Mercia Waste Management, Ltd.	United Kingdom	50.00	Deloitte & Touche, S.A.
Pilagest, S.L.	Ctra. BV. 1224 Km. 6,750. El Pont de Vilomara i Rocafort (Barcelona)	50.00	
Reciclado de Componentes Electrónicos, S.A.	Johan G. Gutemberg, s/n. Seville	37.50	
Servicios de Limpieza Integral de Málaga III, S.A.	Camino de la Térmica, 83. Málaga	26.01	Price Waterhouse Coopers Auditores, S.L.
Servicios Urbanos de Málaga, S.A.	Ulises, 18. Madrid	51.00	
Severn Waste Services Limited	United Kingdom	50.00	Deloitte & Touche, S.A.
Sociedad de Explotación de Aguas Residuales, S.A.	Bruc, 49. Barcelona	50.00	KPMG
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4. Madrid	50.00	KPMG
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91. Barcelona	33.33	
Zabalgardi, S.A.	Camino de Artigas, 10. Bilbao (Vizcaya)	26.00	
Versia			
Almeraya, S.A.	Ulises, 18. Madrid	25.00	Ernst & Young, S.A.
Compañía Andaluza Auxiliar de Transportes, S.L.	Córdoba, 7. Málaga	50.00	
Convery Service, S.A.	Camino de los Afligidos P.I. La Esgaravita, 1 Alcalá de Henares (Madrid)	50.00	
Corgobús Transportes Urbanos de Vila Real Sociedade Unipessoal Lda.	Portugal	50.00	
Corporación Española de Transporte, S.A.	Ulises, 18. Madrid	50.00	Ernst & Young, S.A.
Corporación Jerezana de Transportes Urbanos, S.A. Sole-Shareholder Company	P.I. El Portal. Jerez de la Frontera (Cádiz)	50.00	Ernst & Young, S.A.
Detren Compañía General de Servicios Ferroviarios, S.L.	Ulises, 18. Madrid	50.00	Ernst & Young, S.A.
FCC-Connex Corporación, S.L.	Ulises, 18. Madrid	50.00	Ernst & Young, S.A.
Sociedad Operadora del Tranvía de Parla, S.L.	Ulises, 18. Madrid	33.55	

Entities jointly controlled with non-Group third parties (proportionately consolidated)

Company	Registered office	Effective Percentage of Ownership	Auditor
Transportes Urbanos de Sanlúcar, S.A.	Ctra. Jerez Km. 1. Sanlúcar de Barrameda (Cádiz)	29.84	Attest Cosulting, S.L.
Transports Municipals d'Egara, S.A.	Ctra. Nacional 150 Km. 15. Terrasa (Barcelona)	40.00	Xavier Martínez Ribas
Valenciana de Servicios I.T.V., S.A.	P.I. El Oliveral. Ribarroja de Turia (Valencia)	50.00	C.T.A. Auditores, S.A.
Construction			
Construcciones Olabarri, S.L.	Ripa, 1. Bilbao (Vizcaya)	49.00	
Dragados FCC, Canada Inc.	Canada	50.00	
Peri 3 Gestión, S.L.	General Álava, 26. Vitoria Gasteiz (Álava)	50.00	
Cement			
Atlántica de Graneles y Moliendas, S.A.	Vía Galindo, s/n. Sestao (Vizcaya)	33.25	
Cementos Artigas, S.A.	Uruguay	18.00	Echevarría Petit & Asociados
Cementos Avellaneda, S.A.	Argentina	18.00	Maria Wainstein & Asociados
Freshmarkets, S.A.	Uruguay	18.00	
Minus Inversora, S.A.	Argentina	18.00	Mario Wainstein & Asociados
Prebesec France, S.A.S.	France	18.00	

Appendix III Associates (accounted for using the equity method)

Company	Registered office	Carrying Amount of the Investment		Effective Percentage of Ownership	Auditor
		2006	2005		
Environmental services					
A.B.G. Servicios Medioambientales, S.A.	Colón de Larreátegui, 26. Bilbao (Vizcaya)	(3)	79	20.00	
Aguas de Denia, S.A.	Pare Pere, 17. Denia (Alicante)	404	300	33.00	
Aguas de Ubrique, S.A.	Avda. España, 9. Ubrique (Cádiz)	44	44	49.00	
Aigües de Blanes, S.A.	Canigó, 5. Blanes (Girona)	59	53	16.47	
Aprochim Getesarp Rymoil, S.A.	P.I. Logrenzana La Granda. Carreño (Asturias)	960	687	23.49	
Aragonesa de Recuperaciones Medioambientales XXI, S.A.	Ctra. Castellón Km. 58. Zaragoza	70	–	34.00	
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58. Zaragoza	99	–	33.00	
Clavegueram de Barcelona, S.A.	Acer, 16. Barcelona	954	973	20.33	
Conducció del Ter, S.L.	Bourg de Peage, 89. Sant Feliu de Gíxols (Girona)	39	37	48.00	
EMANAGUA Empresa Mixta Municipal de Aguas de Níjar, S.A.	Plaza de las Glorietas, 1. Níjar (Almería)	215	248	49.00	Audinfor, S.L.
Empresa Municipal de Aguas de Algeciras, S.A.	Avda. Virgen del Carmen. Algeciras (Cádiz)	232	175	49.00	Mazars Auditores, S.L.
Empresa Municipal de Aguas de Toxiria, S.A.	Pz. de la Constitución, 1. Torredonjimeno (Jaén)	97	102	49.00	Centium Auditores, S.L.
Generavila, S.A.	Plaza de la Catedral, 11. Ávila	282	–	36.00	Audinfor, S.L.
Gestión Integral de Residuos Sólidos, S.A.	Santa Amalia, 2. Valencia	1,789	1,740	49.00	
ASA Group:	Austria	5,891	–		Price Waterhouse Coopers Auditores, S.L.
ASA + AVE Környezetvédelmi H Kft	Hungary	–	–	50.00	
ASA Hlohovec s.r.o.	Slovakia	–	–	50.00	
ASA Lubliniec sp. z o.o.	Poland	–	–	44.80	
ASA Marcelová s.r.o.	Slovakia	–	–	49.00	
ASA TS Prostějov s.r.o.	Czech Republic	–	–	49.00	
AKSD Városgazdálkodási Korlátolt FT	Hungary	–	–	51.00	
ASTV s.r.o.	Czech Republic	–	–	49.00	
Avermann-Hungária Kft	Hungary	–	–	35.00	
Bihari Hulladékgazdálkodási Kft	Hungary	–	–	12.50	
Börzsöny-Cserhát Környezetvédelmi És HKK	Hungary	–	–	35.00	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	49.00	
Killer GmbH	Austria	–	–	50.00	
Killer GmbH & Co KG	Austria	–	–	50.00	
Müllumladestation Ostregion GmbH & Co KG	Austria	–	–	33.33	
Recopap s.r.o.	Slovakia	–	–	50.00	
Repap Czech spol. s r.o.	Czech Republic	–	–	50.00	
SaNo CB s.r.o.	Czech Republic	–	–	50.00	
Technické a Stavební Služby AS	Czech Republic	–	–	50.00	
Tirme Group	Ctra. Soller Km. 8,2 Camino de Son Reus Palma de Mallorca (Balearic Islands)	5,799	4,557	20.00	
Waste Recycling Group	United Kingdom	–	–		KPMG
Goole Renewable Energy Limited	United Kingdom	–	–	20.00	
Energylinc Limited	United Kingdom	–	–	50.00	
Shelford Composting Limited	United Kingdom	–	–	50.00	
La Unión Servicios Municipales, S.A.	Salvador Pascual, 7. La Unión (Murcia)	116	117	49.00	Centium Auditores, S.L.
Nueva Sociedad de Aguas de Ibiza, S.A.	Avda. Bartolomé de Roselló, 18. Ibiza (Balearic Islands)	86	94	40.00	
Pallars Jussà Neteja i Serveis, S.A.	Pau Casals, 14. Tremp (Lleida)	16	25	40.80	
Proveïments d'Aigua, S.A.	Asturies, 13. Girona	181	155	15.12	
Sera Q A Duitama E.S.P., S.A.	Colombia	16	29	30.60	
Shariket Miyeh Ras Djinet, S.p.A.	Algeria	533	–	25.50	
Shariket Tahlya Miyah Mostaganem, S.p.A.	Algeria	533	–	25.50	
Sogecar, S.A.	Polígono Torrelarragoiti. Zamudio (Vizcaya)	228	168	30.00	
Versia					
Bus Turístico de Málaga, S.L.	Paseo de los Tilos-Estación de Autobuses. Málaga	74	77	20.00	
ITV Córdoba, S.A.	Argentina	85	82	30.00	Price Waterhouse Coopers Auditores, S.L.
ITV Probús, S.L.	Castelló, 66. Madrid	56	61	20.00	

Associates (accounted for using the equity method)

Company	Registered office	Carrying Amount of the Investment		Effective Percentage of Ownership	Auditor
		2006	2005		
Construction					
Aigües del Segarra Garrigues, S.A.	Plaza del Carmen, 15. Tárrega (Lleida)	4,058	3,330	24.00	
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.	Saturno, 1. Pozuelo de Alarcón (Madrid)	37,635	24,934	35.75	
Autopistas del Sol, S.A.	Costa Rica	1,196	–	35.00	Deloitte & Touche, S.A.
Autopistas del Valle, S.A.	Costa Rica	4,252	2,966	35.00	Deloitte & Touche, S.A.
Autovía del Camino, S.A.	Leyre, 11. Pamplona (Navarra)	10,521	9,649	40.00	Deloitte, S.L.
BBR VT International Ltd.	Switzerland	1,017	1,035	22.50	
Cedinsa Eix del Llobregat Concesionaria de la Generalitat de Catalunya, S.A.	Travesera de Gracia, 58. Barcelona	8,772	1,797	34.00	Deloitte, S.L.
Cleon, S.A.	Avda. General Perón, 36. Madrid	25,287	25,252	25.00	KPMG
Compañía Tecnológica de Corella Construcción, S.A.	P.I. s/n. Corella (Navarra)	(91)	57	49.00	Goldwyns, S.L.
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	906	202	44.99	
Concesiones Aeroportuarias, S.A.	Avda. Hermanos Bou, 22.Castellón de la Plana (Castellón)	3,450	41	30.00	
Concesiones de Madrid, S.A.	Avda. Europa, 18 P.E. La Moraleja Alcobendas (Madrid)	15,385	15,087	33.33	Deloitte, S.L.
Constructora San José-San Ramón SJSR, S.A.	Costa Rica	65	–	33.00	
Desarrollos y Promociones Costa Cálida, S.A.	Saturno, 1. Pozuelo de Alarcón (Madrid)	265	–	35.75	
Elaboración de Cajones Pretensados, S.L.	Avda. General Perón, 36. Madrid	2	2	50.00	
Gesi-9, S.A.	Plaza del Duque, s/n. Alcalá de Guadaira (Seville)	13,012	–	74.90	
Cedinsa Concesionaria Group	Tarragona, 141. Barcelona	3,734	940	34.00	
Foment de Construccions i Consulting Group	Andorra	–	–	33.30	
Tacel Group	Rozabella, 6 Europa Empresarial. Las Rozas de Madrid (Madrid)	–	16,650	44.64	KPMG
Hospital del Sureste, S.A.	O'Donnell, 4. Madrid	2,356	374	33.33	
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)	10,377	2,541	50.00	Deloitte, S.L.
Las Palmeras de Garrucha, S.L.	Mayor, 19. Garrucha (Almería)	1,170	1,395	20.00	
Madrid 407 Sociedad Concesionaria, S.A.	Pedro Teixeira, 8 Edif. Iberia Mart. Madrid	4,736	1,378	50.00	
Marina de Laredo, S.A.	Pasaje de Puntida, 1. Santander (Cantabria)	85	106	42.50	
Marina de l'Empordà, S.A.	Avda. Diagonal, 512. Barcelona	15	15	20.00	
Marina Port Vell, S.A.	Varadero, s/n Edif. Torre de Control. Barcelona	1,648	1,517	30.66	LAES Nexia
MDM-Teide, S.A.	Panama	1,139	–	50.00	
Metro de Málaga, S.A.	Martínez, 11. Málaga	20,452	15,289	26.73	Ernst & Young
Nàutic Tarragona, S.A.	Edificio Club Náutico, Puerto Deportivo. Tarragona	444	378	25.00	
Nova Bocana Barcelona, S.A.	Avda. Josep Tarradellas, 123. Barcelona	2,684	248	25.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	2	–	50.00	Deloitte, S.L.
Operador Logístico Integral de Graneles, S.A.	Explanada de Aboño. Puerto del Musel. Gijón (Asturias)	1,275	1,127	20.00	Dª María Coto Milán R.O.A.C.
Port Premià, S.A. -in liquidation-	Balmes, 36. Barcelona	(555)	(555)	39.72	
Port Torredembarra, S.A.	Edificio Capitanía Puerto Deportivo y Pesquero. Torredembarra (Tarragona)	731	751	24.08	
Portsur Castellón, S.A.	Muelle Serrano Lloberas, s/. El Grao (Castellón)	146	150	30.00	LAES Nexia
Promvias XXI, S.A.	Vía Augusta, 255 Local 4. Barcelona	15	15	25.00	
Ruta de los Pantanos, S.A.	Avda. Europa, 18 P.E. La Moraleja Alcobendas (Madrid)	2,182	1,709	25.00	Deloitte, S.L.
Teide Gestión del Sur, S.L.	Avda. Luis Montoto, 107. Seville	3,150	–	45.00	
Teide-MDM Quadrat, S.A.	Panama	190	–	50.00	
Terminal Polivalente de Castellón, S.A.	Muelle del Centenario (Terminal B). El Grao (Castellón)	1,870	2,662	45.00	
Terminal Polivalente de Huelva, S.A.	La Marina, 29. Huelva	(263)	5	31.50	
Torres Porta Fira, S.A.	Mestre Nicolau, 19. Barcelona	8,672	8,648	40.00	
Tramvia Metropolità del Besós, S.A.	Córcega, 270. Barcelona	6,445	5,507	22.44	

Company	Registered office	Carrying Amount of the Investment		Effective Percentage of Ownership	Auditor
		2006	2005		
Tramvia Metropolità, S.A.	Córcega, 270. Barcelona	6,018	5,240	22.44	
Tranvía de Parla, S.A.	Soledad, 1 A. Parla (Madrid)	2,993	732	37.50	Deloitte, S.L.
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra	Andorra	7,210	6,380	40.00	KPMG
Urbs Iudex et Causidicus, S.A.	Tarragona, 161. Barcelona	(4,857)	(10,866)	29.00	
Vivero del Río Razón, S.L.	Camino del Guardatillo. Valdeavellano de Tera (Soria)	2	2	48.00	
Cement					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero. Cueva Cardiel (Burgos)	596	371	31.35	
Áridos Unidos, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	40	–	25.70	
Canteras y Hormigones Quintana, S.A.	Ctra. Santander-Bilbao Km. 184. Barcena de Cicero (Cantabria)	3,975	2,609	17.83	Enrique Campos
Carbocem, S.A.	Paseo de la Castellana, 45. Madrid	–	411	51.13	KPMG
Canteras y Hormigones VRE, S.A.	Arieta, 13. Estella (Navarra)	2,012	1,814	33.83	KPMG
Comercial de Prefabricados Lemona, S.A.	Barrio Inzunza, 1. Lemona (Vizcaya)	18	–	28.46	
Ecofond, S.A.	Paseo Mikeletegi, 2 Edificio Inasmet. San Sebastián (Guipúzcoa)	196	–	9.96	
Ecofuel, S.A.	Camino Arnesl, 19. Bilbao (Vizcaya)	112	–	16.62	
Exponor, S.A. -in liquidation-	Alameda de Urquijo, 10. Bilbao (Vizcaya)	1	1	15.56	
Cementos Lemona Group	Alameda de Urquijo, 10. Bilbao (Vizcaya)	–	43,500	30.79	
Hormigones Calahorra, S.A.	Brebicio, 25. Calahorra (La Rioja)	184	173	33.90	
Hormigones Castro, S.A.	Ctra. Irún-La Coruña Km. 153. Islares. (Cantabria)	453	436	23.77	
Hormigones del Baztán, S.L.	Suspeltxiki, 25. Vera de Bidasoa (Navarra)	800	764	33.83	
Hormigones Delfín, S.A.	Venta Blanca. Peralta (Navarra)	896	869	33.83	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 0. Valtierra (Navarra)	1,666	1,581	33.83	
Hormigones Galizano, S.A.	Ctra. Irún-La Coruña Km. 184. Gama (Cantabria)	311	299	29.72	
Hormigones Reinares, S.A.	Bretón de los Herreros, 8. Calahorra (La Rioja)	896	741	33.83	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Biescas. Sabiñanigo (Huesca)	6,291	4,470	33.83	KPMG
Lázaro Echevarría, S.A.	Isidoro Melero. Alsasua (Navarra)	9,221	8,781	18.95	KPMG
Navarra de Transportes, S.A.	Ctra. Pamplona-Vitoria Km. 52. Olazagutia (Navarra)	1,175	1,010	22.55	KPMG
Neuciclaje, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	777	–	22.12	
Novhorvi, S.A.	Portal de Gamara, 25. Vitoria Gasteiz (Álava)	313	263	16.80	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona. Barcelona	176	–	8.98	
Prefabricados Lemona, S.A.	Barrio Inzunza, 1. Lemona (Vizcaya)	(231)	–	28.46	
Prefabricados Levisa, S.A.	Capitán Velasco, 20. Málaga	412	–	27.51	
Quinsa Prefabricados de Hormigón, S.L. Sole-Shareholder Company	Ctra. S. Sebastián-Coruña Km. 184. Barcena de Cicero (Cantabria)	(2)	–	17.83	
Silos y Morteros, S.L.	Ctra. de Pamplona Km. 1. Logroño (La Rioja)	293	270	22.55	
Terminal Cimentier de Gabes-Gie	Tunisia	4	–	10.54	
Terrenos Molins, S.L.	Llobregat. Molins de Rei (Barcelona)	4	–	8.98	
Transportes Cántabros de Cemento Portland, S.L.	Ctra. S. Sebastián-Coruña Km. 184. Barcena de Cicero. (Cantabria)	181	–	17.83	
Other activities					
Realia Business Group	Paseo de la Castellana, 216. Madrid	296,455	256,524	49.17	Deloitte, S.L.
Total value of companies accounted for using the equity method		555,878	481,380		

Appendix IV Changes in the scope of consolidation

Additions	Registered office	Additions	Registered office
Fully consolidated companies			
ACQUE DI CALTANISSETTA, S.P.A.	Italy	ALTEC UMWELTECHNIK GMBH	Austria
AEROPORTI DI ROMA HANDLING S.P.A.	Italy	APT ALPINE PROJECT TECHNOLOGY GMBH	Austria
AGREGATS UNILAND, SARL	France	ARCHITEC BAUTRAGER GMBH	Austria
ALQUILERES Y TRANSPORTES, S.A. -Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	ARN ASPHALT UND RECYCLING GMBH	Germany
ARENAS Y HORMIGONES MUÑORRODERO, S.A. -Sole-Shareholder Company-	Alameda de Urquijo, 10. Bilbao (Vizcaya)	ARN ASPHALT UND RECYCLING GMBH & CO KG	Germany
ÁRIDOS UNILAND, S.A. -Sole-Shareholder Company	Torrentes, 20 P.I. Sur. El Papiol (Barcelona)	BA-ÉP BALATON ASZFALT ES ÉPÍTŐ KFT	Hungary
ARRIBERRI, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	BAUGESELLSCHAFT MBH KONRAD BEYER & CO SPEZIALBAU GMBH	Austria
AZINCOURT INVESTMENT, S.L. -Sole-Shareholder Company	Federico Salmón, 13. Madrid	BAUTECHNISCHE PRÜF UND VERSUCHSANSTALT GMBH	Austria
CANTERA GALDAMES II, S.A. -Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	BETOTRUB OSTRAVA SRO	Czech Republic
CANTERAS DEL PIRINEO OCCIDENTAL, S.A.	Estella, 6. Pamplona (Navarra)	BRUNO FREIBAUER GMBH	Austria
CANTERAS Y CONSTRUCCIONES DE VIZCAYA, S.A.	Barrio La Cadena, 10. Carranza (Vizcaya)	BÜROZENTRUM U3 PROJEKT GMBH	Austria
CEMENTOS LEMONA, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	CONEX WARENHANDELS GMBH	Austria
CEMUSA NY, LLC.	U.S.A.	CPI CZECH PROPERTY INVEST AG	Austria
CISTERNAS LEMONA, S.L. -Sole-Shareholder Company	Barrio Arraibi, s/n. Lemona (Vizcaya)	E GOTTSCHALL & CO GMBH	Germany
CONSTRUCTORA TUNEL DE COATZACOALCOS, S.A. DE C.V.	Mexico	EMBERGER & ESSL GMBH	Austria
CORPORACIÓN UNILAND, S.A.	Córcega, 299. Barcelona	EMBERGER & HUEBERGER BAU GMBH	Austria
EGUR BIRZIKLATU BI MILA, S.L.	Barrio Olazar, 2. Zeberio (Vizcaya)	ERFURTH SPEZIALBAU GMBH	Austria
ELCEN OBRAS SERVICIOS Y PROYECTOS, S.A.	Voluntarios Catalanes, 30. Madrid	ERFURTH SPECIALNE GRADNJE D O O	Slovenia
ENVIROPOWER INVESTMENTS, LIMITED	United Kingdom	FEBAREST LTD	Cyprus
FCC CONSTRUCTION INC.	U.S.A.	FELS UND SPRENGTECHNIK GMBH	Austria
GESTIÓN ESPECIALIZADA EN INSTALACIONES, S.A.	Valentín Beato, 24. Madrid	FERRO-BETONIT-WERKE IMMOBILIEN GMBH	Austria
GIANT CEMENT HOLDING, INC.	U.S.A.	FRITZ & CO BAU GMBH	Austria
GRUCYCSA, S.A.	Plaza Pablo Ruiz Picasso. Madrid	FROHLICH BAU UND ZIMMEREIUNTERNEHMEN GMBH	Austria
ALPINE GROUP:		G UND T BAU GMBH	Germany
3 G NETZWERK ERRICHTUNGS GMBH	Austria	GARAZNA HISA DOO	Slovenia
3 G NETZWERK ERRICHTUNGS GMBH & CO KG	Austria	GINZKEYPLATZ LIEGENSCHAFTSVERWERTUNGS GMBH	Austria
ACOTON PROJEKTMANAGEMENT & BAUTRÄGER GMBH	Austria	GRANITUL, S.A.	Romania
AD GRUNDBESITZVERWALTUNG GMBH	Germany	GREGORICH GMBH	Austria
AJS ACOTON PROJEKTMANAGEMENT & BAUTRAGER GMBH & CO KG	Austria	GRUND PFAHL UND SONDERBAU GMBH	Austria
ALPINE, S.A.	Romania	GRUND UND SONDERBAU GMBH	Austria
ALPINE ALEKSANDAR DOO	Macedonia	HAZET BAUUNTERNEHMUNG GMBH	Austria
ALPINE BAU DEUTSCHLAND AG	Germany	HOCH & TIEF BAU BETEILIGUNGS GMBH	Austria
ALPINE BAU TROSTBERG GMBH	Germany	ING HADERER ARNULF GMBH	Austria
ALPINE BAU ZAGREB DOO	Croatia	INTECH INSTALLATIONSTECHNIK GMBH	Austria
ALPINE BH DOO TRAVNIK	Bosnia Herzegovina	JAM ASPHALT GMBH	Austria
ALPINE BULGARIA AD	Bulgaria	KAI CENTER ERRICHTUNGS UND VERMIETUNGS GMBH	Austria
ALPINE CONSULTING DOO GRADBENI INZENIRING	Slovenia	KAPREITER MINSCHANLAGEN GMBH	Germany
ALPINE DOLOMIT AD	Serbia	KLOCHER BAU GMBH	Austria
ALPINE DOO SERBIEN	Serbia	MAS BAU PROJEKT UND HANDELS GMBH	Austria
ALPINE ENERGIE DEUTSCHLAND GMBH	Germany	MAYREDER BAU GMBH BUDAPEST	Hungary
ALPINE ENERGIE GESELLSCHAFT F ELEKTRISCHE U	Austria	MAYREDER BOHEMIA STAVEBNI SPOLECNOST SPOL SRO	Czech Republic
INDUSTRIELLE UNTERNEHMUNGEN GMBHALPINE ENERGIE HOLDING AG	Germany	MAYREDER HOCH UND TIEFBAU GMBH	Austria
ALPINE ENERGIE LUXEMBOURG SARL	Luxembourg	MAYREDER PRAHA STAVEBNI SPOLEC SPOL SRO	Czech Republic
ALPINE ENERGIE LUXEMBOURG SARL & CIE SECS	Luxembourg	MLA LIEFERASPHALT GMBH	Austria
ALPINE ENERGIE NETWORKS AG	Switzerland	MMU GLEISBAUGERÄTEVERMIETUNG GMBH	Austria
ALPINE GRANIT AD	Serbia	MORTINGER-GROHMANN GMBH	Austria
ALPINE HOLDING GMBH	Austria	MWG WOHNBAU GMBH	Austria
ALPINE INVESTMENT DOO	Bosnia Herzegovina	NETZBAU VERWALTUNGS GMBH	Germany
ALPINE INZENIRING GRADBENO PODJETJE DOO -In liquidation-	Slovenia	OEKOTECHNA ENTSORGUNGS UND UMWELTECHNIK GMBH	Austria
ALPINE IPS OSTRAVA POLSKA SP ZOO	Poland	PARKGARAGE MAKARTPLATZ GMBH	Austria
ALPINE KRAKBAU SP ZOO	Poland	PROJECT DEVELOPMENT GMBH	Austria
ALPINE MAYREDER & TABCON LTD	Ghana	RMG DOO	Bosnia Herzegovina
ALPINE MAYREDER BAU DOO MARIBOR. -In liquidation-	Slovenia	S C SCAEP GIURGIU PORT, S.A.	Romania
ALPINE MAYREDER BAU GMBH	Austria	S P CO FLOREASCA SRL	Romania
ALPINE MAYREDER CONSTRUCTION CO LTD AMCC	China	SALZBURG CENTER DEVELOPMENT AG	Poland
ALPINE MAYREDER GMBH SCHWEIZ	Switzerland	SALZBURGER LIEFERASPHALT OHG	Austria
ALPINE MAYREDER LIEGENSCHAFTSVERWERTUNG GMBH	Austria	SCHAUER EISENBAHNBAU GMBH	Austria
ALPINE MAYREDER ROMANIA SRL	Romania	SENOVSKA STAVEBNI SRO V LIKVIDACI	Czech Republic
ALPINE MAYREDER SERVICES GMBH SCHWEIZ	Switzerland	SILASFALT SRO	Czech Republic
ALPINE PODGORICA DOO	Montenegro	SONG CONSULTING GMBH	Austria
ALPINE PROJECT FINANCE AND CONSULTING GMBH	Germany	STUMP FUNDINGSTECHNIK BV -In liquidation-	The Netherlands
ALPINE PZPB DOO SERBIEN	Serbia	STUMP HYDROBUDOWA SP ZOO WARSZAWA	Poland
ALPINE RUDNIK KRECNIJAKA LAPISNICA DOO	Bosnia Herzegovina	STUMP SPEZIAL TIEFBAU GMBH	Czech Republic
ALPINE SLOVAKIA SPOL SRO	Slovakia	STUMP SPEZIAL TIEFBAU SPOL SRO PRAG	Czech Republic
ALPINE STAVEBNI SPOLECNOST CZ SRO	Czech Republic	THALIA ERRICHTUNGS UND VERMIETUNGS GMBH	Austria
		TIEFBAU DEUTSCHLANDSBERG GMBH	Austria

Appendix IV

Additions	Registered office	Additions	Registered office
TIEFBAU DEUTSCHALNDSBERG GMBH & CO KG	Germany	ASA HP SPOL SRO	Czech Republic
TOO APLINE KAZ	Kazakhstan	ASA INTERNATIONAL ENVIRONMENTAL SERVICES GMBH	Austria
UNIVERSALE BAU GMBH	Austria	ASA KISALFÖLD SZÁLLÍTÓ KÖRNYEZETVÉDELMI ÉS H KFT	Hungary
UNO-CENTER SRO KONKURS	Czech Republic	ASA KOSICKÉ OLSANY SRO	Slovakia
VELA BOROVICA KONCERN DOO	Croatia	ASA LIBEREC SRO	Czech Republic
WALTER HAMANN HOCH TIEF UND STAHLBETONBAU GMBH	Germany	ASA MAGYARORSZÁG KÖRNYEZETVÉDELEM ÉS H KFT	Hungary
WEINFRIED BAUTRÄGER GMBH	Austria	ASA ODPADY LITOVEL SRO	Czech Republic
ABO ASPHALT-BAU OEYNHAUSEN GMBH	Germany	ASA OLSAVA SPOL SRO	Slovakia
AE STADTLAND DOO	Germany	ASA POL SPOL SRO	Czech Republic
ASFALNA CESTA DOO	Croatia	ASA POSÁZAVÍ SRO	Czech Republic
ASPHALTMISCHWERK BETRIEBS GMBH & CO KG	Austria	ASA SLOVENSKO SPOL SRO	Slovakia
ASPHALTMISCHWERK GREINSFURTH GMBH	Austria	ASA SLUZBY ZABOVRESKY SRO	Czech Republic
ASPHALTMISCHWERK GREINSFURTH GMBH & CO KG	Austria	ASA SPOL SRO	Czech Republic
ASPHALTMISCHWERK LEOPOLDAU GMBH	Austria	ASA TRANAVA SPOL SRO	Slovakia
ASPHALTMISCHWERK STEYREGG GMBH & CO KG	Austria	ASA USLUGE ZA ZASTITU OKOLISA DOO	Croatia
AWT ASPHALTWERK GMBH	Austria	ASA V.O.D.S. SANACIE SRO	Slovakia
AWW ASPHALTMISCHWERK WÖBLING GMBH	Austria	ASA ZABICE SPOL SRO	Czech Republic
BAUSTOFEE HANDRICK GMBH	Germany	ASA ZOHOR SPOL SRO	Slovakia
DOLOMIT-BETON LIEFERBETONWERK GMBH	Austria	ABFALLWIRTSCHAFTSZENTRUM MOSTVIERTEL GMBH	Austria
DRAUBETON GMBH	Austria	BEC ODPADY SRO	Czech Republic
EVW ENERGIEVERSORGUNG GMBH	Austria	EKO SERWIS SP ZOO	Poland
HEMMELMAIR FRÜSTECHNIK GMBH	Austria	ENTSORGA ENTSORGUNGS GMBH NFG KG	Austria
KIESWERK-BETRIEBS GMBH & CO KG	Austria	ENVICON G SRO	Czech Republic
KONSORCIUM AUTOSTRADA SLASK AG	Poland	ERD-KOM ÉRDI KOMMUNÁLIS HULLADÉKKEZELŐ	Hungary
RBA RECYCLING UND BETONANLAGEN GMBH & CO NFG KG	Austria	ESKO – ASA SRO	Czech Republic
RFM ASPHALTMISCHWERK GMBH	Austria	INERTA ABFALLBEHANDLUNGS GMBH	Austria
RFM ASPHALTMISCHWERK GMBH & CO KG	Austria	MATRA-KOM HULLADÉKGAZDÁLKODÁSI SZOLGÁLTATÓ KFT	Hungary
RFM KIES GMBH	Austria	MIEJSKA PRZEDSIĘBIORSTWO GOSPODARKI KOMUNALNEJ SP ZOO ZABRZE	Poland
RFPB KIESWERK GMBH	Austria	POLABSKA SRO	Czech Republic
RFPB KIESWERK GMBH & CO KG	Austria	QUAIL SPOL SRO	Czech Republic
TRANSPORTBETON UND ASPHALT GMBH & CO KG	Austria	REGIOS AS	Czech Republic
TSK SAND UND KIES GMBH	Germany	S C ASA SERVICII ECOLOGICE SRL	Romania
WALDVIERTLER LIEFERASPHALT GMBH & CO KG	Austria	SÁRRÉTTI KÖZTERÜLET-FENNTARTÓ KFT	Hungary
ZIEGELWERK FREITAL EDER GMBH	Germany	SC VALMAX IMPEX SRL	Romania
ASA GROUP:		SIEWIERSKIE PRZEDSIĘBIORSTWO GOSPODARKI KOMUNALNEJ SP ZOO	Poland
ASA ABFALL SERVICE AG	Austria	TECHNICKÉ SLUZBY – A S ASRO	Slovakia
ASA ABFALL SERVICE BETRIEBS GMBH	Austria	TEXTIL VERWERTUNG GMBH	Austria
ASA ABFALL SERVICE HALBENRAIN GMBH	Austria	TORES – TECHNICKÉ, OBCHODNÍ A REKREACNÍ SLUZBY AS	Czech Republic
ASA ABFALL SERVICE HALBENRAIN GMBH & CO NFG KG	Austria	WASTE CITY SPOL SRO –In liquidation-	Slovakia
ASA ABFALL SERVICE INDUSTRIEVIERTEL BETRIEBS GMBH	Austria	WASTE RECYCLING GROUP:	
ASA ABFALL SERVICE INDUSTRIEVIERTEL GMBH & CO NFG KG	Austria	3C HOLDINGS LIMITED	United Kingdom
ASA ABFALL SERVICE NEUNKIRCHEN GMBH	Austria	3C WASTE LIMITED	United Kingdom
ASA ABFALL SERVICE OBERÖSTERREICH GMBH	Austria	ADVANCED NATURAL FUELS LIMITED	United Kingdom
ASA ABFALL SERVICE WIENER NEUSTADT GMBH	Austria	AIRDRIEHILL QUARRIES LIMITED	United Kingdom
ASA ABFALL SERVICE ZISTERSDORF GMBH	Austria	ALLINGTON WASTE COMPANY LIMITED	United Kingdom
ASA ABFALL SORTIERANLAGE ASTEN BETRIEBS GMBH NFG KG	Austria	ANTI-RUBBISH LIMITED	United Kingdom
ASA ABFALLSERVICE HALBENRAIN GESELLSCHAFT GMBH & CO NFG KG	Austria	ANTI-WASTE (RESTORATION) LIMITED	United Kingdom
ASA AREAL SPOL SRO	Czech Republic	ANTI-WASTE LIMITED	United Kingdom
ASA ČESKÉ BUDĚJOVICE SRO	Czech Republic	ARNOLD WASTE DISPOSAL LIMITED	United Kingdom
ASA DACICE SRO	Czech Republic	ARPLEY GAS LIMITED	United Kingdom
ASA EKO BIH DOO	Bosnia Herzegovina	BDR WASTE DISPOSAL LIMITED	United Kingdom
ASA EKO POLSKA SP ZOO	Poland	CLWR MANAGEMENT 2001 LIMITED	United Kingdom
ASA EKO SRO	Slovakia	DARRINGTON QUARRIES LIMITED	United Kingdom
ASA EKO ZNOJMO SRO	Austria	DERBYSHIRE WASTE LIMITED	United Kingdom
ASA EKOLOGICKÉ SLUZBY SPOL SRO	Slovakia	EAST WASTE LIMITED	United Kingdom
ASA EKOLSKI SERVIS DOO	Slovakia	ECONOWASTE LIMITED	United Kingdom
ASA ES DOO	Serbia	FINSTOP LIMITED	United Kingdom
ASA ES ÚNANOV SRO	Czech Republic	GREEN WASTE SERVICES LIMITED	United Kingdom
ASA FINANZDIENSTLEISTUNGEN GMBH	Austria	GWS (HOLDINGS) LIMITED	United Kingdom
ASA HŐDMEZŐVÁSÁRHELY KÖZTISZTÁSAI KFT	Hungary	HERRINGTON LIMITED	United Kingdom

Inclusions	Registered office	Inclusions	Registered office
HUMBERSIDE WASTEWISE WASTE MANAGEMENT SERVICES LIMITED	United Kingdom	SELECT BETON, S.A.	Tunisia
INTEGRATED WASTE MANAGEMENT LIMITED	United Kingdom	SENBLÉN BAT, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)
KENT ENERGY LIMITED	United Kingdom	SEVEROMORAVSKÉ VODOVODY A KANALIZACE OSTRAVA AS	Czech Republic
KENT ENVIROPOWER LIMITED	United Kingdom	SMVAK-INZENYRING SRO	Czech Republic
LANDFILL MANAGEMENT LIMITED	United Kingdom	SOCIÉTÉ DES CEMENTS D'ENFIDA	Tunisia
LINCWASTE LIMITED	United Kingdom	SOUTHERN CEMENT LIMITED	United Kingdom
MEADSHORES LIMITED	United Kingdom	TACK INVERSIONES, S.L. Sole-Shareholder Company	Arquitecto Gaudi, 4. Madrid
NORFOLK WASTE LIMITED	United Kingdom	TECAMI OFITAS, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)
OXFORDSHIRE WASTE LIMITED	United Kingdom	TELSA, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)
PAPER PRODUCT DEVELOPMENTS LIMITED	United Kingdom	TELSA, S.A. Y COMPAÑÍA SOCIEDAD REGULAR COLECTIVA	Alameda de Urquijo, 10. Bilbao (Vizcaya)
PENNINE WASTE MANAGEMENT LIMITED	United Kingdom	TEMA CONCESIONARIA, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)
RE3 HOLDING LIMITED	United Kingdom	TRANSPORTES GOROZTETA, S.L. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)
RE3 LIMITED	United Kingdom	TRANSPORTES LEMONA, S.A.	Arraibi. LEMONA (Vizcaya)
SITE&FIELD EQUIPMENT LIMITED	United Kingdom	UNILAND CEMENTERA, S.A.	Córcega, 299. Barcelona
T SHOOTER LIMITED	United Kingdom	UNILAND INTERNATIONAL BV	The Netherlands
TAWSE ELLON (HAULAGE) LIMITED	United Kingdom	UNILAND MARÍTIMA, S.L. Sole-Shareholder Company	Córcega, 299. Barcelona
WASTE RECOVERY LIMITED	United Kingdom	UNILAND TRADING BV	The Netherlands
WASTE RECYCLING GROUP (CENTRAL) LIMITED	United Kingdom	UNILAND USA LLC.	U.S.A.
WASTE RECYCLING GROUP (SCOTLAND) LIMITED	United Kingdom	UTONKA, S.A. Sole-Shareholder Company	Torrenteres, 20 P.I. Sur. El Papiol (Barcelona)
WASTE RECYCLING GROUP (SOUTH WEST) LIMITED	United Kingdom		
WASTE RECYCLING GROUP (YORKSHIRE) LIMITED	United Kingdom	Proportionately consolidated companies	
WASTE RECYCLING GROUP LIMITED	United Kingdom	AGUAS DE LANGREO, S.L.	Alonso del Riesgo, 3. Sama de Langreo (Asturias)
WASTE RECYCLING LIMITED	United Kingdom	CEMENTOS ARTIGAS, S.A.	Uruguay
WASTENOTTS (RECLAMATION) LIMITED	United Kingdom	CEMENTOS AVELLANEDA, S.A.	Argentina
WASTENOTTS LIMITED	United Kingdom	DEPURPLAN 11, S.A.	Madre Rafols, 2. Zaragoza
WASTEWISE LIMITED	United Kingdom	EMPRESA MIXTA D'AIGÜES DE LA COSTA BRAVA, S.A.	Plaza Josep Pla, 4. Girona
WASTEWISE POWER LIMITED	United Kingdom	FRESHMARKETS, S.A.	Uruguay
WASTEWISE TRUSTEES LIMITED	United Kingdom	INALIA CAP DJINET, S.L.	Ulises, 18. Madrid
WELBECK WASTE MANAGEMENT LIMITED	United Kingdom	MINUS INVERSORA, S.A.	Argentina
WINTERTON POWER LIMITED	United Kingdom	PREBESEC FRANCE, SAS	France
WRG (MANAGEMENT) LIMITED	United Kingdom	SOCIEDAD OPERADORA DEL TRANVIA DE PARLA, S.L.	Ulises, 18. Madrid
WRG (MIDLANDS) LIMITED	United Kingdom		
WRG (NORTHERN) LIMITED	United Kingdom	Companies accounted for using the equity method	
WRG ACQUISITIONS 2 LIMITED	United Kingdom	ARAGONESA DE RECUPERACIONES MEDIOAMBIENTALES XXI, S.A.	Ctra. de Castellón, Km. 58. Zaragoza
WRG BERKSHIRE LIMITED	United Kingdom	ARAGONESA DE TRATAMIENTOS MEDIOAMBIENTALES XXI, S.A.	Ctra. de Castellón, Km. 58. Zaragoza
WRG ENVIRONMENTAL LIMITED	United Kingdom	ÁRIDOS UNIDOS, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)
WRG PFI HOLDINGS LIMITED	United Kingdom	AUTOPISTA DEL SOL, S.A.	Costa Rica
WRG PROPERTIES LIMITED	United Kingdom	CEDINSA TER CONCESIONARIA DE LA GENERALIDAD, S.A.	Tarragona, 141. Barcelona
WRG WASTE SERVICES LIMITED	United Kingdom	COMERCIAL DE PREFABRICADOS LEMONA, S.A.	Barrio Inzunza, 1. LEMONA (Vizcaya)
WRG WREXHAM LIMITED	United Kingdom	CONSTRUCTORA SAN JOSÉ-SAN RAMÓN SJSR, S.A.	Costa Rica
WRG WREXHAM PFI HOLDINGS LIMITED	United Kingdom	DESARROLLOS Y PROMOCIONES COSTA CÁLIDA, S.A.	Saturno, 1. Pozuelo de Alarcón (Madrid)
GULFLAND CEMENT LLC.	USA	ECOFOND, S.A.	Paseo Mikeletegi, 2 Ed. Inasmet-San Sebastián
HORMIGONES GÁLDAMES, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	ECOFUEL, S.A.	(Guipúzcoa)
HORMIGONES LEMONA, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	GESI-9, S.A.	Camino Amesl, 19. Bilbao (Vizcaya)
HORMIGONES PREMEZCLADOS DEL NORTE, S.A.	Barrio La Cadena. Carranza (Vizcaya)	ASA GROUP:	Plaza del Duque, s/n. Alcalá de Guadaira (Seville)
HORMIGONES UNILAND, S.L. Sole-Shareholder Company	Ctra. Vilafranca del P. a Moja Km. 1. Olérdola (Barcelona)	ASA + AVE KÖRNYEZETVÉDELMI H KFT	Hungary
IMPULSA INFRAESTRUCTURA, S.A. DE C.V.	Mexico	ASA HLOHOVEC SRO	Slovakia
LEMONA INDUSTRIAL, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	ASA LUBLINIEC SP ZOO	Poland
METRO BARAJAS SOCIEDAD CONCESIONARIA, S.A.	Pedro Texeira, 8. Madrid	ASA MARCELOVÁ SRO	Slovakia
MORTEROS BIZKOR, S.L.	Alameda de Urquijo, 10. Bilbao (Vizcaya)	ASA TS PROSTEJOV SRO	Czech Republic
OPERALIA INFRAESTRUCTURAS, S.A.	Pedro Texeira, 8. Madrid	AKSD VÁROSGAZDÁLKODÁSI KORLÁTOLT FT	Hungary
OVOD SPOL SRO	Czech Republic	ASTV SRO	Czech Republic
PI PROMOTORA DE INFRAESTRUCTURAS, S.A.	Costa Rica	AVERMANN-HUNGÁRIA KFT	Hungary
PORTLAND, S.L.	José Abascal, 59. Madrid	BIHARI HULLADÉKGAZDÁLKODÁSI KFT	Hungary
PREBESEC MALLORCA, S.A.	Conradores, 48. Marratxí. Palma de Mallorca (Balears)	BÖRZSÖNY-CSERHÁT KÖRNYEZETVÉDELMI ÉS HKK	Hungary
PREBESEC, S.A. Sole-Shareholder Company	Torrenteres, 20 P.I. Sur. El Papiol (Barcelona)	HUBER ABFALLSERVICE VERWALTUNGS GMBH	Austria
PREFABRICADOS UNILAND, S.A. Sole-Shareholder Company	Córcega, 299. Barcelona	HUBER ENTSGUNGS GMBH NFG KG	Austria
RECISUELOS, S.A. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	KILLER GMBH	Austria
SANTURSABA, S.L. Sole-Shareholder Company	Alameda de Urquijo, 10. Bilbao (Vizcaya)	KILLER GMBH & CO KG	Austria
		MÜLLUMLADASTATION OSTREGION GMBH & CO KG	Austria

Appendix IV

Changes in the scope of consolidation

Additions	Registered office	Additions	Registered office
RECOPAP SRO	Slovakia	PORTCEMEN, S.A.	Muelle Contradique Sur-Puerto Barcelona. Barcelona
REPAP CZECH SPOL SRO	Czech Republic	PREFABRICADOS LEMONA, S.A.	Barrio Inzunza, 1. Lemoa (Vizcaya)
SANO CB SRO	Czech Republic	PREFABRICADOS LEVISA, S.A.	Capitán Velasco, 20. Málaga
TECHNICKÉ A STAVEBNÍ SLUŽBY AS	Czech Republic	QUINSA PREFABRICADOS DE HORMIGÓN, S.L.	Ctra. S. Sebastián-La Coruña Km. 184-B. de Cicero (Cantabria)
TIRME GROUP	Ctra. Sóller Km. 8,2 Camino de Son Reus. Palma de Mallorca (Balearic Islands)	Sole-Shareholder Company	
WASTE RECYCLING GROUP:		SHARIKET MIYEH RAS DJINET, S.P.A.	Algeria
ENERGYLINC LIMITED	United Kingdom	SHARIKET TAHLYA MIYAH MOSTAGANEM, S.P.A.	Algeria
GOOLE RENEWABLE ENERGY LIMITED	United Kingdom	TEIDE GESTIÓN DEL SUR, S.L.	Avda. Luis Montoto, 107. Seville
SHELFORD COMPOSTING LIMITED	United Kingdom	TEIDE-MDM QUADRAT, S.A.	Panama
MDM-TEIDE, S.A.	Panama	TERMINAL CIMENTIER DE GABES-GIE	Tunisia
NEUCICLAJE, S.A. OPERACIONES Y SERVICIOS PARA LA INDUSTRIA DE LA CONSTRUCCIÓN, S.A. DE C.V.	Alameda de Urquijo, 10. Bilbao (Vizcaya) Mexico	TERRENOS MOLINS, S.L.	Llobregat. Molins de Rei (Barcelona)
		TRANSPORTES CÁNTABROS DE CEMENTO PORTLAND, S.L.	Ctra. S. Sebastián-La Coruña Km. 184-B. de Cicero (Cantabria)

Removals	Registered office
Fully consolidated companies	
ALMACENES, TRÁNSITOS Y REEXPEDICIONES, S.A. Sole-Shareholder Company	Calderón de la Barca, 4. Santander (Cantabria)
Proportionately consolidated companies	
CDN-USA GROUP (1)	USA
SENBLÉN BAT, S.A. (*)	Alameda de Urquijo, 10. Bilbao (Vizcaya)
Companies accounted for using the equity method	
CEMENTOS LEMONA GROUP (*)	Alameda de Urquijo, 10. Bilbao (Vizcaya)

(1) Company absorbed by Giant Cement Holding, Inc.

(*) Change in consolidation method.

Appendix V Unincorporated joint ventures, economic interest groupings and other entities jointly controlled with non-Group third parties

	Percentage of ownership at 31 december 2006
Environmental services	
A.I.E. ITAM DELTA DE LA TORDERA	50.00
A.I.E. SEARSA CAÑELLAS	25.00
A.I.E. SOREA-SEARSA-AQUALIA	37.50
A.I.E. COSTA TROPICAL DE GRANADA	51.00
UTE A GUARDA	50.00
UTE ABASTECIMIENTO EXTREMADURA	20.00
UTE ABASTECIMIENTO ZARAGOZA	70.00
UTE ABM	52.80
UTE ACTUACIÓN 11 TERUEL	50.00
UTE AEROPUERTO I	50.00
UTE AEROPUERTO II	50.00
UTE AEROPUERTO III	50.00
UTE AGUA CIUDAD VALDELUZ	60.00
UTE AGUAS ALCALÁ	37.50
UTE AGUAS DEL DORAMÁS	50.00
UTE ALCANTARILLADO BILBAO	90.00
UTE ALMEDA	51.00
UTE AMPLIACIÓ LIXIVITATS	49.40
UTE AMPLIACIÓN IDAM SANT ANTONI	50.00
UTE AMPLIACIÓN VERTEDERO GARDELEGUI	55.00
UTE ANDRATX	25.00
UTE ANSA – ALFUS	20.00
UTE APARKISA	35.00
UTE AQUAGEST Y SEARSA	25.00
UTE AQUALIA – FCC – MYASA	94.00
UTE ARGÍ GUENES	70.00
UTE ASTONDO	40.00
UTE BILBOKO SANEAMENDU	50.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BOADILLA	50.00
UTE CÁDIZ	50.00
UTE CANA PUTXA	20.00
UTE CAP DJINET	50.00
UTE CASTELLANA – PO	50.00
UTE CASTELLAR DEL VALLÈS	50.00
UTE CEMENTERIOS PERIFÉRICOS II	50.00
UTE CESPAGR – GRT	30.00
UTE CHIPIONA	50.00
UTE CIUTAT VELLA	50.00
UTE COLECTOR MAGRANERS	50.00
UTE COLECTORES Y EDAR EN BARBARROJA	25.00
UTE COLEGIOS SANT QUIRZE	50.00
UTE COMPOSTATGE ALT URGELL	40.00
UTE CONSORCIO FCC – FOCSAVEN	75.50
UTE DELTA	50.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE DOS AGUAS	35.00
UTE ECOSERVEIS FIGUERES	50.00
UTE EDAR CIUDAD VALDELUZ	60.00
UTE EDAR DE KRISPIJANA	70.00
UTE EDAR DEPURADORA BRIANS	25.00
UTE EDAR LLANÇÀ	10.00
UTE EDAR TORREVIEJA	5.00
UTE EPTISA - ENTEMANSER	50.00
UTE ETAP ORBIGO	50.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE EXPLOTACIÓN PRESAS DEL SEGURA	60.00
UTE F.L.F. LA PLANA	47.00
UTE FCC – ANPE	80.00
UTE FCC – ERS LOS PALACIOS	50.00
UTE FCC – FOCONSA	50.00
UTE FCC – HUOS DE MORENO, S.A.	50.00
UTE FCC – HIMOSA	50.00

	Percentage of ownership at 31 december 2006
UTE FCCMA – NECA	51.00
UTE FCCMA – RUBATEC STO. MOLLET	50.00
UTE FCCPO	50.00
UTE FCC – PROMECO 2000, S.L.	50.00
UTE FCCSA – GIRSA	89.80
UTE FCCSA – SECOPSA	50.00
UTE FCC – SUFI MAJADAHONDA	50.00
UTE FCC – SUFI PESA	50.00
UTE FCC – SYF PLAYAS	40.00
UTE FCC – TEGNER	50.00
UTE FOBESA	50.00
UTE FS MUNGEST	51.00
UTE FS MUNGEST II	51.00
UTE GEMECAN GENEUS	50.00
UTE GESTIÓN BIOSÓLIDOS SEVILLA	50.00
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GESTIÓN Lodos CYII	50.00
UTE GIREF	20.00
UTE GIRONA SELECTIVES	50.00
UTE HÉROES DE ESPAÑA	50.00
UTE HIDROGESTIÓN	30.00
UTE IDAM IBIZA	50.00
UTE IDAM IBIZA II	50.00
UTE IDAM SANT ANTONI	50.00
UTE INFILCO	50.00
UTE INTAGUA	50.00
UTE JARDINES CÁDIZ	50.00
UTE JARDINES SANTA COLOMA	50.00
UTE JUNDIZ	51.00
UTE KAIAGARBI	51.00
UTE KAIXARRANKA	60.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LEA – ARTIBAI	60.00
UTE LEGIO VII	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA	50.00
UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN	50.00
UTE LÍNEA 2 FASE 2 FMB	50.00
UTE LÍNEA 2 METRO BILBAO	50.00
UTE LOCALES JUSTICIA LOTE II	50.00
UTE LOCALES JUSTICIA LOTE V	50.00
UTE LOGROÑO LIMPIO	50.00
UTE LVR MUSKIZ II	70.00
UTE MADRID I	50.00
UTE MADRID II	50.00
UTE MADRID III	50.00
UTE MANCOMUNIDAD ALTO MIJARES	50.00
UTE MANTENIMIENTO COLEGIOS BILBAO	60.00
UTE MANTENIMIENTO DE EDIFICIOS	60.00
UTE MOLLERUSSA	60.00
UTE MONTCADA	50.00
UTE MORELLA	50.00
UTE MOSTAGANEM	50.00
UTE NAVALMORAL	50.00
UTE OBRA AMPLIACIÓN IDAM SAN ANTONIO	50.00
UTE OBRA AGUAS ALCALÁ	55.00
UTE OFICINA ATENCIÓN TRIBUTARIA	33.34
UTE ONDA EXPLOTACIÓN	33.33
UTE PARLA	99.00
UTE PARQUES SINGULARES MÓSTOLES	50.00
UTE PASAIA	70.00
UTE PINETONS	50.00
UTE PISCINA CUBIERTA MUNICIPAL ALBATERA	65.00

Appendix V

	Percentage of ownership at 31 december 2006
UTE PISCINA CUBIERTA MUNICIPAL L'ELIANA	85.00
UTE PISCINA CUBIERTA CLUB DEPORTIVO ALBORAYA	85.00
UTE PISCINA CUBIERTA MANISES	65.00
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PISCINA POLIDEPORTIVO PAIPORTA	65.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA COMPOSTATGE D'OLOT	21.00
UTE PLANTA TRATAMIENTO VALLADOLID	60.00
UTE PLAYAS	50.00
UTE PONIENTE ALMERIENSE	50.00
UTE PORTUGARBI	51.00
UTE PORTUGARBI – BI	51.00
UTE POSU – FCC VILLALBA	50.00
UTE PUERTO	50.00
UTE R.S. PONIENTE ALMERIENSE	50.00
UTE RBU VILLA-REAL	47.00
UTE RESIDENCIA	50.00
UTE RESIDUOS ELECTRÓNICOS	16.67
UTE RESTAURACIÓN GARRAF	27.50
UTE S.U. BILBAO	70.00
UTE SALTO DEL NEGRO	50.00
UTE SANT QUIRZE	50.00
UTE SANT QUIRZE DEL VALLÉS	50.00
UTE SANTA COLOMA DE GRAMANET	61.00
UTE SANTURTZIKO GARBIKETA	60.00
UTE SASIETA	75.00
UTE SAV – FCC TRATAMIENTOS	35.00
UTE SEAFSA – FCCSA ALCALÁ	60.00
UTE SEAFSA J.I. RODRÍGUEZ	30.00
UTE SEAFSA LANZAROTE	30.00
UTE SEAFSA – JAIME E ISAAC RODRÍGUEZ	25.00
UTE SEARSA MAN	25.00
UTE SEARSA – INGEMAXTER – FELANITX	25.00
UTE SEARSA – INGENTMA	25.00
UTE SEARSA – MAN EXPLOTACIÓN ZONA MAS	25.00
UTE SUELO MADRID	50.00
UTE T.P.A. E INICRESS	75.00
UTE TIRVA FCC – FCCMA RUBÍ	51.00
UTE TORRIBERA	50.00
UTE TORRIBERA RSU	50.00
UTE TOSSA DE MAR	20.00
UTE TREMP	51.00
UTE TXINGUDI	75.00
UTE VERTEDERO GARDELEGUI	70.00
UTE VERTRESA	10.00
UTE VIGO RECICLA	70.00
UTE VINARÓZ	50.00
UTE VIVIENDAS MARGEN DERECHA	60.00
UTE ZONZAMAS FASE II	30.00
UTE ZURITA	50.00
Versia	
A.I.E. INFOSER ESTACIONAMIENTOS	33.33
UTE BYPASS SUR	50.00
UTE C-17 SERVEI	50.00
UTE CAMINO	50.00
UTE CARTAGENA	50.00
UTE CN III	45.00
UTE CONTROL TÚNELES GRAN CANARIA	50.00
UTE EIX LLOBREGAT	50.00
UTE EUROHANDLING	50.00
UTE EUROHANDLING BARCELONA	50.00
UTE EUROHANDLING MÁLAGA	50.00
UTE EXTREMADURA	25.00

	Percentage of ownership at 31 december 2006
UTE EYSSA – AUPLASA ALICANTE	65.00
UTE FCC ACISA AUDING	45.00
UTE FCC – DIESEL BARCELONA	80.00
UTE FCC – DIESEL N-VI	50.00
UTE METEOROLÓGICAS A-6	33.00
UTE NOROESTE	33.00
UTE OCAÑA	75.00
UTE SCC SICE	50.00
UTE SCUTMADEIRA	55.00
UTE TRAMBAIX	33.00
UTE TRAMBESÓS	33.00
UTE TÚNELES BRAÑAVIELLA – NIEVARES	50.00
UTE ZARZUELA	50.00
Construction	
ACE ACESTRADA	13.33
ACE DAS ANTAS	50.00
ACE EDIFER CONST., RAM R.C. E CONDU	33.33
ACE FCC CONSTRUCCIÓN E EDIFER	50.00
ACE INFRAESTRUCTURAS DAS ANTAS	33.33
ACE LUMIAR	50.00
ACE LUMIAR PREVIA	50.00
ACE METREXPO	44.90
ACE RAMA ROSA COBETAR, GRAV R NOV	72.25
ACE RAMALHO ROSA COBETAR E EDIFER	56.00
ACE TÚNEL ODEOLUCA	35.00
ACE TÚNEL RAMELA	13.33
ACE TÚNEL RUA CEUTA, CONSTRUÇÃO E OBRAS PÚBLICAS	49.50
UTE 2ª FASE PLATAFORMA AENA	60.00
UTE 40 – NORTE	50.00
UTE 57 VIVIENDAS PC-6 CERRO DE REYES	90.00
UTE 60 VIVIENDAS ALMENDRALEJO	85.00
UTE ABOÑO MUSEL	80.00
UTE ACONDICIONAMIENTO MUELLE SANTA CATALINA	40.00
UTE AEROMÉDICA CANARIA – FCCCO	5.00
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE AL – BA	50.00
UTE AL – DEL CÓRDOBA	50.00
UTE AL – DEL MÁLAGA	50.00
UTE ALARCÓN	55.00
UTE ALBUERA	50.00
UTE ALCAR	45.00
UTE ALHAMA	75.00
UTE ALHENDUR	45.00
UTE ALJUCEN	50.00
UTE ALMANZORA	40.00
UTE ALMENDRALEJO	65.00
UTE ALMENDRALEJO II	50.00
UTE ALQUERÍA	50.00
UTE AMPLIACIÓN AP-6 TRAMO 2	50.00
UTE AMPLIACIÓN CONSEJERÍA AMA	65.00
UTE AMPLIACIÓN EDAR ABRERA	90.00
UTE AMPLIACIÓN EDAR GIRONA	67.00
UTE AMPLIACIÓN FERIA VALENCIA FASE II	50.00
UTE AMPLIACIÓN FERIA VALENCIA FASE III	50.00
UTE AMPLIACIÓN PUERTO DE CASTELLÓN	50.00
UTE ANAGA	33.33
UTE AP-7 FIGUERAS	50.00
UTE APARCAMIENTO TERM. ACT. AEROPUERTO G.C.	70.00
UTE ARENAL	16.83
UTE ARINAGA III	50.00
UTE ARMILLA INSTALACIONES	50.00
UTE ARROYO DE LA ENCOMIENDA	50.00
UTE ARROYO DEL FRESNO	50.00

**Unincorporated joint ventures, economic interest groupings
and other entities jointly controlled with non-Group third parties**

	Percentage of ownership at 31 december 2006
UTE ASTALDI – FCC JV	50.00
UTE ATIL – TECAIR	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LEÓN	70.00
UTE AUTOPISTA CARTAGENA – VERA	50.00
UTE AUTOVÍA CANALS AGULLENT	60.00
UTE AUTOVÍA MINERA	80.00
UTE AUTOVÍA PAMPLONA – LOGROÑO	35.00
UTE AUTOVÍA PAMPLONA – LOGROÑO T2, 3, 4	70.79
UTE AVE MASIDE	67.00
UTE AVE MONTBLANC	75.00
UTE AVE TERUEL	50.00
UTE ÁVILA 6	35.00
UTE AZOKA	45.88
UTE AZUCENAS	75.00
UTE BALLONTI ARDANZA	10.20
UTE BARBADOS	50.00
UTE BERGARA	50.00
UTE BIMENES	70.00
UTE BIMENES III	70.00
UTE BIZKAIA ENPARANTZA	25.50
UTE BOMBEO DE AGUA C.A.C.	40.00
UTE BULEVAR PINTO RESINA	50.00
UTE C 16	50.00
UTE C&F JAMAICA	50.00
UTE C.P.D.'S	50.00
UTE CABLE CTC	40.00
UTE CÁCERES	65.00
UTE CÁCERES II	50.00
UTE CADAQUÉS	50.00
UTE CÁDIZ	35.00
UTE CAMBULLONEROS	80.00
UTE CAMBULLONEROS – VIRGEN DEL PINO	40.00
UTE CAN TUNIS	70.00
UTE CANAL DE NAVARRA	60.00
UTE CANAL PUERTO VALENCIA	65.00
UTE CAPTACIÓN AGUA DE MAR S.P. PINATAR	50.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARCHUNA – CASTELL	75.00
UTE CARDEDEU	40.00
UTE CARINENA	50.00
UTE CARRETERA ALCÁNTARA L.P. PORTUGAL	65.00
UTE CARRETERA HORNACHOS – LLERA	65.00
UTE CARRETERA IBIZA – SAN ANTONIO	50.00
UTE CARRETERA VALVERDE BADAJOZ	65.00
UTE CASON	50.00
UTE CASON II	50.00
UTE CASTELLÓ D'AMPÚRIES	50.00
UTE CASTELLÓLI	50.00
UTE CATENARIA – CERRO NEGRO	50.00
UTE CECOEX	20.00
UTE CENTRAL – BEURKO	20.40
UTE CENTRAL – BEURKO FASE II	12.75
UTE CENTRE CONVENCIONS	37.00
UTE CENTRO COMERCIAL ARANJUEZ	50.00
UTE CENTRO CONTINGENCIAS GAVÁ	70.00
UTE CERRAMIENTO CONTRADIQUE	60.00
UTE CERRO GORDO	75.00
UTE CERVERA LES OLUGES	50.00
UTE CHAPÍN 2002	75.00
UTE CIBELES	50.00
UTE CIM LLEIDA	60.00
UTE CIRCUITO	70.00
UTE CIRCUNVALACIÓN III	46.25

	Percentage of ownership at 31 december 2006
UTE CIUDAD DE LAS ARTES ESCÉNICAS F.V.2	50.00
UTE CIUDAD DE LAS COMUNICACIONES	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS II	50.00
UTE CIUDAD REAL	50.00
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CLIMA "LA FE"	38.00
UTE CLIMATIZACIÓN BARAJAS	42.50
UTE CLIMATIZACIÓN CIUDAD DE TELEFÓNICA	50.00
UTE CLUB NÁUTICO CASTELLÓN	50.00
UTE COBRA CPD REPSOL	50.00
UTE COBRA – ESPELSA TRANVÍA	50.00
UTE COLECTOR MONTSERRAT	35.00
UTE COLECTOR NAVIA	80.00
UTE COLECTOR PARLA	50.00
UTE COLECTOR RÍO TRIANA	80.00
UTE CONAVILA	55.00
UTE CONAVILA II	50.00
UTE CONDUCCIÓN DEL JÚCAR TRAMO VI	70.00
UTE CONEXIÓN DISTRIBUIDOR SUR	60.00
UTE CONEXIONES EL CAÑAVERAL	33.33
UTE CONSEJERÍA AGRICULTURA	85.00
UTE CONSTRUCCIÓN HOSPITAL SURESTE	50.00
UTE CONTROL AÉREO GAVÁ	70.00
UTE CORNELLA WTC	36.00
UTE CORREDOR	55.00
UTE CORTE INGLÉS CASTELLÓN	70.00
UTE CARRETERA PANTANOS	33.33
UTE CARRETERA ACCESO PUERTO CASTELLÓN	50.00
UTE CUATRO CAMINOS	50.00
UTE CUÑA VERDE	93.00
UTE CYM – ESPELSA INSTALACIONES	50.00
UTE D'ARO	60.00
UTE DÁRSENA SUR DEL PUERTO DE CASTELLÓN	50.00
UTE DÁRSENA SUR II DEL PUERTO DE CASTELLÓN	50.00
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DENIA SALUD	65.00
UTE DEPÓSITO COMBUSTIBLE PUERTO GIJÓN	80.00
UTE DEPURADORA CALLOSA	87.00
UTE DESALADORA BAJO ALMANZORA	60.00
UTE DESDOBLAMIENTO EX-100 BADAJOZ	50.00
UTE DESVÍOS II	60.00
UTE DESVÍOS LÉRIDA-BARCELONA	50.00
UTE DIGESTIÓN EDAR TARRAGONA	50.00
UTE DIQUE ESTE	35.00
UTE DIQUE TORRES	27.00
UTE DISTRIBUCIÓN L-2 Y VARIAS	50.00
UTE DOZÓN	29.60
UTE DUEÑAS	50.00
UTE EDAR ARRUBAL Y AGONCILLO	50.00
UTE EDAR CULEBRO	50.00
UTE EDAR CULEBRO EQUIPOS	50.00
UTE EDAR CULEBRO OBRA CIVIL	50.00
UTE EDAR L.F. DEPURBAIX	40.00
UTE EDAR LOIOLA	84.90
UTE EDAR PATERNA	85.00
UTE EDAR VUELTA OSTRERA	70.00
UTE EDIFICIO 4 WTC	56.25
UTE EDIFICIO 6-7-8 WTC	36.00
UTE EDIFICIO DE LAS CORTES	65.00
UTE EDIFICIO IDI 5 TERCERA FASE CPI	75.00
UTE EDIFICIO IMETISA	70.00
UTE EDIFICIO TERMINAL	40.00
UTE EDIFICIOS I.D.I. TERCERA FASE	75.00

Appendix V

	Percentage of ownership at 31 december 2006
UTE EIX BERGUEDA	34.00
UTE EIX DEL LLOBREGAT	34.00
UTE EL CONDADO	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRICIDAD CIUDAD COMUNICACIONES	50.00
UTE ELECTRIFICACIÓN CUATRO VIENTOS	50.00
UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE EMISARIO MOMPAS	89.80
UTE ENLACE R3-M50	33.33
UTE ENVALIRA	50.00
UTE ESCLUSA SEVILLA	70.00
UTE ESPELSA – BEDASA	65.00
UTE ESPELSA – CYMI INSTALACIONES NORTE	50.00
UTE ESPELSA – ENDITEL	50.00
UTE ESPELSA – OCESA	75.00
UTE ESPELSA – TMI	94.92
UTE ESTACIÓN AVE ZARAGOZA	50.00
UTE ESTACIÓN FGV MERCADO – ALICANTE	60.00
UTE ESTACIÓN METRO SERRERÍA	50.00
UTE ESTACIONES METRO LIGERO	50.00
UTE ESTACIONES LÍNEA 9	33.00
UTE ESTADIO FRANCISCO DE LA HERA	85.00
UTE ETAP LAS ERAS	50.00
UTE F.I.F. LNG TK – 3001	34.00
UTE F.I.F. TANQUE FB – 241 GNL	38.00
UTE F.I.F. TANQUES GNL	34.00
UTE FASE II HOSPITAL DE MÉRIDA	50.00
UTE FÁTIMA	13.26
UTE FÁTIMA II	16.83
UTE FCC URCO URBASA	50.00
UTE FCCO ROVER ALCISA TRAMO 5	81.20
UTE FERIA VALENCIA PABELLÓN Nº 7	50.00
UTE FGV ALICANTE TRAMO 2	60.00
UTE FIRA P-5	65.00
UTE FÍSICA Y QUÍMICA	50.00
UTE FUENTE LUCHA	77.00
UTE GANGUREN	11.48
UTE GAS SAGUNTO, SOCOIN-APL	50.00
UTE GASODUCTO MAGREB – EUROPA	50.00
UTE GAVELEC	50.00
UTE GIJÓN – VILLAVICIOSA	50.00
UTE GIRIBAILE	50.00
UTE GIRIBAILE II	50.00
UTE GIRONA NORTE	70.00
UTE GOIERRIALDEA	55.00
UTE GRAN VÍA HOSPITALET	50.00
UTE GRAN VÍA NORTE	50.00
UTE GRAN VÍA SURESTE	33.33
UTE GRAU DE LA SABATA	90.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE GUAREÑA I	50.00
UTE GUICYCSA TORDESILLAS	60.00
UTE HABILITACIÓN ED. C. COMUNICACIONES	50.00
UTE HORCHE	65.00
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE PALMA	50.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL FCC – VVO	80.00
UTE HOSPITAL NAVALMORAL	50.00
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL O'DONNELL	50.00

	Percentage of ownership at 31 december 2006
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HOTEL WTC	53.00
UTE HUELVA NORTE	55.00
UTE HUELVA NORTE II	55.00
UTE HUESNA CONSTRUCCIÓN	33.33
UTE IBAI EDER	25.50
UTE IBARRETA	25.50
UTE IFEVI	50.00
UTE INCYEL	25.00
UTE INSTALACIONES PLATAFORMA SUR	50.00
UTE INSTITUT GUTTMAN	50.00
UTE INTERCAMBIADOR	75.00
UTE IRO	80.00
UTE JAÉN – MANCHA REAL	80.00
UTE JEREZ FERROVIARIA	80.00
UTE JUAN GRANDE	50.00
UTE L9 HOSPITALET	50.00
UTE LA CARPETANIA	50.00
UTE LA LOTETA	80.00
UTE LAGUNA	35.00
UTE LALIN	50.00
UTE LAS ROSAS I-7	33.33
UTE LAUDIO	25.50
UTE LÍNEA 5	40.00
UTE LÍNEA 9	33.00
UTE LÍNEA DE COSTA	50.00
UTE LUKO	45.00
UTE M-407	50.00
UTE M-30 TÚNEL SUR	50.00
UTE M-45 NORTE	33.33
UTE MANTENIMIENTO RONDÉS	70.00
UTE MANZANAL	50.00
UTE MATERNIDAD	50.00
UTE MATERNIDAD O'DONNELL	50.00
UTE MEDICINA	50.00
UTE MEJORADA	82.00
UTE METRO LIGERO	80.00
UTE METRO MÁLAGA	36.00
UTE MONTSERRAT	35.00
UTE MONTSERRAT 2025	50.00
UTE MORA	30.00
UTE MOTRIL	75.00
UTE MUELLE BOUZAS	70.00
UTE MUELLE DE LOS MÁRMOLES	70.00
UTE MUELLE REPARACIONES	70.00
UTE MUELLE VIEJO CAUCE VALENCIA	65.00
UTE MUELLE VIEJO FASE II VALENCIA	60.00
UTE MUNGUÍA	14.28
UTE MUSAC DE LEÓN	50.00
UTE MUSEO DE LAS CIENCIAS	50.00
UTE N.O.M.	63.00
UTE NACIMIENTO	54.00
UTE NATURMÁS – AZOR	60.00
UTE NATURMÁS – AZOR 2	60.00
UTE NATURMÁS – AZOR 5	60.00
UTE NOVA BOCANA	40.00
UTE NOVOA SANTOS	60.00
UTE NUEVA SEDE JUDICIAL LAS PALMAS G.C.	70.00
UTE NUEVO ACCESO AL PUENTE DE MALIANO	70.00
UTE NUEVO PUERTO DE IGOUENITZA	50.00
UTE NUEVO TRAZADO CARRETERA TF-812	85.00
UTE OJO GUAREÑA	99.00
UTE OLABEL	13.77
UTE OLOT MONTAGUT	45.00

**Unincorporated joint ventures, economic interest groupings
and other entities jointly controlled with non-Group third parties**

	Percentage of ownership at 31 december 2006
UTE ORENSE – MELÓN	50.00
UTE OSEBE	50.00
UTE PADRÓN	50.00
UTE PALACIO DE LOS DEPORTES	50.00
UTE PALAU	50.00
UTE PALAU II	50.00
UTE PALAU NACIONAL	44.00
UTE PANADELLA	50.00
UTE PARADOR DE EL SALER	75.00
UTE PARANINFO ZARAGOZA	60.00
UTE PARC CIENTÍFIC	50.00
UTE PARQUE EMPRESARIAL	75.00
UTE PARQUE MÁLAGA	60.00
UTE PARQUE MAYORDOMÍA	50.00
UTE PARQUE OCEANOGRÁFICO DE VALENCIA	40.00
UTE PARQUE OCEANOGRÁFO	50.00
UTE PAS – SPA	50.00
UTE PASAIA	7.65
UTE PAU LAS TABLAS	50.00
UTE PAU MONTE CARMELO	50.00
UTE PAVONES VIVIENDAS	50.00
UTE PEOPLE MOVER	50.00
UTE PIEDRAFITA	66.67
UTE PINA	50.00
UTE PINO MONTANO P 5	50.00
UTE PLATAFORMA BARAJAS	50.00
UTE PLATAFORMA SATÉLITE	26.00
UTE PLATAFORMA TRANSPORTE UJI DE CASTELL	65.00
UTE POLIDEPORTIVO MIERES	70.00
UTE POLÍGONO DE TANOS	50.00
UTE POLÍGONO VICÁLVARO	80.00
UTE PORT BESÓS	50.00
UTE PORT TARRAGONA	50.00
UTE PRADO	50.00
UTE PREFABRICADOS M-30	50.00
UTE PRESA ENCISO	50.00
UTE PRESAS JÚCAR	53.00
UTE PRESAS SEVILLA	70.00
UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE PROLONGACIÓN L5 METRO VALENCIA	50.00
UTE PROSER – ARDANUY	70.00
UTE PROSER – GEOCONTROL	60.00
UTE PROSER – GEOCONTROL II	62.00
UTE PROSER – I.P.D.	65.00
UTE PROSER – IMACS	50.00
UTE PROSER – INPROESA II	70.00
UTE PROSER – INPROESA III	67.00
UTE PROSER – NARVAL	60.00
UTE PROSER – NORCONTROL	50.00
UTE PROSER – NORCONTROL II	50.00
UTE PROSER – OLCINA	60.00
UTE PROSER – PAYD	70.00
UTE PROSER – PAYMASA II	50.00
UTE PROSER – PAYMASA III	50.00
UTE PROSER – PAYMACOTAS IV	50.00
UTE PROSER – UG 21	70.00
UTE PROSER – LA ROCHE TF – 5 III	50.00
UTE PROSER – BATLLE I ROIG	50.00
UTE PROSIBE II	50.00
UTE PROSIBE III	50.00
UTE PROTECCIÓN DE LA LAJA	80.00
UTE PUENTE ADRIÁTICO	30.00
UTE PUENTE RÍO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE BADAJOZ	50.00

	Percentage of ownership at 31 december 2006
UTE PUENTE DE LA SERNA	65.00
UTE PUENTE DE POFERRADA	55.00
UTE PUENTE DEL REY	33.33
UTE PUENTE MEDELLÍN	65.00
UTE PUENTE SERRERIA	60.00
UTE PUERTO DE LAREDO	50.00
UTE PUERTO DEL ROSARIO	90.00
UTE PUIG-REIG	50.00
UTE PUIGVERD	45.00
UTE RADIALES	35.00
UTE RAMPAS DE URIBARRI	51.00
UTE RANDE	40.00
UTE RANILLA CONSTRUCCIÓN	85.00
UTE RECICLATGE	50.00
UTE RECINTOS FERIALES	50.00
UTE RECINTOS FERIALES II	50.00
UTE RECUPERACIÓN DEL GUINIGUADA	50.00
UTE REFORMA MEDICINA	50.00
UTE REG GARRIGUES	80.00
UTE REGULACIÓN RÍO BELCAIRE DE CASTELLÓN	80.00
UTE RELLENOS PETROLEROS PUERTO GIJÓN	80.00
UTE REPOSICIONES C. LAS PALMAS F3	46.25
UTE RESIDENCIA COMPLUTENSE	50.00
UTE REVLON	60.00
UTE RIALB	65.00
UTE RIALB II	65.00
UTE RIAÑO SAMA II	70.00
UTE RIBERAS DEL EBRO U-12	80.00
UTE RIBOTA – CONDADO	70.00
UTE RINCÓN DE LA VICTORIA	50.00
UTE RÍO LLOBREGAT	55.00
UTE ROCKÓDROMO	50.00
UTE ROCKÓDROMO 2	40.00
UTE ROCKÓDROMO FASE 3	40.00
UTE ROCKÓDROMO PC 3	45.00
UTE RONDA HISPANIDAD	45.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE S.A.I.H. JÚCAR	50.00
UTE S.A.I.H. SUR	40.00
UTE S.A.I.H. VALENCIA	50.00
UTE SAGRA TORRIJOS	50.00
UTE SAJA	50.00
UTE SAN VICENTE	43.00
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANT LLORENÇ	50.00
UTE SANTA BRÍGIDA	50.00
UTE SANTA COLOMA DE FARNERS	50.00
UTE SANTALIESTRA	20.00
UTE SANTIAGO – PADRÓN	50.00
UTE SEGUNDA FASE DELICIAS ZARAGOZA	50.00
UTE SELLA	50.00
UTE SERVEIS AFECTATS CASTELLÓ D'AMPÚRIES	50.00
UTE SEVILLA SUR	65.00
UTE SIETE AGUAS – BUÑOL	66.66
UTE SOCIALES	60.00
UTE SON REUS	50.00
UTE SOTIELLO	50.00
UTE SOTO DE HENARES	70.00
UTE SANTA MARÍA DEL CAMÍ	45.00
UTE STADIUM	70.00
UTE SUBESTACIÓN PAJARES	50.00
UTE SUBESTACIÓN SERANTES	50.00
UTE SUELOS DE RIVAS VIEJO	10.20
UTE SUPERESTRUCTURA L5 METRO VALENCIA	42.50

Appendix V

Unincorporated joint ventures, economic interest groupings and other entities jointly controlled with non-Group third parties

	Percentage of ownership at 31 december 2006
UTE SURESTE II	80.00
UTE SÚRIA	70.00
UTE TALLERES METRO	80.00
UTE TALUDES CARRETERA LR-115	50.00
UTE TARRAGONA SUR	70.00
UTE TEATRE LLIURE	50.00
UTE TECAIR ROCKÓDROMO	50.00
UTE TEMPLO Y C. ECUM. EL SALVADOR F1	65.00
UTE TERMINAL B DEL PUERTO DE CASTELLÓN	66.60
UTE TERMINAL CEMENTOS ELITE CASTELLÓN	50.00
UTE TERMINAL DE BARAJAS	22.50
UTE TERMINAL GRANELES PUERTO CASTELLÓN	60.00
UTE TINDAYA	50.00
UTE TORNEO VILLABINO	50.00
UTE TORO ZAMORA	70.00
UTE TORRE 1 FCC DRAGADOS	60.00
UTE TORREDEMBARRA	50.00
UTE TORRUJOS	80.00
UTE TRADE CENTER	75.00
UTE TRAGSA – FCC A.P.	50.00
UTE TRAMBESÓS	50.00
UTE TRAMMET	50.00
UTE TRAMO DE NUEVA CONSTRUCCIÓN JÚCAR-VINALOPO	70.00
UTE TRAMVIA DIAGONAL	25.00
UTE TRANVÍA DE PARLA	50.00
UTE TRANVÍA L-2 PARQUE ALICANTE	55.00
UTE TRANVÍA LUCEROS-MERCADO ALICANTE	60.00
UTE TRANVÍA T-5 ALICANTE	64.78
UTE TRES CANTOS GESTIÓN	50.00
UTE TRIANGLE LÍNEA 9	33.00
UTE TÚNEL AEROPORT	33.00
UTE TÚNEL AEROPORT II	33.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL DE BRACONS	75.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	33.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	33.00
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DELICIAS	65.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UE 2 VALLECAS	25.00
UTE UE 5 VALLECAS	33.33
UTE UE 6 VALLECAS	33.33
UTE ULLIBARRI	70.00
UTE UNIVERSIDAD DE MÁLAGA	65.00
UTE UNIVERSIDAD DE TUDELA	60.00
UTE UNIVERSIDAD REY JUAN CARLOS	50.00
UTE URBANITZACIÓ BANYS	50.00
UTE URBANIZACIÓN AUDITORIO	70.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACIÓN SOMOSAGUAS	50.00
UTE URBI	51.00
UTE USABEL	25.50
UTE VALDEVIVIENDAS II	33.33
UTE VALLE INFERIOR	80.00
UTE VARIANTE DE MONZÓN	70.00
UTE VARIANTE INCA	70.00
UTE VEGAS ALTAS	40.00
UTE VELA BCN	25.00
UTE VELÓDROMO	60.00
UTE VÍA BENICÀSSIM	35.00
UTE VÍA METRO LIGERO	50.00

	Percentage of ownership at 31 december 2006
UTE VÍA SANT ANDREU	50.00
UTE VÍAS COLECTORAS LA CARPETANIA	50.00
UTE VÍAS SRV. ENSANCHE VALLECAS	33.33
UTE VIC - RIPOLL	34.00
UTE VIDRERES	34.00
UTE VIES SANT BOI	50.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILLAR – PLASENCIA	70.00
UTE VILTAR	50.00
UTE YELTES	75.00
UTE YESA	33.33
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33
UTE ZUBALBURU XXI	17.34
UTE ZUERA	65.00
Cement	
A.I.E. MAQUINARIA PARA HORMIGONES	37.04
UTE BCN SUD	15.00
UTE CONSORCIO ARCO	50.00
UTE HORMIGONES AUTOPISTA – TÚNEL AEROPUERTO	50.00
UTE NUEVA ÁREA TERMINAL	50.00
UTE OLÉRDOLA	60.00
UTE PUERTO	66.66
UTE ULLÀ	50.00
Other activities	
TORRE PICASSO JOINT PROPERTY ENTITY	80.00

Management report. Consolidated group

Introduction	426
Salient acquisitions in 2006	426
Business performance	427
Total FCC Group	427
Analysis by business area	432
Treasury share transactions	439
Research and development activities	439
Significant events after the balance sheet date	440
Financial risk management objectives and policies	440
Outlook for 2007	441

Introduction

The FCC Group's activities, Services, Construction and Cement, are structured into four management units relating to the following specialised areas:

Services

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

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

The Construction area also includes companies holding administrative concessions for the construction and operation of various infrastructures, such as motorways, tunnels, airports, marinas, tramways, etc., and the construction and operation of buildings for various uses. These businesses will shortly be brought together under the Global Via Infraestructuras project, promoted by the FCC Group and Caja Madrid.

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

The FCC Group is also present in the Real Estate industry, both through the operation of the Torre Picasso building, which is 80%-owned by the Parent, and its 49.17% interest in Realía Business, S.A., a firm which carries out property developments for subsequent sale and operates singular buildings and shopping centres. Realía Business S.A. is an associate and, therefore, it is accounted for using the equity method in the Group's consolidated financial statements.

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

The figures given below are expressed in millions of euros.

Salient acquisitions in 2006

The following noteworthy acquisitions were made in 2006, in keeping with the Group's 2005-2008 strategic growth plan, which targets an increase in revenue and EBITDA, and expansion in foreign markets.

Environmental services

Waste Recycling Group.

On 17 June 2006, the FCC Group purchased from WRG Holdings (controlled by Terra Firma) its environmental division (Waste Recycling Group Ltd.), incineration area and integral waste management projects, for EUR 1,694 million (EUR 1,963 million payment). This acquisition placed FCC at the forefront of the UK waste management industry, in which it has been present for the last 15 years through its subsidiary FOCSA Services UK.

Abfall Services AG (ASA)

On 8 March 2006, the Group acquired Abfall Service AG, a leading waste management company in Central and Eastern Europe, with operations in Austria, the Czech Republic, Slovakia, Hungary, Romania and Poland. FCC's investment amounted to EUR 227 million.

Severomoravské Vodovody a Kanalizace Ostrava (SMVAK)

On 11 April 2006, the Group acquired SmVak, which is the third largest water distribution company in the Czech Republic and the main operator in Moravia and Silesia. It also supplies water in Poland and has commenced business operations in Slovakia. The Group's investment amounted to EUR 172 million.

Versia**Aeroporti di Roma Handling**

On 7 August 2006, the FCC Group, through its subsidiary Flightcare, acquired Aeroporti di Roma Handling S.p.A. by means of an agreement under which the Spanish company undertook to purchase the entire airport handling service for a total of EUR 75 million. As a result of this acquisition, Flightcare now ranks as the foremost independent handling operator at the Rome airports (Leonardo Da Vinci-Fiumicino and Giovanni Battista Pastine-Ciampino) and is very well positioned to extend its operations to other parts of Italy.

Construction**Alpine Mayreder Bau**

On 26 July 2006, FCC Construcción, S.A. acquired 80.7% of Alpine for EUR 484 million. Until that date, Alpine, the second largest Austrian construction and services group, had been controlled by the Pappas family. This transaction has provided the FCC Group with a unique platform for growth in Eastern Europe.

Cement**Uniland**

On 5 July 2006, Cementos Portland Valderrivas concluded the purchase of 51% of Uniland for EUR 1,097 million. Uniland has a put option (vis-à-vis Cementos Portland Valderrivas) on shares representing a further 22.5% of its share capital, under the same terms and conditions and at the same price, exercisable over a five-year period. The acquisition of Uniland has secured the FCC Group a leading position in the cement industry in Catalonia and in Spain.

Cementos Lemona

In February 2006, on conclusion of the takeover bid launched in December 2005, Cementos Portland Valderrivas had raised its ownership interest in the capital of Cementos Lemona to 96.06%. An investment of EUR 243 million was made to purchase a 67.56% stake and this transaction consolidated the position of Cementos Portland Valderrivas in the cement market in Northern Spain.

Realia**Société d'Investissements Immobiliers Cotée (SIIC) de Paris.**

Realia acquired 87% of the French real estate company SIIC de Paris, which specialises in the property asset management business, for EUR 510 million.

Business performance

1. Total FCC Group

The Group's main aggregates are as follows:

			Change	
	2006	2005	Absolute	%
Revenue	9,480.9	7,089.8	2,391.1	33.7
EBITDA	1,387.3	988.9	398.4	40.3
% Gross margin	14.6	13.9	0.7	5.0
EBIT	881.3	656.2	225.1	34.3
% Net margin	9.3	9.3	—	—
Profit before tax	886.6	696.4	190.2	27.3
Profit attributable to the parent	535.5	421.4	114.1	27.1
Construction and services backlog	30,510.2	20,496.8	10,013.4	48.9
Investments	4,854.5	943.0	3,911.5	414.8
Operating cash flow	1,159.0	1,018.3	140.7	13.8
Net debt	5,203.7	403.0	4,800.6	1,191.1
Equity	3,417.5	2,608.4	809.2	31.0
Dividend per share (euros)	2.05	1.614	0.436	27.0
Earnings per share (euros)	4.14	3.25	0.89	27.4

The detail by business area is as follows:

	2006	2005	% Change	% Of total 2006	% Of total 2005
Revenue					
Construction	4,395.3	3,346.7	31.3	46.4	47.2
Environmental services	2,835.6	2,078.0	36.5	29.9	29.3
Versia	867.1	721.5	20.2	9.1	10.2
Cement	1,466.6	978.4	49.9	15.5	13.8
Other activities and eliminations due to intra-Group transactions	(83.6)	(34.8)	140.2	(0.9)	(0.5)
Total FCC Group	9,480.9	7,089.8	33.7	100.0	100.0
International revenue					
Construction	490.1	127.7	283.8	28.5	18.2
Environmental services	672.7	199.4	237.4	39.2	28.4
Versia	202.3	167.3	20.9	11.8	23.8
Cement	353.0	208.6	69.2	20.5	29.7
Total FCC Group	1,718.0	703.2	144.3	100.0	100.0
EBITDA					
Construction	268.6	191.4	40.4	19.4	19.4
Environmental services	501.4	342.8	46.3	36.1	34.7
Versia	104.2	110.7	(5.9)	7.5	11.2
Cement	485.3	312.3	55.4	35.0	31.6
Other activities and eliminations due to intra-Group transactions	27.8	31.7	(12.3)	2.0	3.1
Total FCC Group	1,387.3	988.9	40.3	100.0	100.0
EBIT					
Construction	241.0	156.2	54.4	27.4	23.8
Environmental services	250.9	201.4	24.6	28.5	30.7
Versia	58.3	56.3	3.6	6.6	8.6
Cement	335.0	215.1	55.7	38.0	32.8
Other activities and eliminations due to intra-Group transactions	(3.9)	27.2	N/A	(0.5)	4.1
Total FCC Group	881.3	656.2	34.3	100.0	100.0
Backlog					
Construction	7,843.0	5,155.2	52.1	25.7	25.2
Environmental services	22,343.0	15,000.2	49.0	73.2	73.2
Versia	324.2	336.2	(3.6)	1.1	1.6
Other activities	—	5.2	N/A	—	—
Total FCC Group	30,510.2	20,496.8	48.9	100.0	100.0
Investments					
Construction	634.4	158.4	300.7	13.0	16.8
Environmental services	2,528.6	338.8	646.3	52.1	35.9
Versia	153.9	171.7	(10.4)	3.2	18.2
Cement	1,523.1	121.7	1,151.5	31.4	12.9
Other activities	14.0	152.4	(90.8)	0.3	16.2
Total FCC Group	4,854.5	943.0	414.8	100.0	100.0
Cash flows from operating activities					
Construction	310.5	428.1	(27.5)	26.8	42.1
Environmental services	456.1	274.7	66.1	39.4	27.0
Versia	41.6	56.2	(26.0)	3.5	5.5
Cement	322.0	206.0	56.4	27.8	20.2
Other activities	28.8	53.3	(46.0)	2.5	5.2
Total FCC Group	1,159.0	1,018.3	13.8	100.0	100.0
Net financial debt					
Construction	169.2	(769.5)	N/A	3.3	(190.9)
Environmental services	3,655.7	911.8	300.9	70.3	226.3
Versia	516.8	364.4	41.8	9.9	90.4
Cement	1,474.4	133.0	1,008.8	28.3	33.0
Other activities	(612.4)	(236.7)	158.7	(11.8)	(58.7)
Total FCC Group	5,203.7	403.0	1,191.1	100.0	100.0

1.1 Revenue

In 2006 revenue increased substantially, rising 33.7% to EUR 9,480.9 million, due largely to the effect of the new acquisitions, which contributed 17.1%, while organic growth stood at 16.6%.

All business areas reported organic growth of over 10% and, mirroring their sound performance, stepped up the pace of their growth.

Revenue by geographical area	2006	2005	% Change
Spain	7,762.9	6,386.6	21.5
% of total	81.9	90.1	
International	1,718.0	703.2	144.3
% of total	18.1	9.9	

As regards performance by market, the companies recently acquired under the 2005-2008 Strategic Plan boosted foreign billings, which multiplied two-fold to represent 18% of total Group billings.

By geographical area, billings in Europe accounted for an impressive two-thirds of the total. Sales in Eastern and Central Europe represented 31% of the total.

1.2 EBITDA

EBITDA grew faster than revenue, resulting in a 70-basis point improvement in the margin to 14.6% of revenue.

Growth in the Environmental Services, Construction and Cement units exceeded 40%, considerably broadening their margins.

Although operating expenses rose by 32.1% as a percentage of revenue, they fell from 87% in 2005 to 85.9%, testifying to the Group's increased efficiency and productivity. Staff costs increased by only 16.9%, due mainly to the incorporation of staff from the recently acquired companies, which took the number of employees to 92,565, i.e. 37% more than at 2005 year-end.

Margins (EBITDA)	2006	2005
Construction	6.1%	5.7%
Environmental services	17.7%	16.5%
Versia	12.0%	15.3%
Cement	33.1%	31.9%
Total FCC Group	14.6%	13.9%

1.3 EBIT

EBIT also outpaced revenue and the sales margin remained unchanged, despite the substantial rise in depreciation and amortisation. The depreciation and amortisation charge increased significantly due to the inclusion of a large volume of assets from the new acquisitions.

All the areas recorded an upswing, in particular Cement and Construction, which performed excellently to end the year with growth of over 50%.

Margins (EBIT)	2006	2005
Construction	5.5%	4.7%
Environmental services	8.8%	9.7%
Versia	6.7%	7.8%
Cement	22.8%	22.0%
Total FCC Group	9.3%	9.3%

1.4 Financial loss

Financial loss increased considerably, reaching EUR 85 million, due to the higher level of debt resulting from the acquisitions made in 2006.

1.5 Share of results of associates

2006 saw strong growth in the share of results of associates, thanks to the sound performance of Realia, which contributed EUR 78.8 million for the year as a whole. It is important to note with respect to this heading that Cemento Lemona was fully consolidated in 2006 and, therefore, its results were no longer accounted for using the equity method.

1.6 Profit before tax

Profit before tax increased by 27.3% to EUR 886.6 million due to the aforementioned upward trend in profit from operations.

1.7 Profit attributable to the Parent

Net profit attributable to the Parent rose by 27.1% to stand at EUR 535.5 million, an all-time high in absolute figures.

Minority interests, which relate mainly to Cementos Portland, underwent two changes: on the one hand, a reduction due to the consolidation of the additional 8.5% investment in Cementos Portland acquired in 2005 and, on the other, an increase due to the acquisition of 53.2% of Uniland in 2006.

The tax rate of 31.4% was approximately the same as that of December 2005 (31.2%).

1.8 Investments

Investments in 2006 amounted to EUR 4,854.5 million, of which EUR 4,166.7 million related to acquisitions of ownership interests in companies as part of the 2005-2008 Strategic Growth Plan.

	2006	2005	% Change
Property, plant and equipment	575.4	393.6	46.2
Intangible assets	112.4	60.7	85.2
Equity investments and other financial assets	4,166.7	488.7	752.6
Total investments	4,854.5	943.0	414.8

The most noteworthy investments in 2006 in equity interests and other financial assets were those mentioned at the beginning of this directors' report, namely:

Waste Recycling Group	1,693.5
Uniland	1,144.1
Alpine Mayreder Bau	483.7
Abfall Service AG (Asa)	226.9
SmVak Group	172.3
Cementos Lemona	242.8
Aeroporti di Roma Handling	75.3
Other	128.1
	4,166.7

1.9 Cash flows

	2006	2005	% Change
+ Cash flows from operating activities	1,159.0	1,018.3	13.8
– Cash flows from net investing activities	4,810.6	883.2	446.7
= Cash flows from operating and investing activities	(3,651.6)	135.1	N/A
– Dividends paid	250.1	207.0	
– Net interest paid	106.5	21.7	
– Other adjustments to the change in debt (due to changes in the scope of consolidation and other)	792.4	39.4	
= Increase in net debt	4,800.6	133.0	3,509.5

For the year as a whole, the cash flow from operating activities amounted to EUR 1,159 million, showing year-on-year growth of 13.8%.

The net cash flow from investments multiplied five-fold due to the acquisitions made in 2006 as part of the Strategic Plan.

The dividends distributed in 2006, included in the cash flow from financing activities, amounted to EUR 250.1 million and interest paid totalled EUR 106.5 million.

The detail of the cash flow from operating and investing activities, by business area, is as follows:

	2006	2005	Change in absolute figures
Cash flows from operating and investing activities			
Construction	(330.1)	317.6	(647.7)
Environmental services	(2,093.5)	(75.8)	(2,017.7)
Versia	(132.7)	(112.5)	(20.2)
Cement	(1,182.6)	107.8	(1,290.4)
Other activities	87.3	(102.0)	189.3
Total FCC Group	(3,651.6)	135.1	(3,786.7)

The change in operating working capital was due to the surge in business activity and the improvement in collection management.

	2006	2005	% Change
Increase in inventories and receivables	(862.1)	(517.9)	66.5
Increase in payables	876.5	736.6	19.0
Decrease in operating working capital	14.4	218.7	(93.4)

1.10 Net debt

	2006	2005	% Change
Debt instruments and other held-for-trading liabilities	148.4	50.2	195.6
Bank borrowings	4,586.0	1,331.7	244.4
Debt without recourse	1,908.1	64.6	2,853.7
Other debts	129.8	54.6	137.7
Cash and other current financial assets	(1,568.5)	(1,098.1)	42.8
Total net debt	5,203.7	403.0	1,191.2
Net debt with recourse	3,295.6	338.4	873.9

The implementation of the Strategic Plan led to a strong increase in the debt position.

Debt without recourse (project financing) amounted to EUR 1,908.1 million and included most notably:

Acquisition of Uniland	575
Autopista Central Gallega debt	148
Waste Recycling Group debt	1,114

Net debt with recourse stood at EUR 3,295.6 million, representing a gearing ratio (net debt with recourse/net debt with recourse plus equity) of 49.1%, whereas in 2005 it was 11.5%.

The ratio of net debt with recourse to EBITDA was 2.63% (2005: 0.34%). This ratio excludes the full amount of the EBITDA of the acquired companies which were fully or partially financed without recourse.

1.11 Backlog

The total construction and services backlog amounted to EUR 30,516.2 million, representing an increase of 48.9% with respect to 2005; this amount guarantees construction operations for a period of 21.4 months and environmental services for a period of 94.6 months.

1.12 Equity

The Group's equity at 2006 year-end amounted to EUR 3,417.5 million, up 31% on 2005. The main changes in the year are shown in the following table.

Equity at 31 december 2005	2,608.4
Undistributed profit for 2006	608.6
Distribution of 2005 profit	(279.5)
Foreign currency translation differences	(30.5)
Changes in fair value of financial instruments	33.4
Treasury share transactions	27.8
Revaluations in business combinations achieved in stages	66.3
Changes in scope of consolidation	373.8
Other adjustments	9.2
Equity at 31 december 2006	3,417.5

The changes in the scope of consolidation relate to minority interests of the acquired companies such as Uniland, Alpine Mayreder Bau and the Tacel Group.

1.13 Dividend and earnings per share

The total dividend proposed for 2006 amounts to EUR 2.05 gross per share, representing a 27.0% increase with respect to 2005. An interim dividend of EUR 1 gross per share was distributed.

Earnings per share in 2006 amounted to EUR 4.14, approximately 27.4% higher than in 2005.

The pay out, i.e. the ratio of the profit distributed to the profit attributable to the Parent, was approximately 50%.

2. Analysis by business area

2.1 Construction

As a result of the implementation of the FCC Group's Strategic Plan, Alpine Mayreder Bau was included in the scope of consolidation on 15 November 2006.

2.1.1 Earnings

	2006	2005	% Change
Revenue	4,395.3	3,346.7	31.3
EBITDA	268.6	191.4	40.4
EBITDA margin	6.1%	5.7%	
EBIT	241.0	156.2	54.4
EBIT margin	5.5%	4.7%	

The construction business not only remained strong but also reported organic growth of 22.6%, thus improving the fast pace set in prior years.

This good performance was due mainly to the upswing in civil engineering work both in Spain and abroad, where FCC was recently awarded significant construction contracts.

Civil engineering work accounts for an increasingly higher proportion of Group revenue and currently represents 59% of the total. This increase arose to the detriment of residential building construction, whose relative contribution to total revenue continues to fall.

	2006	2005	% Change
Spain	3,905.2	3,219.0	21.3
% of total	88.8	96.2	
International	490.1	127.7	283.8
% of total	11.2	3.8	

With regard to market trends, international business quadrupled its revenue and now represents 11% of the construction business activity.

This outstanding performance was the result of the major civil engineering projects executed abroad and the consolidation of Alpine Mayreder Bau since mid-November 2006 (EUR 270 million). By geographical area, 58% of total international business was generated in the Eastern and Central European markets.

Additionally, it should be pointed out that in the last few months of the year, FCC was awarded significant contracts in this geographical area, including most notably the following:

- Construction of the Basarab viaduct in Bucharest (Romania), amounting to EUR 135 million.
- Construction of a bridge over the river Danube linking Bulgaria to Romania, amounting to EUR 100 million.
- Construction and management for a 30-year period of the A5 motorway linking Vienna (Austria) to Brno (Czechia), amounting to EUR 945 million.

2.1.2 Profitability

The ratio of profit from operations to sales improved significantly, with strong growth in both the gross margin (40 basis points) and the net margin (80 basis points).

2.1.3 Backlog and investments

	2006	2005	% Change
Backlog	7,843.0	5,155.2	52.1
Investments	634.8	158.4	300.7

Due to the high volume of contracts, the backlog continued to grow, reaching an unprecedented level of EUR 7,843 million, despite the fact that of the contracts listed above only that relating to the Basarab viaduct was included. This backlog guarantees production over a period of 21.4 months following the significant rise in production experienced in the year.

Investments amounted to EUR 634.8 million and included most notably acquisitions of companies for EUR 570.3 million.

2.1.4 Cash flow

	2006	2005	% Change
+ Cash flows from operating activities	310.5	428.1	(27.5)
– Cash flows from investing activities	640.6	110.4	480.3
= Cash flows from operating and investing activities	(330.1)	317.6	N/A
Net debt at year-end	169.2	(769.5)	N/A
Net debt with recourse	11.8	(780.8)	N/A

The strong improvement in the funds generated, up approximately 40% on 2005, mirrored the performance of profit from operations; however, the trend in operating working capital led to a reduction in operating cash flow.

The investment cash flow reflects the acquisition of 80.7% of the capital of Alpine Mayreder Bau for EUR 483.7 million and other financial investments linked mainly to concession projects, including the Autopista Central Gallega and Autopista Costa Cálida motorways, amounting to EUR 13.5 million and EUR 11.2 million, respectively.

If the net debt were considered disregarding the debt associated with concession projects (without recourse), the Construction Area would have a debt with recourse of EUR 11.8 million, which is higher than that of 2005, due mainly to the acquisition of Alpine. Net debt without recourse increased as a result of the full consolidation of Autopista Central Gallega, which contributed EUR 148 million.

2.2 Environmental services

The acquisitions made under the FCC Group's Strategic Plan led to the following changes in the scope of consolidation:

Company	Consolidation date
Entemanser	October 2005
Marepa	October 2005
ASA	January 2006
SmVAK	June 2006
Waste Recycling Group	September 2006

2.2.1 Earnings

	2006	2005	% Change
Revenue	2,835.6	2,078.0	36.5
EBITDA	501.4	342.8	46.3
EBITDA margin	17.7%	16.5%	
EBIT	250.9	201.4	24.6
EBIT margin	8.8%	9.7%	

Environmental Services ended the year with 36.5% growth in revenue, underpinned by the solid organic growth of all the business activities and the consolidation of the acquisitions made in the last few months of the year (ASA, Entemanser, Marepa, SmVAK, Waste Recycling Group, etc.).

All business sectors performed well, as shown in the following table:

	2006	2005	% Change	% Of total 2006	% Of total 2005
Urban cleaning	1,325.5	1,196.4	10.8	46.7	57.6
Water	711.9	570.4	24.8	25.1	27.4
International	635.0	199.4	218.6	22.4	9.6
Industrial waste	163.2	111.8	45.9	5.8	5.4
Total	2,835.6	2,078.0	36.5	100.0	100.0

Disregarding the acquisitions made, Environmental Services recorded organic growth of 12.4%, which indicates a quickening of the trend set in previous years.

Business performance in 2006 was highly satisfactory due to the incorporation of new contracts (integral water management service in Caltanissetta, water distribution in Santander, etc.).

All the business activities ended the year with double-digit increases, with a noteworthy 18.8% increase in organic growth reported by the Industrial Waste division.

	2006	2005	% Change
Spain	2,162.9	1,878.6	15.4
% of total	76.3	90.4	
International	672.7	199.4	237.4
% of total	23.7	9.6	

As regards the breakdown of sales by market, international sales soared due to the inclusion of ASA and WRG (in the International business) and SmVAK (in the Water business). The revenue generated outside Spain accounted for 24% of the total, with a strong increase in the relative contribution of the European market (Eastern Europe and the UK).

2.2.2 Profitability

EBITDA growth far exceeded that of revenue and pushed up the margin by 120 basis points. This good performance was the result of enhanced management and the inclusion of higher value added services, such as waste treatment plants (incinerators, recycling and composting units, etc.) and desalination plants.

The EBIT figure also reflected substantial growth and absorbed the effect of the additional depreciation and amortisation charge relating to the assets of the recently consolidated companies.

2.2.3 Backlog and investments

	2006	2005	% Change
Backlog	22,343.0	15,000.2	49.0
Investments	2,528.6	338.8	646.3

The burgeoning growth of the Environmental Services backlog continued as a result of the inclusion of the major contracts awarded for Water (Algeria, Italy, Portugal, Badajoz, etc.) and Urban Cleaning (Madrid, San Sebastián, Vitoria, Cartagena, Segovia, etc.), in addition to the backlogs contributed by the acquired companies, WRG, SmVAK and ASA.

2.2.4 Cash flow

	2006	2005	% Change
+ Cash flows from operating activities	456.1	274.7	66.1
– Cash flows from investing activities	2,549.6	350.5	627.4
= Cash flows from operating and investing activities	(2,093.5)	(75.8)	(2,661.9)
Net debt at year-end	3,655.7	911.8	300.9
Net debt with recourse	2,479.9	858.4	188.9

Operating cash flow improved substantially due to the excellent organic growth of the business, the new acquisitions and the upward trend in operating working capital.

Investment cash flow multiplied seven-fold following the acquisitions of, mainly, the Waste Recycling Group (EUR 1,693.5 million), ASA (EUR 226.9 million) and SmVAK (EUR 172.3 million). The significant contracts awarded in the year (Vitoria, Santander, etc.) and the development of the international business through the newly acquired companies boosted investments in property, plant and equipment and intangible assets to EUR 414 million.

The Area's net debt increased due to the major investment drive in 2006 and the substantial expansion of the business. The net debt associated with project financing related mainly to the Waste Recycling Group's Allington incinerator.

2.3 Versia

The acquisitions made under FCC's Strategic Plan led to the following changes in the scope of consolidation:

Company	Consolidation date
Logístico Santos Group (GLS)	April 2005
Sistemas y Vehículos de Alta Tecnología (SVAT)	January 2006
Aeroporti di Roma Handling	October 2006

2.3.1 Earnings

	2006	2005	% Variación
Revenue	867.1	721.5	20.2
EBITDA	104.2	110.7	(5.9)
EBITDA margin	12.0%	15.3%	
EBIT	58.3	56.3	3.6
EBIT margin	6.7%	7.8%	

Area billings increased by over 20%, due to the positive trend in all the activities and the consolidation of the Logístico Santos Group and SVAT (Sistemas y Vehículos de Alta Tecnología), which was acquired from the FCC Group company, Grucysa, S.A.

	2006	2005	% Change	% Of total 2006	% Of total 2005
Logistics	333.7	276.1	20.9	38.5	38.3
Handling	184.6	167.7	10.1	21.3	23.3
Street furniture	118.8	93.3	27.3	13.7	12.9
Car parks	72.1	60.0	20.2	8.3	8.3
Conservation and systems	57.6	55.0	4.7	6.6	7.6
Roadworthiness tests	44.5	41.1	8.3	5.1	5.7
Urban transport	31.3	28.3	10.5	3.6	3.9
SVAT (1)	24.2	—	N/A	2.8	—
Total	867.1	721.5	20.2	100.00	100.0

(1) In 2005 revenue at SVAT (Sistemas y Vehículos de Alta Tecnología) amounted to EUR 15.8 million.

Organic growth at Versia (excluding GLS and SVAT) remained robust (12.3%) due to the sound performance of Street Furniture, which consolidated the New York contract, and the award of the ground-level car park management contract (SER) in Madrid for the next 25 years.

	2006	2005	% Change
Spain	664.8	554.2	20.0
% of total	76.7	76.8	
International	202.3	167.3	20.9
% of total	23.3	23.2	

As regards the geographical breakdown of sales, business in Spain accounted for three-fourths of the total due to the inclusion of GLS, which operates mainly in Spain.

The growth in foreign operations was driven mainly by the international expansion of Street Furniture (39% of international sales) and by Airport Handling (61% of international sales). The figures for Airport Handling include three months of handling activities at the Rome airports.

2.3.2 Profitability

The trend in the operating margin reflects the new business mix, which includes an increased contribution by Logistics, and the strong expansion of the Street Furniture business, with several long-term concessions (in particular the 20-year New York contract) that are at the early stages of operation.

2.3.3 Backlog and investments

	2006	2005	% Change
Backlog	324.2	336.2	(3,6)
Investments	153.9	171.7	(10,4)

The Versia backlog (Logistics and Conservation & Systems) remained stable, whereas investment decreased following the acquisition of the Logístico Santos Group in 2005.

2.3.4 Cash flow

	2006	2005	% Change
+ Cash flows from operating activities	41.6	56.2	(26,0)
– Cash flows from investing activities	174.3	168.8	3,3
= Cash flows from operating and investing activities	(132,7)	(112,5)	(18,0)
Net debt at year-end	516.8	364.4	41.8

The cash flows from investing activities reflect the acquisition of Aeroporti di Roma Handling (ADRH) for EUR 75 million and the substantial investment in property, plant and equipment associated with recently awarded contracts, such as the New York street furniture contract, whereas the cash flows from operating activities are the result of the aforementioned strong expansion of the Area.

2.4 Cementos Portland Valderrivas

The acquisitions made under FCC's Strategic Plan led to the following changes in the scope of consolidation

Company	Consolidation Date
Cementos Lemona	February 2006
Uniland	August 2006

2.4.1 Earnings

	2006	2005	% Change
Revenue	1,466.6	978.4	49.9
EBITDA	485.3	312.3	55.4
EBITDA margin	33.1%	31.9%	
EBIT	335.0	215.1	55.7
EBIT margin	22.8%	22.0%	

The upward trend of the business in the USA and the consolidation of Cementos Lemona and Uniland triggered a sharp rise in the Cement Area's revenue.

The organic growth achieved by Cementos Portland in 2006, 11.90%, was due mainly to improved sales volumes and prices in the markets in which it operates.

	2006	2005	% Change
Spain	1,113.6	769.8	44.7
% of total	75.9	78.7	
International	353.0	208.6	69.2
% of total	24.1	21.3	

As a result of the acquisitions made in the year, International business now accounts for over 24% of total Cement Area revenue. Noteworthy in this connection is the Group's strong presence on the East coast of the USA (where Cementos Portland completed the merger of Giant Cement and CDN USA) and in emerging high-potential markets such as Tunisia, Uruguay and Argentina.

2.4.2 Profitability

EBITDA grew faster than revenue and the EBITDA margin rose by 120 basis points during the period.

A noteworthy development in 2006 was the greatly improved efficiency of the US plants, thanks to the investments made at the Maine and South Carolina facilities to enable cement production using dry process kilns. The lower energy cost and reduced raw material consumption tripled the margins of the business activities in the USA. This improvement process, which began at the end of 2005, will be intensified through the installation of the dry process at the Pennsylvania plant, which will be fully operational in mid-2007.

Lastly, there was a sharp rise in EBIT and an improvement in the EBIT margin, despite the additional depreciation and amortisation charge relating to the assets obtained in the acquisitions of Cementos Lemona and Uniland.

2.4.3 Cash flow

	2006	2005	% Change
+ Cash flows from operating activities	322.0	206.0	56.4
– Cash flows from investing activities	1,504.6	98.2	1,432.2
= Cash flows from operating and investing activities	(1,182.6)	107.8	N/A
Net debt at year-end	1,474.4	133.0	1,008.8
Net debt with recourse	899.5	133.0	576.3

Operating cash flow rose sharply due to the outstanding performance of operations and the inclusion of Uniland and Cementos Lemona.

Investment cash flow increased substantially following the purchases of 69% of Cementos Lemona (Cementos Portland already had a 31% holding) for EUR 243 million, and 53.22% of Uniland for EUR 1,144 million.

Net debt reflects the acquisition of Cementos Lemona and Uniland. The purchase of Uniland was partly financed (EUR 575 million) without recourse to the Parent.

The gearing ratio stood at 39.6% and net debt was approximately 1.9 times EBITDA. However, it should be borne in mind that, although the full amount of the debt of Uniland and Lemona was included in the balance sheet, only a portion of their EBITDA (10 months of Lemona and five of Uniland) was included in the income statement.

2.5 **Realia Business, S.A.**

The Group operates in the real estate industry through its 49.17% ownership interest in Realia Business, S.A., and accounts for this company's results using the equity method.

On 1 June 2006, Société d'Investissements Immobiliers Cotée (SIIC) de Paris was included in the scope of consolidation of the Realia Group. This company acquired three buildings for EUR 300 million in the last quarter of the year, which further bolstered the diversification of the Realia Group, in terms of both business (increased significance of its property asset management activity) and markets (giving it a very prominent presence in the French market).

The profit contributed to the FCC Group's consolidated financial statements amounted to EUR 78.8 million in 2006 and EUR 67.5 million in 2005, representing a 16.7% increase. The main aggregates of the Realia Business Group are shown below (based on a 100% ownership interest):

2.5.1 Earnings

	2006	2005	% Change
Revenue	741.3	632.8	17.1
EBITDA	291.1	250.8	16.1
EBITDA margin	39.3%	39.6%	
EBIT	294.7	235.8	25.0
EBIT margin	39.8%	37.3%	

Realia continued to perform well and recorded increased revenue, with a noteworthy contribution from the property asset management business (leases).

Mention must be made of the following operating data:

- In the property development business, the advance sales backlog continued to grow, despite the sharp rise in deliveries.
- In the property asset management business, the total rental area increased by 32.8% to over 478.000 m² following inclusion of the assets of SIIC de Paris. The 96.5% occupancy rate reflects the excellent quality of Realia's assets.

2.6 **Torre Picasso**

The Group owns 80% of Torre Picasso, the most emblematic building in Madrid, with a height of 157 metres above grade level and 45 floors and five basements that add up to a total surface area of 121,000 square metres. The main aggregates of Torre Picasso are shown below (in proportion to the 80% ownership interest).

2.6.1 Earnings

	2006	2005	% Change
Revenue	19.5	18.0	8.3
EBITDA	16.3	15.9	2.5
EBITDA margin	83.6%	88.3%	
EBIT	14.7	13.4	9.7
EBIT margin	75.4%	74.4%	

The occupancy rate was 100% with an average price of approximately EUR 26/m²/month.

Treasury share transactions

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

Also, in 2006 Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its share capital, with a carrying amount of EUR 1,107 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the Consolidated Spanish Companies Law.

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

	FCC, S.A.	Afigesa	Cía. Auxiliar de Agencia y Mediación	FCC Group
At 31 december 2005	434,322	343,922	316,098	1,094,342
Acquisitions or additions		431,246		431,246
Sales or disposals	58,336	775,168		833,504
At 31 december 2006	375,986	–	316,098	692,084

Research and development activities

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in this field encompass the matters which, either directly or indirectly, have a bearing on the business activities carried on by it. Noteworthy in 2006 were the steps taken in the course of its activities aimed at protecting the environment in order to facilitate sustainable growth.

In the sphere of Environmental Services, throughout the year work continued on the projects launched in 2005 to analyse the life cycle of water in waste treatment processes, whose basic aim is to study the environmental indicator "water" in the widest sense of the word, within the treatment processes. Further progress was also made in the development of new prototypes of smaller-sized, highly manoeuvrable waste collection and compaction vehicles, powered by electric engines with minimum sound and gas emissions. Also, other projects were commenced, such as the integral optimisation of the composting process at an urban solid waste treatment plant, which included a study of the repercussion on its agronomic applications and the effects on crops.

As regards waste disposal, mention must be made of the studies concerning the use of automatic turners in treatment plants, rendering the presence of operators unnecessary in harsh environments, and the research carried out into the modification of reactors to enhance the safety and availability of biomethanisation processes.

The research undertaken in the water business concentrated on the design and construction of a user-friendly, compact modular household grey water treatment system and the use of membrane ultrafiltration to clarify turbid water.

In the Versia area, work continued on the EPISOL project to develop a light urban vehicle featuring hybrid propulsion with two different types of engine: in the first phase, a heat engine and, at a more advanced phase, a fuel-cell/solar powered engine. Both versions are scheduled for completion in 2007. This project is being developed jointly by the subsidiary Cemusa, Universidad Politécnica de Madrid (INSIA – University Institute for Automotive Research), and Centro Superior der Investigaciones Científicas (IAI – Industrial Automation Institute). Projects are also in progress in the Street Furniture area for the development of bus shelters and new multiformat advertising poster systems.

Of note in the Construction area is the fact that FCC Construcción S.A. is a member of the European Construction Technology Platform and leads the Spanish Construction Technology Platform. The aim of these two organizations is to pool the efforts made by research centres, industries and universities in research, development and technological innovation in the field of construction. The most noteworthy projects in progress include those launched in prior years, such as: the Tunconstruc project, for the optimisation of underground construction; the Manubild project, for the industrialization of construction; the Arfrisol project, which focuses on bioclimatic architecture and solar energy use; the Hatcons project, which studies various aspects of underground construction work, such as high-performance concretes and the interaction between machines, facings and land; and, lastly, the Fibras project, which analyses the use of fibre-reinforced concrete.

Other significant projects in 2006 were the Parámetros project, which involved a comparative study of tunnel boring machine operations in various types of land, and the Futurespacio project, which focuses on the development and use of information and communications technologies applied to construction.

In the Cement area, research and development work on new cement products and applications takes place mainly at the Group's laboratories at the Olazagutia (Navarra) plant. In 2006 work was undertaken in various spheres, including the evaluation of raw materials, studies of alternative fuels in association with universities within the framework of the PROFIT program for the promotion of technical research, participation in Standardisation Committees, and joint development of research projects with customers to improve products and new applications. Also, the Group actively takes part in the research projects conducted by the IECA (Spanish Institute for Cement and its Applications).

Significant events after the balance sheet date

Incorporation of Global Vía

On 30 January 2007, Global Vía Infraestructuras was incorporated by Caja Madrid and FCC, which each contributed 50% of the capital, in order to bring together all the infrastructure concession investments of the two firms.

This company, which was created with share capital of EUR 250,000 thousand, will group together 35 infrastructure concessions, mainly those for motorways and freeways, commercial ports and marinas, underground railway lines, trams and hospitals.

Flotation of Realia

FCC and Caja Madrid agreed to establish a structure to enable FCC to take control of Realia. They also reiterate their willingness to commerce the formal procedures for the listing of Realia on the stock markets and to maintain stable control of the company after it is floated.

At the date of issue of these consolidated financial statements, the appropriate steps are being taken to achieve these objectives.

Financial risk management objectives and policies

The objective of financial risk management is to minimise the impact on the Group of fluctuations in interest and exchange rates, as well as to ensure that solvency and liquidity risks are kept within reasonable limits.

Given the nature of the FCC Group's activities, closely linked to inflation, its financial policy is to tie its debt and liquid financial assets, both of which are associated with its production cycle, to floating interest rates.

Consequently, whilst observing its policy of natural hedging, the Group manages interest rate risk by arranging hedges, mainly in the form of swaps, in which the Group companies pay fixed interest rates and receive floating interest rates.

In view of the volatility of the money markets, the FCC Group will continue to actively manage the interest rate risk to ensure that its position in this respect is at all times in the Group's best interest.

In keeping with the increased international diversification resulting from the major acquisitions made in 2006 in markets with currencies other than the euro (mainly the pound sterling and Czech koruna), the FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to the various currencies, with regard to both transactional and purely equity-related changes.

In practice, when permitted by the local financial markets, the Group actively manages its foreign exchange risk through hedges achieved by arranging financial transactions in the same currency as that in which the related asset is denominated.

The credit facilities arranged by the FCC Group more than cover its debt position. It is estimated that the Group will not only maintain its existing credit lines with no restrictions of any kind, but will also be able to increase them, within reasonable limits, if this is necessary. The FCC Group's objective is to achieve, but not exceed, a gearing ratio of 50% and to maintain a debt with recourse /EBITDA ratio of approximately 2.5 times, which would guarantee the Group's solvency.

Outlook for 2007

Set forth below are the prospects for 2007 for the various lines of business composing the FCC Group, which will foreseeably lead to substantial growth in the Group's revenue and profit.

First of all, it should be mentioned that 2007 will witness the consolidation of the contribution of the companies acquired in 2006 and described under "Salient Acquisitions in 2006" at the beginning of this directors' report. Secondly, the construction and services backlog at 2006 year-end amounted to EUR 30,510.2 million and guarantee a level of activity equivalent to approximately two years of annual production for Construction and eight years for Services.

For the **Environmental Services** area, the growth projected in Spain is linked to contract extensions and renewals and to the start-up, on completion, of treatment plants currently under construction. In the **International** area, significant growth is expected due to the acquisition of the ASA Group, which specialises in integral waste management and treatment services and is firmly established in numerous Central and Eastern European countries with high growth potential, and the purchase of the Waste Recycling Group, the UK market leader in urban solid waste management.

In the **Industrial Waste** division, forecasts point to a significant increase in revenue as a result of previous investments and the coming into full operation of the new facilities built.

In the **Water Management** division, the Group will continue to diversify in order to maintain high levels of growth. This will be achieved through the contribution of the major contracts landed in various Spanish municipalities, such as Santander, whose water service will be managed by FCC for the next 25 years, and the contracts for the installation and management of desalination plants. In addition, in the international sphere, the Group has a 30-year water service contract for the province of Caltanissetta, Italy, three desalination plants in Algeria and also stands to benefit from the contribution of the SmVak Group which, acquired in 2006, is the third leading water manager in Czechia and also operates in other East European countries.

At the beginning of 2007, the backlog of environmental services amounted to EUR 22,343 million, equivalent to nearly eight years of production.

The **Versia** area forecasts significant growth for 2007 that will be driven by its various divisions. Street Furniture will increase its international activity, especially in the USA, where on 26 June 2006 work began under the 20-year contract for the installation and exploitation for advertising purposes of street furniture in the city of New York. In addition, 2007 will see the maturation of the large-format contract for the city of Milan on which work also began in 2006. In the Spanish market, the Group's strategy is aimed at strengthening its presence in the large cities and fostering the development of new business lines.

In the **Airport Handling** division, growth of approximately 50% is projected in both the Spanish and international markets, since Flightcare was awarded a licence in August 2006 for the Barcelona, Málaga, Alicante, Fuerteventura, Jerez, Almería and Valencia airports. Abroad, the business in Belgium will be supplemented by the contribution of Aeroporti di Roma Handling, which was acquired at the end of 2006 and operates at the Fiumicino and Ciampino airports in Rome. The Group will seek to expand into other major airports in Italy.

The restructuring of the **Logistics** division will be completed following the acquisition of the Logístico Santos Group, which will enable it to improve its efficiency and the business it contributes to the Versia area.

The **Vehicle Roadworthiness Test** sector is undergoing sweeping changes as a result of the gradual adoption by the Autonomous Communities, as the existing concession periods expire, of the new permit system in compliance with market deregulation measures. This will shape the expansion and growth policies in the sector and, accordingly, Versia expects to increase its market share. Abroad, and especially in Argentina, the various initiatives launched in 2006 are bearing fruit, since they have heightened the local people's interest in subjecting their vehicles to compulsory roadworthiness tests.

As regards the **Parking** business, Versia will maintain its market share in the meter-regulated parking service, whereas its underground parking activity will expand through the start-up of the facilities under construction and the maturation of those which began operating in prior years. Additionally, a new business line, Eysa Net, is being developed, which will concentrate on introducing its product in both the Spanish and foreign markets.

In the **Construction** area, FCC Group expects to achieve significant international growth in 2007 due to the acquisition of an 80.71% stake in Alpine Mayreder Bau, a leading Austria-based construction group that operates mainly in Central and Eastern Europe. In the Spanish market, the current level of business will foreseeably be maintained due to the existing construction backlog, especially in relation to the Ministry of Public Works' Strategic Transport Infrastructure Plan (PEIT) which envisages road, rail, seaport and airport projects that will carry on until 2020. At the beginning of 2007, the construction backlog amounted to EUR 7,843 million, equivalent to nearly two years of production.

The performance of the **Cement** area will be determined by the inclusion of Cementos Lemona and Corporación Uniland, which were acquired in 2006 and are expected to substantially boost the 2007 aggregate sales volume in Spain of all the business sectors. The outlook for the international business will depend, in general, on the improvement of the US economy and, more specifically, on the increase in the demand for cement and the upward adjustment of prices in the areas of activity. The international business will also be bolstered by the major contribution of Corporación Uniland's operations in Argentina, Uruguay and Tunisia. Additionally, the investments planned for 2007 will optimise production processes, enhance the environment and improve occupational safety, thus strengthening the area's capacity to compete.

In relation to the **Real Estate** business, it should be noted that Realia Business, S.A. is scheduled to be floated in 2007, as resolved by its reference shareholders Fomento de Construcciones y Contratas and Caja Madrid. The resolutions adopted also envisage that the FCC Group will take control of Realia, thus enabling it to consolidate the latter's financial statements. Additionally, there are plans to reorganise the Realia Group by unbundling the property asset management business into a new company called Realia Patrimonio S.L.U., wholly-owned by Realia Business. The new company will include all the buildings operated under lease agreements and the investments in companies whose core business is the ownership of property earmarked for lease. This contribution will include all the leased buildings in Spain and those of the French company SIIC de Paris, which was acquired in 2006. 2007 will also see a far-reaching financial restructuring of the Realia Group, basically to achieve two objectives; firstly, to extend the maturity of its debt virtually from short-term to a period of approximately 10 years, and, secondly, to obtain financing sources classified as "without recourse to shareholders".

The annualised contribution of SIIC de Paris to Realia Group revenue (in 2006 approximately only half this company's revenue was included since it was acquired in June) and the acquisitions made in the second half of 2006 within the SIIC de Paris Group (four new buildings), together with the property development business, which will foreseeably continue to grow, albeit at a slower pace than in the last two years, all point to substantial growth in revenue for the Realia Group. Business profitability is also expected to remain at the highly satisfactory levels of the last few years.

The business strategies will continue to focus on implementation of the following policies: acquisition of land requiring urban development, thus ensuring the generation of value added; execution of property developments in new markets and shopping centre projects; acquisition of buildings, selected on the basis of their location and profitability for use in operations; and the rotation of leased assets deemed to be mature, in order to provide substantial income and gains for the company and to make new investments possible.

In the international market, following the acquisition of SIIC de Paris and of land in Poland for the execution and marketing of property developments, the real estate markets of other Central and Eastern European countries will continue to be explored, with a view to expanding the scope of the new company's business operations.

Auditor's report
Consolidated group

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

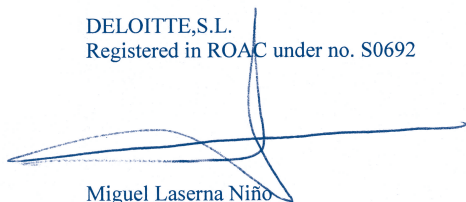
AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2006 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the 2006 financial statements of certain subsidiaries and associates, whose aggregated assets and net income in absolute values represent 47% and 46%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Appendixes I, II and III to the notes to the consolidated financial statements). Our opinion as expressed in this report on the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.
2. The accompanying consolidated financial statements for 2006 were prepared by the Group in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs), which require, in general, that financial statements present comparative information. In this regard, as required by corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2006 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, the figures for 2005. Our opinion refers only to the consolidated financial statements for 2006. On April 12, 2006, we issued our auditors' report on the 2005 consolidated financial statements, in which we expressed an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors mentioned in paragraph 1 above, the accompanying consolidated financial statements for 2006 present fairly, in all material respects, the consolidated equity and consolidated financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries at 31 December 2006, and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards, as adopted by the European Union, applied on a basis consistent with that used in the preparation of the financial statements for the preceding year, which were included in the consolidated financial statements for 2006 for comparison purposes.

4. The accompanying consolidated directors' report for 2006 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2006. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries.

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



Miguel Laserna Niño

April 4, 2007

Financial statements
Management report and Auditor's report

Fomento de Construcciones y Contratas, S.A.

Financial statements

Fomento de Construcciones y Contratas, S.A.

Balance sheet	450
Statements of income	452
Notes	455

Balance sheet

Fomento de Construcciones y Contratas, S.A.

ASSETS	12-31-2006	12-31-2005
NON-CURRENT ASSETS	2,015,136	1,682,692
Intangible assets	99,592	73,387
Concessions, patents, licenses, trademarks and other	38,497	34,582
Rights on leased assets	97,113	64,848
Accumulated amortization	(36,018)	(26,043)
Property, plant and equipment	326,728	305,934
Land and buildings	165,663	161,799
Plant and machinery	402,741	389,231
Other fixtures, tools and furniture	103,167	93,051
Advances and property, plant and equipment in the course of construction	25,543	14,018
Other items of property, plant and equipment	16,169	15,470
Allowances	(311)	(311)
Accumulated depreciation	(386,244)	(367,324)
Long-term investments	1,580,660	1,293,949
Investments in Group companies	1,366,731	1,139,943
Investments in associates	244,242	244,321
Loans to Group companies	44,880	434
Loans to associates	2,316	2,970
Long-term investment securities	14,609	13,788
Other loans	15,468	10,871
Long-term deposits and guarantees given	5,430	4,771
Allowances	(113,016)	(123,149)
Treasury shares	8,156	9,422
DEFERRED CHARGES	5,158	5,334
CURRENT ASSETS	1,908,631	853,171
Inventories	6,536	6,151
Raw materials and other supplies	6,281	6,071
Advances	255	80
Accounts receivable	527,637	743,992
Trade receivables for sales and services	411,766	366,254
Receivable from Group companies	34,607	299,182
Receivable from associates	4,960	4,520
Sundry accounts receivable	10,584	9,904
Employee receivables	807	776
Tax receivables	75,437	75,060
Allowances	(10,524)	(11,704)
Short-term investments	1,313,199	48,753
Loans to Group companies	1,282,355	30,963
Loans to associates	15,207	15,508
Short-term investment securities	7,419	64
Other loans	7,990	2,064
Short-term deposits and guarantees given	576	502
Allowances	(348)	(348)
Cash	51,745	50,652
Accrual accounts	9,514	3,623
TOTAL ASSETS	3,928,925	2,541,197

At 31 December 2006

In thousands of euros

SHAREHOLDERS' EQUITY AND LIABILITIES	12-31-2006	12-31-2005
SHAREHOLDERS' EQUITY	1,025,087	970,395
Share capital	130,567	130,567
Share premium	242,133	242,133
Reserves	487,343	459,823
Legal reserve	26,113	26,113
Reserve for treasury shares	8,156	9,422
Reserve for retired shares	2,770	2,770
Voluntary reserves	450,304	421,518
Profit for the year	295,235	237,554
Interim dividend	(130,191)	(99,682)
DEFERRED INCOME	4,322	4,771
Grants related to assets	4,302	4,740
Other deferred income	20	31
PROVISIONS FOR CONTINGENCIES AND CHARGES	186,578	159,949
Provisions	175,173	149,273
Reversion reserve	11,405	10,676
NON-CURRENT LIABILITIES	272,830	27,056
Bank borrowings	252,180	2,596
Loans and other payables	250,372	196
Long-term finance lease payments payable	1,808	2,400
Other payables	20,650	24,460
Limited recourse project financing loans	5,555	7,733
Long-term guarantees and deposits received	5,122	4,884
Long-term taxes payable	9,973	11,843
CURRENT LIABILITIES	2,440,108	1,379,026
Bank borrowings	1,370,345	22,530
Loans and other payables	1,336,884	31
Interest payable	3,894	284
Short-term finance lease payments payable	29,567	22,215
Payable to Group companies and associates	442,466	833,680
Payable to Group companies	438,886	830,284
Payable to associates	3,580	3,396
Trade payables	191,765	178,274
Advances received on orders	20,909	26,235
Accounts payable for purchases and services	108,256	91,645
Notes payable	62,600	60,394
Other non-trade payables	378,495	310,259
Tax payables	163,292	148,989
Notes payable	9,473	5,949
Limited recourse project financing loans	2,178	1,951
Other payables	178,683	127,827
Remuneration payable	24,756	25,345
Short-term guarantees and deposits received	113	198
Operating allowances	56,990	34,074
Accrual accounts	47	209
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,928,925	2,541,197

Income statement

Fomento de Construcciones y Contratas, S.A.

DEBIT	12-31-2006	12-31-2005
TOTAL OPERATING EXPENSES	1,023,465	889,973
Decrease in finished goods and work in process inventories	–	3,222
Cost of materials used and other external expenses	179,210	156,454
Raw materials and other consumables used	92,515	78,673
Other external expenses	86,695	77,781
Staff costs	607,196	537,410
Wages, salaries and similar expenses	455,944	403,261
Employee benefit costs	151,252	134,149
Depreciation and amortisation charge	56,341	50,669
Variation in operating allowances	13,043	2,682
Change in inventory allowances	–	(724)
Change in allowances for and losses on uncollectible receivables	443	2,742
Change in other operating allowances	12,600	664
Other operating expenses	167,675	139,536
Outside services	162,169	134,567
Taxes other than income tax	4,776	4,154
Provision to the reversion reserve	730	815
PROFIT FROM OPERATIONS	104,016	106,539
Finance costs	50,132	18,888
On debts to Group companies and associates	19,366	12,675
On debts to third parties and similar costs	30,766	6,213
Change in investment valuation allowances	(2,401)	–
Exchange losses	157	57
FINANCIAL PROFIT	206,789	165,092
PROFIT FROM ORDINARY ACTIVITIES	310,805	271,631
Change in allowances for intangible assets, property, plant and equipment and control portfolio	(4,720)	(4,220)
Losses on non-current assets	153	638
Extraordinary expenses and losses	43,000	9,873
EXTRAORDINARY PROFIT	26,187	–
PROFIT BEFORE TAX	336,992	267,546
Income tax	41,757	29,992
PROFIT FOR THE YEAR	295,235	237,554

for the year ended 31 December 2006

In thousands of euros

CREDIT	12-31-2006		12-31-2005
TOTAL OPERATING INCOME	1,127,481		996,512
Revenue	1,034,525		917,562
Work on non-current assets	1,227		611
Other operating income	91,729		78,339
Income from equity investments	227,153		181,135
Group companies	189,241	149,096	
Associates	36,893	32,039	
Non-Group companies	1,019	-	
Income from other marketable securities and non-current loans	302		459
Associates	107	120	
Non-Group companies	195	339	
Other finance income	27,159		2,121
Group companies and associates	19,760	144	
Other interest	1,672	863	
Gains on investments	5,727	1,114	
Exchange gains	63		322
Gains on non-current assets and control portfolio	617		351
Gains on treasury share transactions	3,238		-
Asset-related grants transferred to profit or loss	422		438
Extraordinary income	60,343		1,417
EXTRAORDINARY LOSS	-		4,085

Notes

Fomento de Construcciones y Contratas, S.A. at 31 December 2006

1.	Company's business activities	456
2.	Basis of presentation of the financial statements	456
3.	Distribution of profit	457
4.	Accounting policies	457
5.	Intangible assets	460
6.	Property, plant and equipment	461
7.	Investments. Marketable securities and non-trade loans	462
8.	Deferred charges	464
9.	Accounts receivable	464
10.	Shareholders' equity	465
11.	Grants	466
12.	Provisions	466
13.	Non-trade payables	467
14.	Tax matters	468
15.	Guarantee commitments to third parties and other contingent liabilities	470
16.	Revenue and expense recognition	470
17.	Environmental information	471
18.	Fees paid to auditors	471
19.	Information on the Board of Directors	471
20.	Statement of changes in financial position	473
21.	Analytical income statement	474
22.	Explanation added for translation to English	474

Contents

Appendix I	Group companies	475
Appendix II	Joint ventures	477
Appendix III	Associates and jointly-controlled entities	479
Appendix IV	Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A. for the distribution of an interim in 2006	480

1. Company's business activities

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of public streets and sewer systems, the maintenance of green areas and buildings, water treatment and distribution and other complementary services.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which comprises a broad spectrum of Spanish and foreign subsidiaries and associates that engage in activities such as construction, urban cleaning and integrated water cycle services, car parks, street furniture, passenger transport, vehicle roadworthiness tests, passenger and aircraft ground handling, logistics, cement, real estate, etc.

2. Basis of presentation of the financial statements

The accompanying financial statements, which were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures in which it participates, are presented in accordance with the Consolidated Spanish Companies Law, Royal Decree 1564/1989, of 22 December, and subsequent amendments thereto, the Spanish National Chart of Accounts, Royal Decree 1643/1990, of 20 December, and the industry-based adaptations implementing it.

The financial statements are stated in thousands of euros.

The balance sheets and income statements of the joint ventures in which the Company participates were proportionally consolidated on the basis of its percentage share of the profit or loss, income and expenses of each joint venture.

The Company has an 80% ownership interest in the Torre Picasso building, which is being operated through an owners' association. Consequently, the financial statements include the assets, liabilities, income and expenses of this association, in proportion to the Company's percentage of ownership.

The joint ventures and the owners' association were included by making the required uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and income and expenses. The detail of any material amounts relating to the joint ventures and the owner's association is included in these notes to the financial statements.

Appendix II lists the joint ventures and indicates the percentage share of their results.

The financial statements of Fomento de Construcciones y Contratas, S.A., which were prepared by its directors, have not yet been approved by the shareholders at the Annual General Meeting. However, it is expected that they will be approved without any changes.

Since, Fomento de Construcciones y Contratas, S.A. is the head of the FCC Group, it is obliged under current legislation to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002, as well as all provisions and interpretations implementing it. The consolidated financial statements of the FCC Group for 2006, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting.

The effect of consolidation of Fomento de Construcciones y Contratas, S.A., based on a comparison between the individual financial statements of the Company and the consolidated financial statements, would have been to increase reserves and profit increase for the year by EUR 1,347,725 thousand and EUR 240,276 thousand, respectively, and assets by EUR 15,093,149 thousand.

3. Distribution of profit

The proposed distribution of profit of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the shareholders at the Annual General Meeting is as follows:

	Amount
Profit for the year, before distribution	295,235
Distribution	
Interim dividend	1.00 euro per share
Final dividend	1.05 euros per share
To voluntary reserves: The amount remaining after payment of the interim and final dividends on outstanding shares carrying dividend rights at the date of payment will be allocated to this reserve.	

On 19 December 2006, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of 2006 profit equal to 100% gross of the par value of the shares, i.e. EUR 1 per share. The total amount of this dividend, EUR 130,191 thousand, was paid on or after 8 January 2007 on outstanding shares carrying dividend rights.

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Appendix IV hereto.

4. Accounting policies

The main accounting policies applied by the Company in preparing its financial statements were as follows:

a) Intangible assets

Intangible assets are recorded at cost.

Tangible items held under finance leases are amortised by the straight-line method over the years of estimated useful life, which are the same as those for property, plant and equipment. Administrative concessions are amortised over the concession period, which ranges on average from 25 to 50 years.

b) Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, or at production cost if the Company has performed in-house work thereon.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in the income statement for the year in which they are incurred.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of estimated useful life
Buildings and other structures	25 – 50
Torre Picasso building	75
Plant and machinery	5 – 15
Other fixtures, tools and furniture	8 – 12
Other items of property, plant and equipment	4 – 10

Property, plant and equipment assigned exclusively to certain specific contracts are depreciated over the shorter of the years of useful life indicated above or the contract term.

c) Deferred finance costs relating to the financing of non-current assets

The interest on loans used to finance non-current assets is generally charged to the income statement in the year in which it is incurred. However, for non-current assets whose construction requires a substantial period of time, cost includes the interest accrued on their financing until they come into operation. No material amounts.

Also, the Company capitalises the finance costs arising from the financing of the non-current assets required to carry on its water supply/treatment line of business, in accordance with the related industry adaptation of the Spanish National Chart of Accounts. The costs thus capitalised are deferred over the term of the service, provided that there is evidence that future income will enable the costs previously incurred to be recovered.

The interest capitalised as described in the preceding paragraph is included under “Deferred Charges” in the accompanying balance sheet.

d) Investments. Marketable securities and non-trade loans

In accordance with current legislation, investments in listed and unlisted marketable securities are carried at cost, net of the required valuation allowances. Consequently, the Company records all unrealised losses existing at year-end are recorded, but does not recognise any unrealised gains, except for those disclosed at the time of acquisition and still existing at the date of subsequent valuation.

Loans are valued at the amount delivered plus the unmatured accrued interest at the balance-sheet date. The appropriate value adjustments are made by recognising allowances for doubtful debts.

Securities and loans maturing within no more than 12 months from the balance sheet date are classified as short-term items (current assets) and those maturing within more than 12 months as long-term items (non-current assets). Other investments of a permanent nature are classified as non-current assets.

e) Inventories

Inventories are stated at average acquisition price or average production cost and the necessary valuation adjustments are made to reduce the carrying amount to market value, if this is lower. Allowances are also recorded for the impairment reduce of obsolete inventories.

f) Treasury shares

Treasury shares are carried at the lower of average acquisition cost and market value or, where applicable, at a value approximating underlying carrying amount in accordance with the accounting principle of prudence.

g) Grants

Non-refundable grants related to assets are recognised as to income in proportion to the depreciation charged on those assets.

h) Provisions for pensions and similar obligations

The Company has not established any pension plans to supplement the social security pension benefits. Pursuant to the consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the Company externalises its commitments to its employees in this connection.

In addition, following authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent occupational disability, retirement bonuses and pensions and other situations for, among other employees, executive directors and executives. In particular, the contingencies giving rise to benefits relate to employee terminations for of the following reasons:

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

The accompanying income statement includes premium payments in relation to this insurance policy amounting to EUR 4,502 thousand and rebates amounting to EUR 235 thousand. At 31 December 2006, after payment of the aforementioned net amounts, the fair value of the premiums contributed covered all the actuarial commitments assumed.

i) Provisions for contingencies and charges

The Company has recorded provisions for contingencies and charges relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain since they are dependent on the fulfilment of certain conditions. These provisions are recorded when the related liability or obligation arises.

j) Reversion reserve

The Company records a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession term. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession term the net carrying amount (after deduction of the related accumulated depreciation) is zero.

The Company considers that the periodic maintenance plans for its assets, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concessions and that, therefore, no significant expenses will arise as a result of their return.

k) Classification of debts

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

Debts are stated at the amounts drawn plus the unmatured accrued interest. Non-trade debts are carried at their repayment value and the interest on the transaction is recorded under "Deferred Charges" or "Accrual Accounts" on the asset side of the balance sheet, depending on whether the principal amount is classified as current or non-current. The interest is taken to income on the basis of the principal amount outstanding.

l) Income tax

The income tax expense of each year is calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences, which do not reverse in subsequent periods, between taxable profit for income tax purposes and accounting profit. To this adjusted accounting profit the Company applies the current tax rate and deducts the tax credits and tax relief earned in the year.

Additionally, the income tax expense for 2006 includes the adjustment made to the deferred tax asset and liability balances in order to adapt them to the tax rates as modified by Law 35/2006, of 28 November. The Company estimated the year in which these deferred tax assets and liabilities will be taken to income or reversed, and this assessment gave rise to a net adjustment of EUR 3,391 thousand to "Income Tax" in the accompanying income statement (see Note 14).

m) Foreign currency transactions

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the balance sheet date. Exchange losses are charged to income, whereas exchange gains are deferred until realised and are recognised under "Deferred Income".

The differences resulting from fluctuations in exchange rates from the date on which the transactions were made, or the related values were adjusted, to the date of collection or payment are recognised in the income statement.

n) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The Company recognises as the period result on its contracts the difference between period production (valued at the selling price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the selling price of other as yet unapproved services for which there is reasonable assurance of collection) and the costs incurred. Additionally, late-payment interest is recognised as income when it is approved or finally collected.

The difference between the amount of production and the amount billed until the date of the financial statements is recorded as "Completed Production Pending Billing" under "Trade Receivables for Sales and Services". Pre-billings for various items are recorded under "Advances Received on Orders" on the liability side of the balance sheet.

In accordance with the accounting principle of prudence, the Company only records realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recognised as soon as they become known, by recording the appropriate provisions (see Notes 4-i and 12).

o) Information on the environment

As indicated in Note 1, the Company engages mainly in services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof upon completion of its operations. Also, the Company has non-current assets for the protection of the environment and bears any costs required for this purpose in the performance of its business activities.

The acquisition costs of these non-current assets used in environmental conservation are recognised under "Property, Plant and Equipment" or "Intangible Assets" based on the nature of the investment, and are depreciated or amortised over the useful lives of the assets. Also, in accordance with current accounting regulations, the Company recognises the expenses and provisions arising from its environmental commitments.

p) Derivatives

Pursuant to Article 200 of the Consolidated Companies Law, as amended by Law 62/2003, of 30 December, for each type of derivative financial instrument the fair value and information relating to its scope and nature must be disclosed.

Following is a description of the derivative financial instruments existing at the Company at year-end:

- An interest rate derivative maturing in 2007, that was transferred in July 2004 to Fomento de Construcciones y Contratas, S.A. from Grubarges Inversión Hotelera, S.A. as a result of the withdrawal of the FCC Group from the hotel business activity. At year-end, the estimated value of the payment obligation, for which a provision was duly recognised in the accompanying balance sheet, was EUR 38 thousand, and a gain of EUR 333 thousand was recognised in the income statement.
- An interest rate derivative maturing in 2013 that the Company had arranged in December 2006 to cover the interest rate fluctuations on the loans being negotiated in connection with the financing of Azincourt Investment, S.L. (Sole-Shareholder Company), as indicated in Note 7 below. At year-end, the estimated current value of the payment obligation was EUR 732 thousand, for which a provision was recognised in the accompanying balance sheet.
- A derivative financial instrument (Swap) on cash flows determined by the market price of equity securities, maturing on 30 March 2007, which gave rise to a gain of EUR 54,226 thousand in 2006, recognised under "Extraordinary Income" in the accompanying income statement. At year-end, the estimated value of the instrument was zero and its cancellation at maturity is not expected to have a significant effect on the Company's 2007 income statement.

5. Intangible assets

The detail of "Intangible Assets" and of the related accumulated amortisation at 31 December 2006 is as follows:

	Cost	Accumulated amortisation	Net
Concessions, patents, licenses, trademarks and other	38,497	(18,832)	19,665
Rights on leased assets	97,113	(17,186)	79,927
	135,610	(36,018)	99,592

"Concessions, Patents, Licenses, Trademarks and Other" relates mainly to joint ventures and includes most notably the amounts paid to obtain concessions for, inter alia, water supply services, which are being amortised on a straight-line basis over the concession term.

The charges in 2006 in this heading in the accompanying balance sheet was as follows:

	Balance at 12-31-05	Additions or charge for the year	Disposals and reductions	Transfers	Balance at 12-31-06
Concessions, patents, licenses, trademarks and similar	34,582	3,949	(34)	–	38,497
Rights on leased assets	64,848	55,546	–	(23,281)	97,113
Accumulated amortisation	(26,043)	(15,309)	33	5,301	(36,018)
	73,387	44,186	(1)	(17,980)	99,592

The features of the finance lease contracts in force at 2006 year-end are as follows:

Original cost of the assets	97,113
Value of purchase options	981
Contract term (years)	2
Lease payments paid in the year	46,318
Lease payments paid in prior years	21,170
Lease payments outstanding, including purchase option	31,375

The detail of the assets held under finance leases at 31 December 2006 is as follows:

Plant and machinery	80,713
Other fixtures, tools and furniture	15,787
Other non current assets	613
	97,113

6. Property, plant and equipment

The detail of "Property, Plant and Equipment" and of the related accumulated depreciation at 31 December 2006 is as follows:

	Cost	Accumulated depreciation	Allowances	Net
Land and buildings	165,663	(55,818)	(311)	109,534
Plant and machinery	402,741	(254,618)	–	148,123
Other fixtures, tools and furniture	103,167	(63,437)	–	39,730
Advances and property, plant and equipment in the course of construction	25,543	–	–	25,543
Other property, plant and equipment	16,169	(12,371)	–	3,798
	713,283	(386,244)	(311)	326,728

EUR 73,105 thousand of the net carrying amount of property, plant and equipment relate to joint ventures.

All the property, plant and equipment were being used in production at 2006 year-end; however, EUR 174,892 thousand of property, plant and equipment had been fully depreciated.

The Company takes out the insurance policies it considers necessary to cover the possible risks to which its property, plant and equipment are subject.

The changes in property, plant and equipment, broken down to show the additions, disposals and reductions in 2006, were as follows:

	Balance at 12-31-05	Additions or charge for the year	Disposals and reductions	Transfers	Balance at 12-31-06
Land and buildings	161,799	4,077	(524)	311	165,663
Plant and machinery	389,231	11,981	(23,850)	25,379	402,741
Other fixtures, tools and furniture	93,051	8,327	(4,255)	6,044	103,167
Advances and property, plant and equipment in the course of production	14,018	20,461	(63)	(8,873)	25,543
Other property, plant and equipment	15,470	1,569	(1,290)	420	16,169
Allowances	(311)	–	–	–	(311)
Accumulated depreciation	(367,324)	(41,032)	27,413	(5,301)	(386,244)
	305,934	5,383	(2,569)	17,980	326,728

7. Investments. Marketable securities and non-trade loans

1) Long-term investments

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

	Balance at 12-31-05	Additions or charge for the year	Disposals and reductions	Transfers	Balance at 31-12-06
Investments in Group companies	1,139,943	226,788	–	–	1,366,731
Investments in associates	244,321	–	(79)	–	244,242
Loans to Group companies	434	44,500	(54)	–	44,880
Loans to associates	2,970	2	(311)	(345)	2,316
Long-term investment securities	13,788	3,833	(3,012)	–	14,609
Other loans	10,871	5,647	(662)	(388)	15,468
Long-term deposits and guarantees given	4,771	773	(114)	–	5,430
Allowances	(123,149)	(252)	10,385	–	(113,016)
	1,293,949	281,291	6,153	(733)	1,580,660

The most significant events in 2006 were, on the one hand, the acquisition of all the share capital of the Austrian company ASA Abfall Service AG and its corporate group, which engage mainly in the business of urban solid waste collection and transport, for EUR 226,785 thousand, and, on the other, the grant of a participating loan of EUR 42,000 thousand to Aqualia Gestión Integral del Agua, S.A., which is recognised under “Loans to Group Companies”.

The most noteworthy changes in allowances were the reversals of EUR 4,972 thousand for Proactiva Medio Ambiente, S.A. and EUR 5,412 thousand for Xfera Móviles, S.A.

The detail, by company, of investments in Group companies and associates is provided in Appendixes I and III, respectively, indicating, for each company in which the Company has a direct holding, the following data: company name, address, line of business, percentage of direct or indirect ownership, share capital and reserves, profit or loss, dividends received, listing status, and the carrying amount of the holding.

The breakdown of the balance of “Long-Term Investment Securities” is as follows:

	Carrying amount	
	Assets	Allowances
Artscapital Investment, S.A. (10.83% shareholding)	4,171	(4,171)
Shopnet Brokers, S.A. (15.54% shareholding)	2,796	(2,796)
Xfera Móviles, S.A. (3.44% shareholding)	6,234	–
Other	1,408	(72)
	14,609	(7,039)

In relation to the investment in Xfera Móviles, S.A., it should be mentioned that in 2006 the ownership interest held by Fomento de Construcciones y Contratas, S.A. fell from 7.76% to 3.44% due to the sale to the current majority shareholder, Sonera Holding B.V., of 4.32% of this company's shares. The transaction gave rise to a cash inflow and to a gain of EUR 5,394 thousand, in addition to the reversal of EUR 2,401 thousand of the investment valuation allowance. These amounts are recognised under “Gains on Investments” and “Change in Investment Valuation Allowances”, respectively, in the accompanying income statement. In turn, Fomento de Construcciones y Contratas, S.A. participating is the capital increase of Xfera Móviles, S.A. with a payment of EUR 3,833 thousand and granted a participating loan, in proportion to its ownership interest, amounting to EUR 2,649 thousand. This loan is recognised under “Other Loans” in the accompanying balance sheet.

At 31 December 2006, the Company had provided guarantees for Xfera Móviles, S.A. amounting to EUR 20,122 thousand. Additionally, Fomento de Construcciones y Contratas, S.A. has a put option on the portfolio of Xfera Móviles, S.A. that is symmetrical to the call option held by Sonera Holding B.V. These rights can only be exercised on the maturity date in 2011, provided that certain terms and conditions are met, including most notably that Xfera Móviles, S.A. generates profit over two consecutive years prior to the aforementioned maturity date.

II) Short-term investments

This heading includes basically the loans and other non-trade credit facilities granted, inter alia, to Group companies and associates to cater for certain specific cash situations, and other short-term investments. These investments are measured at the lower of cost or market, plus the interest earned at market rates.

The most significant balances under “Loans to Group Companies” are as follows:

Azincourt Investment, S.L. Unipersonal	1,046,858
FCC Construcción, S.A.	103,057
Aqualia Gestión Integral del Agua, S.A.	49,721
Enviropower Investments Ltd.	24,875
FCC Versia, S.A.	20,655
Giza Environmental Services S.A.E.	13,674
Other (less than EUR 10,000 thousand)	23,515
	1,282,355

Particularly, noteworthy is the loan granted in 2006 to Azincourt Investment, S.L., Sole-Shareholder Company, wholly owned by Fomento de Construcciones y Contratas, S.A., which in 2006 acquired the UK company Recycling Group Ltd. and its corporate group whose core business is waste collection and treatment in the United Kingdom. This loan is related to the transaction explained in Note 13-c to these financial statements.

The loans to Group companies earn interest at market rates.

8. Deferred charges

The changes in 2006 in this heading in the accompanying balance sheet were as follows:

	Balance at 12-31-05	Additions	Amounts taken to income or transfers	Balance at 12-31-06
Financing of non-current assets (Note 4-c)	5,230	29	(138)	5,121
Finance leases	104	149	(216)	37
	5,334	178	(354)	5,158

9. Accounts receivable

The most significant accounts under this heading are as follows:

a) Trade receivables for sales and services

The breakdown of the balance of this account in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows:

Receivable for billed production	342,928
Unbilled production	68,838
Trade receivables for sales and services	411,766
Advances received on orders	(20,909)
Total trade receivables, net	390,857

EUR 70,054 thousand of the net trade receivables balance relate to joint ventures.

The foregoing total is the net balance of trade receivables after deducting the balance of "Advances Received on Orders" on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes the collected and uncollected pre-billings for various items and the advances received (normally in cash).

"Receivable for Billed Production" reflects the amount of the billings issued to customers for services provided pending collection at the balance sheet date.

"Unbilled Production" reflects the difference between the production recognised by Fomento de Construcciones y Contratas, S.A. on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions under the various contracts which, although as yet unapproved, the Company considers will be duly billed since there are no doubts as to their being accepted.

The Company assigns trade receivables to financial institutions without recourse against Fomento de Construcciones y Contratas, S.A. in the event of non-payment. The amount deducted from the trade receivables balance at year-end in this connection amounted to EUR 84,979 thousand. These transactions bear interest on normal market terms and conditions. Collection management continues to be performed by Fomento de Construcciones y Contratas, S.A.

b) Receivable from Group companies

This heading includes the balances for operating transactions and current accounts with companies forming part of the Fomento de Construcciones y Contratas Group.

c) Tax receivables

The breakdown of "Tax Receivables" is detailed in Note 14 "Tax Matters".

10. Shareholders' equity

The changes in 2006 were as follows:

	Balance at 12-31-05	2005 Retained earnings	Dividends distributed	Transfers	Profit for the year	Balance at 12-31-06
Share capital	130,567	–	–	–	–	130,567
Share premium	242,133	–	–	–	–	242,133
Legal reserve	26,113	–	–	–	–	26,113
Reserve for treasury shares	9,422	–	–	(1,266)	–	8,156
Reserve for retired capital	2,770	–	–	–	–	2,770
Voluntary reserves	421,518	27,520	–	1,266	–	450,304
Profit for the year	237,554	(27,520)	(210,034)	–	295,235	295,235
Interim dividend	(99,682)	–	99,682	–	(130,191)	(130,191)
Shareholders' equity	970,395	–	(110,352)	–	165,044	1,025,087

a) Share capital

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

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

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

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

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, Ibersuizas Holdings, S.L., Simante, S.L., Larranza XXI, S.L. and Cartera Deva, S.A. have ownership interests of 73.375%, 10.552%, 5.726%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders which are recorded and published by the CNMV and in the FCC Group's Corporate Governance Report.

b) Additional paid-in capital

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

c) Legal reserve

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

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

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

At 31 December 2006, the legal reserve had reached the stipulated level.

d) Treasury shares

The Company holds 375,986 treasury shares of EUR 1 par value each, representing 0.29% of its share capital, with a carrying amount of EUR 8,156 thousand.

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

Change in 2006 is as follows:

	Number of shares	%	Amount
Balance at 12-31-05	434,322	0.33	9,422
Disposals	(58,336)	(0.04)	(1,266)
Balance at 12-31-06	375,986	0.29	8,156

e) Reserve for retired capital

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

f) Dividends distributed

On 31 March 2006, the Board of Directors authorised for issue the 2005 financial statements and approved the proposal for the distribution of 2005 profit, which included the payment of a final dividend of EUR 0.766 gross per share. Subsequently, the Board of Directors resolved to modify this proposal, increasing the distributable final dividend to EUR 0.848 per share. This agreement was ratified by the Shareholders at the Annual General Meeting held on 29 June 2006. The total payment of this final dividend amounted to EUR 110,352 thousand, as shown in the table at the beginning of this Note.

11. Grants

The accompanying balance sheet includes EUR 8,590 thousand for grants received in the past, EUR 4,288 thousand of which had been taken to income, including EUR 422 thousand in the year ended 31 December 2006. This amount relates mostly to joint ventures.

12. Provisions and allowances

The change in 2006 is as follows:

Provisions for contingencies and costs

	Balance at 12-31-05	Charge for the year	Amounts used	Reversals	Transfers	Balance at 12-31-06
Allowances						
Litigation	66,157	1,522	–	–	–	67,679
Other risks	83,116	35,110	(5,616)	(5,241)	125	107,494
	149,273	36,632	(5,616)	(5,241)	125	175,173
Reversion reserve	10,676	730	–	(1)	–	11,405
	159,949	37,362	(5,616)	(5,242)	125	186,578

Operating allowances

	Balance at 12-31-05	Charge for the year	Amounts used	Reversals	Transfers	Balance at 12-31-06
Allowances						
Legal and contractual guarantees and obligations	31,190	17,986	–	(6,074)	(116)	42,986
Other risks	2,884	13,537	(3)	(2,405)	(9)	14,004
	34,074	31,523	(3)	(8,479)	(125)	56,990

The Company records the provisions required for third-party liability and other estimated risks as mentioned in Note 4-i. It also records a reversion reserve as indicated in Note 4-j. Additionally, a provision was charged to "Extraordinary Expenses and Losses" in the accompanying 2006 income statement to cover other future contingencies and expenses arising from decisions taken in 2006 as part of the strategy to enhance and integrate processes and functions. These expenses are expected to be incurred over the next two years.

13. Non-trade payables

a) Long-term payables

The long-term payables in each of the related accounts in the accompanying balance sheet mature as follows:

	2008	2009	2010	2011	2011 and subsequent years	Total
Bank borrowings	251,357	484	–	–	339	252,180
Limited recourse project financing loans	2,427	2,701	427	–	–	5,555
Long-term taxes payable	193	193	193	193	9,201	9,973
Guarantees and deposits	561	427	250	784	3,100	5,122
	254,538	3,805	870	977	12,640	272,830

The detail relating to bank borrowings is shown in Note 13-c) "Credit Lines" below.

The balance of "Limited Recourse Project Financing Loans" relates to the payments outstanding in connection with the investments made by the Aqualia -FCC-Vigo joint venture which operates the water supply in Vigo. The main features of this debt are as follows: the interest rate on the amount outstanding is Euribor plus a spread based on market rates; repayment is in semiannual instalments ending in 2010; the repayments are made using the joint venture's income from operation of the service and, if the contract terms and conditions are met, with no other liability for the venturers if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest.

The average interest rate on the long-term bank borrowings is Euribor plus a market-based spread.

The detail of the balance of "Long-Term Taxes Payable" is disclosed in Note 14 ("Tax Matters").

b) Current liabilities

Payable to Group companies and associates includes the loans from these companies which bear interest at market rates and the operating payables to these companies. The most material balances are as follows:

Grucysa, S.A.	192,300
Corporación Financiera Hispánica, S.A.	116,593
Asesoría Financiera y de Gestión, S.A.	86,565
Other	47,008
	442,466

Also included, mainly under “Other Payables”, is the interim dividend amounting to EUR 130,191 thousand payable out of 2006 profit as indicated in Note 3.

The content of the “Taxes Payable” caption is disclosed in Note 14.

c) Credit lines

The Company had long- and short-term credit facilities related to bank borrowings with a limit of EUR 2,932,423 thousand, of which EUR 1,345,167 had not been drawn down at 31 December 2006.

The most salient of the abovementioned credit lines are:

- A syndicated bridge loan arranged by the Company on 22 September 2006 for EUR 1,030,000 thousand. This loan, which matures in March 2007, was drawn down in full to finance Azincourt Investment, S.L. Sole-Shareholder Company, the wholly owned investee of Fomento de Construcciones y Contratas, S.A., for the purchase of the British company Waste Recycling Group Ltd. and its corporate group, as already mentioned in Note 7.II above. The interest rate on this loan is tied to Euribor plus a spread of 0.275%. This debt is recognised under “Current Liabilities – Bank Borrowings” in the accompanying balance sheet.
- A syndicated loan arranged by the Company on 30 July 2003 for EUR 800,000 thousand. This loan is subdivided into two tranches: tranche “A”, a closed-end credit amounting to EUR 700,000 thousand, of which EUR 300,000 thousand are repayable on 30 July 2007, and EUR 400,000 thousand on 30 July 2008, and tranche “B”, a revolving line of credit amounting to EUR 100,000 thousand, with final maturity on 30 July 2008. At year-end, EUR 550,000 had been drawn down, of which EUR 250,000 are recognised under “Non-current Liabilities - Bank Borrowings” in the accompanying balance sheet and the remainder under “Current Liabilities - Bank Borrowings”. The financial cost of the two tranches is tied to Euribor plus a spread established on the basis of the debt-equity ratio of each year per the consolidated financial statements of the FCC Group, of which Fomento de Construcciones y Contratas, S.A. is the Parent. This spread is currently 0.275%.

14. Tax matters

The detail of the balances of “Tax Receivables” and “Taxes Payable” on the asset and liability sides, respectively, of the accompanying balance sheet is as follows:

I. Long-term

The balance of EUR 9,973 thousand under “Long-Term Taxes Payable” relates to deferred income tax for 30% of the accelerated depreciation of the Torre Picasso building in accordance with the tax incentives provided in Royal Decree-Law 2/1985 and the depreciation of the assets covered by Royal Decree-Law 3/1993. The maturity schedule indicated in Note 13 relates to the years in which this deferred tax will reverse, calculated on the basis of the useful lives of the related assets.

II. Short-term

Tax receivables	
Prepaid income tax	70,056
VAT refundable	3,603
Other items	1,778
	75,437

Taxes payable	
Personal and income tax withholdings (from salary income and income from movable capital)	8,121
Deferred income tax	37,640
Income tax payable	91,652
VAT and other indirect taxes payable	8,833
Levies and other taxes other than income tax	3,358
Accrued social security taxes payable	13,688
	163,292

Reconciliation of the accounting profit with the taxable profit for income tax purposes:

Accounting profit for the year before taxes		336,992
	Increases	Decreases
Permanent differences	11,655	950
Adjusted accounting profit		347,697
Timing differences		
Arising in the reporting year	53,930	24,131
Arising in prior years	4,378	18,448
Taxable profit		363,426

Adjusted accounting profit	347,697
Income tax charge (35%)	121,694
Inter-company double taxation tax credit	(78,124)
Other tax credits and relief	(4,357)
Adjustments due to change in tax rate (note 4.I)	3,391
Other adjustments	(847)
Income tax payable	41,757

The main reasons for the temporary differences were as follows:

- The increases include notably the charge to provisions for accounting purposes which will be tax deductible in subsequent years.
- The decreases include the profits of joint ventures which will be included in the companies' tax base for income tax purposes of the following year and the expenses recognised in prior years which became tax deductible in 2006, since the requirements established by current legislation had been met.

The changes in 2006 in the short- and long-term deferred tax assets and liabilities were as follows:

	Deferred tax asset		Deferred tax liability
Balance at 12-31-05	69,951		47,268
Timing differences	12,420		6,914
Current year	18,876	8,446	
Prior years	(6,456)	(1,532)	
Adjustments due to change in tax rate (note 4.I)	(10,207)		(6,816)
Other adjustments	(2,108)		247
Balance at 12-31-06	70,056		47,613

The change due to the timing differences of the deferred tax assets and deferred tax liabilities relates to 35% of those disclosed in the foregoing reconciliation.

The adjustments due to the change in the tax rate, as mentioned in Note 4.1 above, arose due to the reduction over two years of the standard income tax rate from 35% in 2006 to 32.5% in 2007 and 30% in 2008 and subsequent years. At 31 December 2006, the Company re-estimated the amount of the deferred tax assets and liabilities, taking into account the year in which the reversal will foreseeably take place. This assessment gave rise to a net adjustment of EUR 3,391 thousand, which is recognised under "Income Tax" in the accompanying income statement.

The other adjustments arose because of positive or negative differences between the income tax estimate made at the balance sheet date and the subsequent income tax settlement expense at the time of payment.

At year-end, the Company had no tax loss carryforwards or unused tax credits.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to it. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. In relation to the years which have been reviewed, in certain cases the criteria applied by the tax authorities gave rise to tax assessments, which are currently being appealed against by the Company. However, the Company's directors consider that the resulting liabilities will not significantly affect the Company's equity.

Under authorisation 18/89, Fomento de Construcciones y Contratas, S.A. is taxed on a consolidated basis for income tax purposes with all the other Group companies which meet the relevant requirements envisaged by tax legislation.

15. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2006, Fomento de Construcciones y Contratas, S.A. had provided EUR 374,859 thousand of guarantees to government agencies and private-sector customers, mainly as security for the performance of services under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to EUR 197,359 thousand.

Complaints have been filed against Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it participates concerning the Company's responsibilities during its activities under the contracts awarded. Since the appropriate provisions have been recorded (see Notes 4-i and 12), any liabilities arising from this situation would have no material impact on the Company's net worth.

16. Revenue and expense recognition

In 2006 Fomento de Construcciones y Contratas, S.A. performed work and provided services for Group companies and associates totalling EUR 100,767 thousand. This amount included most notably EUR 51,015 thousand billed for management, representation and administration services provided to the Company's wholly-owned subsidiary FCC Construcción, S.A., and this balance was recorded under "Other Operating Income" in the accompanying income statement. The Company also purchased EUR 36,155 thousand of services and consumables from the aforementioned companies. The finance income earned and finance costs incurred on non-trade receivables and payables with Group companies and associates amounted to EUR 19,867 thousand and EUR 19,366 thousand, respectively.

Substantially all the revenue relates to services provided in Spain. Joint ventures accounted for EUR 160,602 thousand of this total.

Operating income includes rental income and billings for the allocation of 80% of costs to the tenants of the Torre Picasso building, amounting to EUR 19,519 and EUR 6,001 thousand, respectively.

The average number of employees at the Company in 2006 was as follows:

Managers and university graduate employees	324
Other line personnel (further education college graduates)	223
Clerical and similar staff	736
Other salaried employees	21,244
	22,527

17. Environmental information

As indicated in Note 4-o, by their very nature, the services provided by the Company are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, in accordance with the requirements stipulated in the regulations governing this area.

The performance of the aforementioned production activities requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2006 the acquisition cost of the non-current assets assigned to these production activities totalled EUR 652,872 thousand and the related accumulated depreciation amounted to EUR 344,247 thousand.

Company management considers that the possible contingencies relating to environmental protection and improvement at 31 December 2006, would not have a significant impact on the accompanying financial statements.

Fomento de Construcciones y Contratas, S.A., as indicated in Note 1 above, is the Parent of the FCC Group which engages in a range of business activities. Due to the characteristics of these activities, the Group pays special attention to controlling the environmental impact, the aspects of which are described in detail in its Corporate Social Responsibility report, which is published annually on FCC's website, www.fcc.es; consequently, the reader should refer to this document for further information on the matters discussed in this note.

18. Fees paid to auditors

"Outside Services" in the accompanying income statement includes the fees for audit services provided to the Company, amounting to EUR 269 thousand. It also includes fees relating to other services billed by the auditor or by other entities related to the auditor, both in Spain and abroad, amounting to EUR 65 thousand.

19. Information on the board of directors

The remuneration earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company was as follows (in thousands of euros):

Fixed remuneration	2,365
Variable remuneration	519
Bylaw-stipulated directors' fees	1,774
Attendance fees	6
	4,664

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death, permanent occupational disability, retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. (see Note 4-h). In 2006, the beneficiaries were not paid anything under the insurance policy.

Except as indicated in the foregoing paragraphs, no other remuneration, advances, loans or guarantees were granted to the directors, and there were no pension or life insurance obligations to former or present directors.

Set forth below are the required disclosures in relation to the ownership interests held by the directors of Fomento de Construcciones y Contratas, S.A. in the share capital of non-FCC Group companies; the activities (if any) performed by them, as independent professionals or as employees, that are identical, similar or complementary to the activity that constitutes the company object of the FCC Group; and the

transactions (if any) conducted by them or by persons acting on their behalf, with the Company or with any company in the same Group that are not part of the Company's normal business activities or are not conducted on an arm's length basis:

- The director Miguel Blesa de la Parra declared that he had engaged in activities, as an independent professional or as an employee, that are similar or complementary to the activities that constitute the company object of Fomento de Construcciones y Contratas, S.A., in his capacity as Chairman of the Boards of Directors of Caja Madrid and of Corporación Financiera Caja de Madrid, S.A., which directly or indirectly own 33.92% and 15.24%, respectively, of the share capital of Realia Business, S.A., a company directly or indirectly 49.16% owned by Fomento de Construcciones y Contratas, S.A.
- The other directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, as independent professionals or as employees, that is identical, similar or complementary to the activity that constitutes the Company's object.
- The other Board members of the Company do not hold any ownership interests in the share capital of any companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Fomento de Construcciones y Contratas, S.A.
- In 2006 the other directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company in the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on an arm's length basis.

The detail of the directors holding positions in companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest is as follows:

Director's name or company name	Company name of the Group entity	Position held
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Realia Business, S.A. Cementos Portland Valderrivas, S.A. FCC Construcción, S.A. Cementos Alfa, S.A. Cementos Lemona, S.A. Lemona Industrial, S.A. Unipersonal	Director Director Director Director Director Director
Fernando Falcó y Fernández de Cordova	Realia Business, S.A. FCC Construcción, S.A. Cementos Portland Valderrivas, S.A. Cementos Lemona, S.A. Corporación Uniland, S.A. Lemona Industrial, S.A. Unipersonal	Director Director Director Deputy Chairman Director Deputy Chairman
Ibersuizas Alfa, S.L.	Cementos Portland Valderrivas, S.A.	Director
Rafael Montes Sánchez	FCC Construcción, S.A. Cementos Portland Valderrivas, S.A.	Director Director
Robert Peugeot	FCC Construcción, S.A.	Director
Antonio Pérez Colmenero	Per Gestora Inmobiliaria, S.L.	Director

20. Statements of changes in financial position

Source of funds	2006		2005
Funds obtained from operations	320,037		293,823
Grants related to assets	4		661
Increase in long-term debt	252,498		3,292
Disposal of property, plant and equipment	3,012		1,790
Disposal of long-term investments	5,495		111
Disposal of treasury shares	4,504		–
Repayment or transfer to short term of long-term investments	1,874		926
Transfer of provisions from short to long-term	125		10,000
Extraordinary income	41,570		–
Decrease in working capital	5,622		–
	634,741		310,603

Application of funds	2006		2005
Fixed asset additions	387,453		74,705
Intangible assets	59,495	40,806	
Property, plant and equipment	46,415	31,909	
Non-current investments	281,543	1,990	
Dividends	240,543		188,173
Repayment or transfer to short term of non-current borrowings	6,745		5,823
Increase in working capital	–		41,902
	634,741		310,603

Change in working capital

	2006		2005	
	Increase	Decrease	Increase	Decrease
Inventories	385	–	–	6,847
Receivable	–	216,355	319,016	–
Payable	–	1,061,082	–	313,569
Short-term investments	1,264,446	–	14,888	–
Cash	1,093	–	27,346	–
Accrual accounts	5,891	–	1,068	–
	1,271,815	1,277,437	362,318	320,416
Change in working capital	5,622	–	–	41,902
	1,277,437	1,277,437	362,318	362,318

The reconciliation of the accounting profit for the year to the funds obtained from operations shown in the foregoing statements of changes in financial position is as follows:

	2006	2005
Profit for the year after taxes	295,235	237,554
Depreciation and amortisation charge	56,341	50,669
Provision to reversion reserve	730	815
Provisions for contingencies and expenses	25,775	9,045
Change in investment valuation allowances	(7,121)	(4,220)
Loss on investments	(5,416)	–
Loss on treasury shares	(3,238)	–
Extraordinary loss	(41,570)	–
Other	(699)	(40)
Profit from operations	320,037	293,823

21. Cost accounting statements of income

	12-31-2006		12-31-2005	
	Amount	%	Amount	%
Revenue	1,034,525	100.00	917,562	100.00
+ Other operating income	91,729	8.87	78,339	8.54
– Change in finished goods and work in progress inventories	–	–	3,222	0.35
+ Capitalised expenses of in-house work on non-current assets	1,227	0.12	611	0.06
Production value	1,127,481	108.99	993,290	108.25
– Net purchases	92,725	8.96	79,134	8.62
+ Change in inventories of merchandise, materials and other consumables	210	0.02	461	0.05
– External and operating costs	253,640	24.52	216,502	23.60
– Staff costs	607,196	58.70	537,410	58.57
Gross profit from operations	174,130	16.83	160,705	17.51
– Depreciation and amortisation charge	56,341	5.45	50,669	5.52
– Provision to reversion reserve	730	0.07	815	0.09
– Bad debts and change in operating allowances	13,043	1.26	2,682	0.29
NET INCOME FROM OPERATIONS	104,016	10.05	106,539	11.61
+ Finance income	254,677	24.62	184,037	20.06
– Finance costs	50,289	4.86	18,945	2.07
– Changes in investment valuation allowances	(2,401)	(0.23)	–	–
Finance income	206,789	19.99	165,092	17.99
Profit (loss) from ordinary activities	310,805	30.04	271,631	29.60
+ Gains on fixed assets and extraordinary profit	64,620	6.24	2,206	0.24
– Losses on fixed assets and extraordinary costs	43,153	4.17	10,511	1.14
– Change in property, plant and equipment and control portfolio allowances	(4,720)	(0.46)	(4,220)	(0.46)
PROFIT BEFORE TAX	336,992	32.57	267,546	29.16
– Income Tax	41,757	4.03	29,992	3.27
Profit after tax	295,235	28.54	237,554	25.89

22. Explanation added for translation to english

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

Appendix I Group companies

Company	Carrying Amount		% of Ownership		Dividends Received	Capital	Reserves	2006 Profit/Loss before Tax	
	Cost	Allowance						Ordinary	Extraordinary
AEBA Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321. 3ª Buenos Aires. Argentina -Urban cleaning-	834	190	Direct 50.00 Indirect 2.50		276	1,000 (Arp)	1,534 (Arp)	4,074 (Arp)	—
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid -Water management-	254,768	—	Direct 99.99 Indirect 0.01		28,275	145,000	49,073	43,145	462
Azincourt Investment, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Portfolio company-	3	3	100.00		—	3	—	(19,883)	—
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13. Madrid -Financial services-	3,008	—	Direct 43.84 Indirect 56.16		—	6,843	465,832	24,475	12,466
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111. Madrid	30	—	Direct 25.00 Indirect 75.00		—	120	935	224	5
A.S.A. Abfall Service AG Hnas-Hruschka-Gasse, 9. Himberg (Austria) -Urban cleaning -	226,785	—	Direct 99.98 Indirect 0.02		—	5,000	47,401	3,944	—
Cementos Portland Valderrivas, S.A. Estella, 6. Pamplona -Cement-	175,953	—	Direct 58.76 Indirect 8.90		41,386	41,757	742,499	133,625	94,104
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-Shareholder Company. Federico Salmón, 13. Madrid -Portfolio company-	1,657	—	100.00		617	61	2,319	691	—
Compañía General de Servicios Empresariales, S.A. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	60	—	100.00		1	60	17	—	—
Corporación Española de Servicios, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	44	—	Direct 99.99 Indirect 0.01		—	60	15	2	—
Corporación Financiera Hispánica, S.A. Federico Salmón, 13. Madrid -Portfolio company-	69,818	—	Direct 99.99 Indirect 0.01		5,066	58,393	283,470	7,687	1
Egypt Environmental Services SAE Cairo-Egypt -Urban cleaning-	7,760	7,760	Direct 97.00 Indirect 3.00		—	36,400 (EGP)	(60,989) (EGP)	39,114 (EGP)	(13,194) (EGP)
Empresa Comarcal de Serveis Mediambientals del Baix Penedès, ECOBP, S.L. Plaça del Centre, 3. El Vendrell (Tarragona) -Urban cleaning-	240	—	80.00		52	301	252	147	—
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pza. Vázquez Molina, s/n. Úbeda (Jaén) -Urban cleaning-	720	—	90.00		—	800	90	165	—
Europea de Gestión, S.A. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	63	—	100.00		5	60	22	10	—
FCC Construcción, S.A. Balmes, 36. Barcelona -Construction-	275,551	—	Direct 99.99 Indirect 0.01		89,700	130,000	101,831	209,309	10,536
FCC Construcciones y Contratas Internacional, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100.00		—	3	—	—	—
FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company. Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100.00		—	3	—	—	—

Company	Carrying Amount		% of Ownership	Dividends Received	Capital	Reserves	2006 Profit/Loss before Tax	
	Cost	Allowance					Ordinary	Extraordinary
FCC Inmobiliaria Conycon, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100.00	—	3	—	—	—
FCC International B.V. Amsteldijk 166. Amsterdam (The Netherlands) -Portfolio company-	49,910	9,081	100.00	3,263	40,840	(3,243)	3,232	—
FCC Medio Ambiente, S.A. Federico Salmón, 13. Madrid -Urban cleaning-	35,102	—	Direct 98.98 Indirect 1.02	4,889	43,272	47,491	12,597	4,914
FCC Versia, S.A. Federico Salmón, 13. Madrid -Management company-	62,625	—	Direct 99.99 Indirect 0.01	15,100	40,337	53,002	26,422	(10,424)
FCC 1, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100.00	—	3	—	—	—
F-C y C, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100.00	—	3	—	—	—
Fedemés, S.L. Federico Salmón, 13. Madrid -Property development-	10,764	—	Direct 92.67 Indirect 7.33	381	10,301	14,557	984	—
Fomento Internacional Focsa, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	69	—	Direct 99.93 Indirect 0.07	4	90	23	3	—
Giza Environmental Services S.A.E. Cairo. Egypt -Urban cleaning-	7,566	7,566	Direct 97.00 Indirect 3.00	—	35,500 (EGP)	(74,306) (EGP)	(24,337) (EGP)	(33,872) (EGP)
Grucyca, S.A. Pza. Pablo Ruiz Picasso, s/n. Madrid -Portfolio company-	156,786	—	100.00	—	135,600	35,421	5,934	5,647
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Manacor (Balearic Islands) -Urban cleaning-	5,097	—	Direct 99.92 Indirect 0.08	—	308	1,304	240	(9)
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n. Madrid -Property management and administration-	48	—	80.00	10	60	51	(15)	—
Tratamientos y Recuperaciones Industriales, S.A. Angli, 31. Barcelona -Waste treatment-	21,455	—	Direct 74.92 Indirect 0.08	216	72	8,060	3,117	4
Total	1,366,731	24,600		189,241				

Note:

- Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its share price was EUR 99.00 at the balance sheet date. The average market price in the last quarter of 2006 was EUR 92.31.
- As required by Article 86 of the Consolidated Spanish Companies Law, in 2006 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

Appendix II Joint ventures

	% of Ownership
ABASTECIMIENTO VILLALÓN	20.00
ACERAS Y CALZADAS	50.00
ADDENDA PUENTE DE VALLECAS 5ª FASE	50.00
AIGÜES DE LLEIDA	50.00
AGUAS TOMELLOSO	20.00
ALCANTARILLADO BILBAO	90.00
ALMEDA	51.00
AMPLIACIÓ LIXIVITATS	20.00
AMPLIACIÓN VERTEDERO GARDELEGUI	55.00
AMPLIACIÓN VERTEDERO PINTO	50.00
AQUALBAL	20.00
AQUALIA – FCC – MYASA	20.00
AQUALIA – FCC – OVIEDO	5.00
AQUALIA – FCC – SALAMANCA	5.00
AQUALIA – FCC – SAN VICENTE	20.00
AQUALIA – FCC VIGO	50.00
ARGÍ GÜENES	70.00
ASTONDO	40.00
BAIX CAMP	30.00
BARRIO DE LA LOMA	50.00
BILBOKO SANEAMENDU	50.00
BIOCOMPOST DE ÁLAVA	50.00
BOADILLA - SERVICIOS	50.00
BOADILLA - VERSIA	50.00
BOADILLA DEL MONTE	50.00
BOCAS DE RIEGO ZONA 4	50.00
BOMBEO VALMOJADO	20.00
BONMATI	10.00
CAMI SA VORERA	20.00
CN III	45.00
CAN BOSSA	20.00
CANA PUTXA	20.00
CANDAS	20.00
CANGAS	50.00
CASTELLAR DEL VALLÈS	50.00
CEMENTERIOS PERIFÉRICOS II	50.00
CENTRO DE GESTIÓN MADRID	50.00
CHAPARRAL BAJO	20.00
CHAPARRAL BAJO FASE B	20.00
CHIPIONA	50.00
CIUTAT VELLA	50.00
COLEGIOS SANT QUIRZE	50.00
COMPLEJO DP. CABEZO DE TORRES	20.00
CONSERVACIÓN DE GALERÍAS	50.00
CONSERVACIÓN Y SISTEMAS	60.00
CONTADORES BURGOS	100.00
CUENCA	20.00
CYCSA-EYSSA VIGO	50.00
DEIXALLERIA TARRAGONA	20.00
DEPÓSITO CABECERA	80.00
DEPURADORA HUESCA	80.00
DOS AGUAS	35.00
ECOSERVEIS FIGUERES	50.00
EDAR ALMANSA	5.00
EDAR ALMENDRALEJO	20.00
EDAR CUERVA	5.00
EDAR ELCHE	20.00
EDAR RANILLA	22.50
ELISA OCHOA	50.00
ESPAI AMBIENTAL DEL VEDAT	100.00
EXTREMADURA	25.00
F.L.F. LA PLANA	47.00
FANGOS IBIZA Y FORMENTERA	20.00
FANGOS VIC	20.00
FCC – ACISA - AUDING	45.00

	% of Ownership
FCC – ANPE	80.00
FCC - DIESEL BARCELONA	80.00
FCC - DIESEL N-VI	50.00
FCC - ERS LOS PALACIOS	50.00
FCC – FCCMA ALCOY	20.00
FCC – FCCMA COLMENAR VIEJO	20.00
FCC – FCCMA CORNELLÀ	90.00
FCC – FIRA 2000	80.00
FCC – ICS	80.00
FCC – FCCMA JARDINES ALBACETE	20.00
FCC – FCCMA R.B.U. - L.V. JAVEA	20.00
FCC – FCCMA L.V. PAMPLONA	20.00
FCC – FCCMA OLESA	20.00
FCC – FCCMA RBU TUDELA	20.00
FCC – FCCMA S.U. DENIA	20.00
FCC – FCCMA SAN JAVIER	20.00
FCC – FCCMA SAN SEBASTIÁN	20.00
FCC – FCCMA SEGRÍA	20.00
FCC – FOCONSA	50.00
FCC – HIJOS DE MORENO, S.A.	50.00
FCC – HIMOSA	50.00
FCC – PALAFRUGELL	20.00
FCC – PROMECO 2000, S.L.	50.00
FCC – SUFI MAJADAHONDA	50.00
FCC – SUFI PESA	50.00
FCC – SYF PLAYAS	40.00
FCC – TEGNER	50.00
FCC – TPA PILAS	80.00
FCC, S.A. LUMSA	50.00
FCCSA – GIRSA	80.00
FCCSA – SECOPSA I	50.00
FUENLABRADA	50.00
FUENTES XÀTIVA	50.00
GALERÍAS CASTELLANA	50.00
GESTIÓN INSTALACIÓN III	34.99
GIREF	20.00
GESTIÓN PISCINA DE MULA	20.00
GETAFE	50.00
GUADIANA	20.00
HÉROES DE ESPAÑA	50.00
INFRAESTRUCTURAS MÓSTOLES	50.00
JARDINES PROTECCIÓN ESPECIAL	50.00
JARDINES SANTA COLOMA	50.00
JUNDIZ	51.00
KAIXARRANKA	60.00
LA LLOMA DEL BIRLET	80.00
LA MINA	20.00
LA SELVA	100.00
LAS YUCAS	50.00
LEA-ARTIBAI	60.00
LEGIO VII	50.00
L.J. SAN SEBASTIÁN	20.00
L.V. SAN SEBASTIÁN	20.00
LOGROÑO LIMPIO	50.00
LOS LLANOS	50.00
LVR MUSKIZ II	70.00
M-110	50.00
MADRID I	50.00
MADRID II	50.00
MADRID III	50.00
MADRID PAVIMENTA MADRID	50.00
MANACOR	30.00
MANCOMUNIDAD ALTO MIJARES	50.00
MANTENIMIENTO COLEGIOS BILBAO	70.00
MANTENIMIENTO COMISARÍAS	100.00

	% of Ownership
MANTENIMIENTO DE EDIFICIOS	60.00
MARTÍNEZ DE LA RIVA	50.00
MÉNDEZ ÁLVARO	50.00
MÉRIDA	10.00
METEOROLÓGICAS A-6	33.00
MOLINA	5.00
MOLLERUSA	60.00
MONTCADA	50.00
MORALEJA	50.00
MORELLA	50.00
NAVALMORAL	50.00
NIGRÁN	10.00
NIJAR	20.00
NOROESTE	33.00
NOVELDA	5.00
OCANA	75.00
ONDA EXPLOTACIÓN	33.33
OPERACIÓN ACERAS 2004	50.00
OPERACIÓN ACERAS II FASE	50.00
PARQUES SINGULARES MÓSTOLES	50.00
PASAIA	70.00
PASEO DEL ÁLAMO	50.00
PAVIMENTO ZONA I	50.00
PAVIMENTOS PAMPLONA	50.00
PEQUEÑAS OBRAS	50.00
PEQUEÑAS OBRAS 2006 FUENLABRADA	50.00
PINETONS	50.00
PINTO	50.00
PISCINA CUBIERTA MUN. L'ELIANA	85.00
PISCINA CUBIERTA C. DEP. ALBORAYA	42.50
PISCINA CUBIERTA MANISES	65.00
PISCINA CUBIERTA PAIORTA	90.00
PISCINA MUNICIPAL ALBATERA	65.00
PISCINA POLIDEPORTIVO PAIORTA	65.00
PLA D'URGELL	60.00
PLANTA BIOMETANIZACIÓN LAS DEHESAS	50.00
PLANTA DE TRATAMIENTOS VALLADOLID	60.00
POLÍGONO TORREHIERRO	50.00
PONIENTE ALMERIENSE	50.00
POSU – FCC VILLALBA	50.00
POZUELO	20.00
PRISMA 2004-2005	50.00
PUERTO	50.00
R.B.U. VILLA-REAL	47.00
R.S. PONIENTE ALMERIENSE	50.00
RADARES ZARAGOZA	50.00
REDONDELA	10.00
REFORMA PLAZA DEL CRISTO	20.00
REPARACIÓN VÍAS PÚBLICAS MÓSTOLES	50.00
RESIDENCIA	50.00
RESTAURACIÓN GARRAF	27.50
ruta de los pantanos	50.00
S.U. BILBAO	70.00
SABINÁNIGO	80.00
SALTO DEL NEGRO	50.00
SAN FERNANDO	20.00
SANT QUIRZE	50.00
SANT QUIRZE DEL VALLÉS	50.00
SANTA COLOMA DE GRAMANET	61.00
SANTOMERA	60.00
SANTURTZIKO GARBIKETA	60.00
SASIETA	75.00
SEAFSA – FCCSA ALCALÁ	20.00
SAV - FCC TRATAMIENTOS	35.00
SEGURIDAD VALDEBEBAS	20.00

	% of Ownership
SELECTIVES	20.00
SIMÓN HERNÁNDEZ	50.00
SOLANA	35.00
TIRVA FCC - FCCMA RUBÍ	20.00
TABLADA	20.00
TARAZONA	80.00
TOMELLOSO	50.00
TORREJÓN	25.00
TORRIBERA	50.00
TORRIBERA II	50.00
TREMP	51.00
TRIAGTGE I CLASSIFICACIÓ D'ENVASOS	60.00
TXINGUDI	75.00
URNIETA	20.00
VERTEDERO GARDELEGUI	70.00
VERTRESA	10.00
VIGO RECICLAJE	70.00
VINARÓZ	50.00
VIVIENDAS MARGEN DERECHA	60.00
ZARAUTZ	20.00
ZARZUELA	50.00
ZONZAMAS FASE II	30.00
ZURITA	50.00

Appendix III Associates and jointly-controlled entities

Company	Carrying Amount		% of Ownership	Dividends Received	Capital	Reserves	2006 Profit/Loss before Tax	
	Cost	Allowance					Ordinary	Extraordinary
Clavegueram de Barcelona, S.A. Acer, 16. Barcelona -Urban cleaning-	733	–	20.33	121	3,606	3,372	1,372	167
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93. Barcelona -Urban cleaning-	2,621	198	Direct 31.00 Indirect 18.00	–	7,710	104	(2,480)	1,737
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50 Vilamalla (Girona) -Urban cleaning-	301	–	50.00	44	601	30	166	–
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1. Torrox. (Málaga) -Urban cleaning-	300	–	50.00	48	600	210	288	–
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1. Rincón de la Victoria (Málaga) -Urban cleaning-	301	–	50.00	97	601	248	377	–
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia -Urban cleaning-	4,732	–	49.00	604	781	1,514	2,030	42
Ingeniería Urbana, S.A. Saturno, 6 – Alicante -Urban cleaning-	3,786	–	35.00	709	6,010	5,295	3,913	(67)
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14. Tremp (Lleida) -Urban cleaning-	25	9	40.80	–	60	–	(21)	–
Proactiva Doña Juana E.S.P.S.A Calle 98 n° 9-03 of. 804. Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban cleaning-	284	–	Direct 23.75 Indirect 27.05	–	2,250,000 (COP)	1,166,072 (COP)	3,041,006 (COP)	166,998 (COP)
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216. Madrid -Urban cleaning-	119,542	81,170	50.00	–	56,520	9,422	2,561	4,652
Realia Business, S.A. Paseo de la Castellana, 216. Madrid -Property development-	110,007	–	Direct 44.25 Indirect 4.92	34,977	66,570	412,985	140,420	83,756
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid -Urban cleaning-	1,610	–	51.00	293	3,156	273	235	–
Total	244,242	81,377		36,893				

Note:

- As required by Article 86 of the Consolidated Spanish Companies Law, in 2006 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

Appendix IV "Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A., for the distribution of an interim in 2006"

In accordance with Article 216 of the Consolidated Spanish Companies Law, which requires the Company's directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated:

1. That the after-tax profit of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 30 September 2006 amounted to EUR 164,454 thousand.
2. That the Company's after-tax cash flow in the first nine months of 2006 amounted to EUR 198,470 thousand.
3. That the Company's cash and cash equivalents at 30 September 2006 amounted to EUR 873,774 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material changes with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of EUR 130,567 thousand out of 2006 profit.

The number of shares carrying the entitlement to an interim dividend is calculated by subtracting the treasury shares existing at the date of payment of the dividend from the 130,567,483 shares representing the total share capital.

Accordingly, it is proposed that the following interim dividend out of 2006 profit be approved

Gross % of each share carrying dividend rights	100%
Gross interim dividend per share	1.00 euro

The legally required personal income tax or corporate income tax withholdings, as appropriate, will be made from the gross interim dividend declared.

The members of the Board resolved unanimously:

1. To approve the directors' report transcribed above;
2. To distribute an interim dividend out of the profit for 2006 in the amount indicated in the directors' report, which will be paid on 8 January 2007, which will be duly announced on a timely basis.

Madrid, 19 December 2006

Management report

Fomento de Construcciones y Contratas, S.A.

Introduction	482
Acquisition of treasury stock	483
Research and development activities	483
Significant events subsequent to year-end	484
Objectives and policies of financial risk management	484
Outlook for 2007	485

Introduction

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of roads and sewerage systems, the maintenance of green spaces and buildings, water purification and distribution and other complementary services. It also engages in the lease of offices and premises in the emblematic Torre Picasso building, which is 80% owned by the Company.

Fomento de Construcciones y Contratas, S.A. is the Parent of the FCC Group, which is made up of a wide range of subsidiaries engaging in activities such as construction and services relating to urban cleaning, the integral water cycle, car parks, street furniture, passenger transport, vehicle roadworthiness testing, passenger and aircraft handling, logistics, cement, real estate, etc. Consequently, for a fully comprehensive representation of the economic events of 2006, the reader is referred to the information contained in the consolidated financial statements.

The economic and financial information presented in this directors' report was prepared in accordance with the Spanish Commercial Code and the Spanish Companies' Law.

The figures given below are expressed in millions of euros.

Company performance in 2006

Main aggregates			Change	
	2006	2005	Absolute	%
Revenue	1,034.5	917.6	116.9	12.7
Gross profit from operations	174.1	160.7	13.4	8.3
% gross margin	16.8	17.5	(0.7)	(4.0)
Net profit from operations	104.0	106.5	(2.5)	(2.3)
% net margin	10.1	11.6	(1.5)	(12.9)
Dividends received from subsidiaries	227.2	181.1	46.1	25.5
Financial loss	(20.4)	(16.0)	(4.4)	27.5
Profit before tax	337.0	267.5	69.5	26.0
Net profit	295.2	237.5	57.7	24.3
Dividend to be distributed per share (euros)	2.05	1.614	0.436	27.0

Net revenue increased by 12.7% in 2006 to a total of EUR 1,034.5 million. The net profit from operations amounted to EUR 104.0 million, a figure similar to the EUR 106.5 million achieved in 2005.

The dividends received from the Company's subsidiaries amounted to EUR 227.2 million, an increase of 25.5% on 2005 and there was a slight increase in the financial loss.

Consequently, the stabilisation of operating profit and an increase in the dividends received from subsidiaries, backed by the extraordinary profit generated in 2006, gave a net profit of EUR 295.2 million, a 24.3% improvement on 2005.

Dividends

The Board of Directors proposes the distribution of a final dividend of EUR 1.05 per share, representing 105% of the par value of the shares outstanding at the date of payment, and the allocation of the remaining profit to unrestricted reserves. Earlier, on 8 January 2007, an interim dividend of EUR 1.00 per share was paid pursuant to the resolution adopted by the Board of Directors on 19 December 2006.

Acquisitions of treasury shares

At 2006 year-end Fomento de Construcciones y Contratas, S.A. held 375,986 treasury shares, representing 0.29% of its share capital, valued at EUR 8,156 thousand.

Also, in 2006 Compañía Auxiliar de Agencia y Mediación S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its share capital, with a carrying amount of EUR 1,107 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the Consolidated Spanish Companies Law.

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

	FCC, S.A.	Afigesa	Cía. Auxiliar de Agencia y Mediación	FCC Group
At 31 December 2005	434,322	343,922	316,098	1,094,342
Acquisitions or additions		431,246		431,246
Sales or disposals	(58,336)	(775,168)		(833,504)
At 31 December 2006	375,986	–	316,098	692,084

Research and development activities

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in this field encompass the matters which, either directly or indirectly, have a bearing on the business activities carried on by it. Noteworthy in 2006 were the steps taken in the course of its activities aimed at protecting the environment in order to facilitate sustainable growth.

In the sphere of Environmental Services, throughout the year work continued on the projects launched in 2005 to analyse the life cycle of water in waste treatment processes, whose basic aim is to study the environmental indicator "water" in the widest sense of the word, within the treatment processes. Further progress was also made in the development of new prototypes of smaller-sized, highly manoeuvrable waste collection and compaction vehicles, powered by electric engines with minimum sound and gas emissions. Also, other projects were commenced, such as the integral optimisation of the composting process at an urban solid waste treatment plant, which included a study of the repercussion on its agronomic applications and the effects on crops.

As regards waste disposal, mention must be made of the studies concerning the use of automatic turners in treatment plants, rendering the presence of operators unnecessary in harsh environments, and the research carried out into the modification of reactors to enhance the safety and availability of biomethanisation processes.

The research undertaken in the water business concentrated on the design and construction of a user-friendly, compact modular household grey water treatment system and the use of membrane ultrafiltration to clarify turbid water.

In the Versia area, work continued on the EPISOL project to develop a light urban vehicle featuring hybrid propulsion with two different types of engine: in the first phase, a heat engine and, at a more advanced phase, a fuel-cell/solar powered engine. Both versions are scheduled for completion in 2007. This project is being developed jointly by the subsidiary Cemusa, Universidad Politécnica de Madrid (INSIA – University Institute for Automotive Research), and Centro Superior de Investigaciones Científicas (IAI – Industrial Automation Institute). Projects are also in progress in the Street Furniture area for the development of bus shelters and new multiformat advertising poster systems.

Of note in the Construction area is the fact that FCC Construcción S.A. is a member of the European Construction Technology Platform and leads the Spanish Construction Technology Platform. The aim of these two organizations is to pool the efforts made by research centres, industries and universities in research, development and technological innovation in the field of construction. The most noteworthy projects in progress include those launched in prior years, such as: the Tunconstruc project, for the optimisation of underground construction; the Manubild project, for the industrialization of construction; the Arfrisol project, which focuses on bioclimatic architecture and solar energy

use; the Hatcons project, which studies various aspects of underground construction work, such as high-performance concretes and the interaction between machines, facings and land; and, lastly, the Fibras project, which analyses the use of fibre-reinforced concrete. Other significant projects in 2006 were the Parámetros project, which involved a comparative study of tunnel boring machine operations in various types of land, and the Futurespacio project, which focuses on the development and use of information and communications technologies applied to construction.

In the Cement area, research and development work on new cement products and applications takes place mainly at the Group's laboratories at the Olazagutía (Navarra) plant. In 2006 work was undertaken in various spheres, including the evaluation of raw materials, studies of alternative fuels in association with universities within the framework of the PROFIT program for the promotion of technical research, participation in Standardisation Committees, and joint development of research projects with customers to improve products and new applications, etc. Also, the Group actively takes part in the research projects conducted by the IECA (Spanish Institute for Cement and its Applications).

Significant events subsequent to year-end

Fomento de Construcciones y Contratas, S.A., the Parent of the FCC Group, participated directly or indirectly in the following transactions:

Incorporation of Global Via.

On 30 January 2007, Global Via Infraestructuras was incorporated by Caja Madrid and FCC, which each contributed 50% of the capital, in order to bring together all the infrastructure concession investments of the two firms.

This company, which was created with share capital of EUR 250,000 thousand, will group together 35 infrastructure concessions, mainly those for motorways and other roads, commercial ports and marinas, underground railway lines, trams and hospitals.

Flotation of Realia

FCC and Caja Madrid agreed to establish a structure to enable FCC to take control of Realia. They also reiterate their willingness to commence the formal procedures for the listing of Realia on the stock markets and to maintain stable control of the company after it is floated.

At the date of issue of these financial statements, the appropriate steps were being taken to achieve these objectives.

Financial risk management objectives and policies

The objective of financial risk management is to minimise the impact on the Group of fluctuations in interest and exchange rates, as well as to ensure that solvency and liquidity risks are kept within reasonable limits.

Given the nature of the FCC Group's activities, closely linked to inflation, the financial policy of the Company and its Group is to tie its debt and liquid financial assets, both of which are associated with its production cycle, to floating interest rates.

Consequently, whilst observing their policy of natural hedging, Fomento de Construcciones y Contratas, S.A. and its Group manage interest rate risk by arranging hedges, mainly in the form of swaps, in which the Company and its Group pay fixed interest rates and receive floating interest rates.

In view of the volatility of the money markets, Fomento de Construcciones y Contratas, S.A. and its Group will continue to actively manage interest rate risk to ensure that its position in this respect is at all times in the Group's best interest.

In keeping with the increased international diversification resulting from the major acquisitions made in 2006 in markets with currencies other than the euro (mainly the pound sterling and Czech koruna), the FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to the various currencies, with regard to both transactional and purely equity-related changes.

In practice, when permitted by the local financial markets, the Company and its Group actively manage their foreign exchange risk through hedges achieved by arranging financial transactions in the same currency as that in which the related asset is denominated.

The credit facilities arranged by Fomento de Construcciones y Contratas, S.A. and its Group more than cover their debt position. It is estimated that the Group will not only maintain its existing credit lines with no restrictions of any kind, but will also be able to increase them, within reasonable limits, if this is necessary. The objective of the Company and its Group is to achieve, but not exceed, a gearing ratio of 50% and to maintain a debt with recourse /EBITDA ratio of approximately 2.5 times, which would guarantee the Group's solvency.

Outlook for 2007

Set forth below are the prospects for 2007 for the various lines of business composing the FCC Group, which will foreseeably lead to substantial growth in the Group's revenue and profit.

First of all, it should be mentioned that 2007 will witness the consolidation of the contribution of the companies acquired in 2006 and described under "Salient Acquisitions in 2006" at the beginning of the consolidated directors' report. Secondly, the construction and services backlog at 2006 year-end amounted to EUR 30,510.2 million and guarantee a level of activity equivalent to approximately two years of annual production for Construction and eight years for Services.

For the **Environmental services**, area, the growth projected in Spain is linked to contract extensions and renewals and to the start-up, on completion, of treatment plants currently under construction. In the International area, significant growth is expected due to the acquisition of the ASA Group, which specialises in integral waste management and treatment services and is firmly established in numerous Central and Eastern European countries with high growth potential, and the purchase of the Waste Recycling Group, the UK market leader in urban solid waste management.

In the **Industrial waste** division, forecasts point to a significant increase in revenue as a result of previous investments and the coming into full operation of the new facilities built.

In the Water Management division, the Group will continue to diversify in order to maintain high levels of growth. This will be achieved through the contribution of the major contracts landed in various Spanish municipalities, such as Santander, whose water service will be managed by FCC for the next 25 years, and the contracts for the installation and management of desalination plants. In addition, in the international sphere, the Group has a 30-year water service contract for the province of Caltanissetta, Italy, three desalination plants in Algeria and also stands to benefit from the contribution of the SmVak Group which, acquired in 2006, is the third leading water manager in the Czech Republic and also operates in other East European countries.

At the beginning of 2007 the backlog of Environmental Services amounted to EUR 22,343 million, equivalent to nearly eight years of production.

The **Versia** area forecasts significant growth for 2007 that will be driven by its various divisions. **Street Furniture** will increase its international activity, especially in the USA, where on 26 June 2006 work began under the 20-year contract for the installation and exploitation for advertising purposes of street furniture in the city of New York. In addition, 2007 will see the maturation of the large-format contract for the city of Milan on which work also began in 2006. In the Spanish market, the Group's strategy is aimed at strengthening its presence in the large cities and fostering the development of new business lines.

In the **Airport Handling** division, growth of approximately 50% is projected in both the Spanish and international markets, since Flightcare was awarded a licence in August 2006 for the Barcelona, Málaga, Alicante, Fuerteventura, Jerez, Almeria and Valencia airports. Abroad, the business in Belgium will be supplemented by the contribution of Aeroporti di Roma Handling, which was acquired at the end of 2006 and operates at the Fiumicino and Ciampino airports in Rome. The Group will seek to expand into other major airports in Italy.

The restructuring of the **Logistics** division will be completed following the acquisition of the Logístico Santos Group, which will enable it to improve its efficiency and the business it contributes to the Versia area.

The **Vehicle Roadworthiness Test** sector is undergoing sweeping changes as a result of the gradual adoption by the autonomous community governments, as the existing concession periods expire, of the new permit system in compliance with market deregulation measures. This will shape the expansion and growth policies in the sector and, accordingly, the market share is expected to increase. Abroad, and especially in Argentina, the various initiatives launched in 2006 are bearing fruit, since they have heightened the local people's interest in subjecting their vehicles to compulsory roadworthiness tests.

As regards the **Parking** business, the market share will increase in the meter-regulated parking service, whereas the underground parking activity will expand through the start-up of the facilities under construction and the maturation of those which began operating in prior years. Additionally, a new business line, Eysa Net, is being developed, which will concentrate on introducing its product in both the Spanish and foreign markets.

In the **Construction** area, the FCC Group expects to achieve significant international growth in 2007 due to the acquisition of an 80.71% stake in Alpine Mayreder Bau, a leading Austrian construction group that operates mainly in Central and Eastern Europe. In the Spanish market, the current level of business will foreseeably be maintained due to the existing construction backlog, especially in relation to the Ministry of Public Works' Strategic Transport Infrastructure Plan (PEIT) which envisages road, rail, seaport and airport projects that will carry on until 2020. At the beginning of 2007 the construction backlog amounted to EUR 7,843 million, equivalent to nearly two years of production.

The performance of the **Cement** area will be determined by the inclusion of Cementos Lemona and Corporación Uniland, which were acquired in 2006 and are expected to substantially boost the 2007 aggregate sales volume in Spain in all the business sectors. The outlook for the international business will depend, in general, on the improvement of the US economy and, more specifically, on the increase in the demand for cement and the upward adjustment of prices in the areas of activity. The international business will also be bolstered by the major contribution of Corporación Uniland's operations in Argentina, Uruguay and Tunisia. Additionally, the investments planned for 2007 will optimise production processes, enhance the environment and improve occupational safety, thus strengthening the area's capacity to compete.

In relation to the **Real Estate** business, it should be noted that Realía Business, S.A. is scheduled to be floated in 2007, as resolved by its reference shareholders Fomento de Construcciones y Contratas and Caja Madrid. The resolutions adopted also envisage that the FCC Group will take control of Realía, thus enabling it to consolidate the latter's financial statements. Additionally, there are plans to reorganise the Realía Group by unbundling the property asset management business into a new company called Realía Patrimonio S.L.U., wholly-owned by Realía Business. The new company will include all the buildings operated under lease agreements and the investments in companies whose core business is the ownership of property earmarked for lease. This contribution will include all the leased buildings in Spain and those of the French company SIIC de Paris, which was acquired in 2006. 2007 will also see a far-reaching financial restructuring of the Realía Group, basically to achieve two objectives; firstly, to extend the maturity of its debt from short term to a period of approximately ten years, and, second, to obtain financing sources classified as "without recourse to shareholders".

The annualised contribution of SIIC de Paris to revenue (in 2006 approximately only one-half this company's revenue was included since it was acquired in June) and the acquisitions made in the second half of 2006 within the SIIC de Paris Group (four new buildings), together with the property development business, which will foreseeably continue to grow, albeit at a slower pace than in the last two years, all point to substantial growth in revenue for the Realía Group. Business profitability is also expected to remain at the highly satisfactory levels of the last few years.

The business strategies will continue to focus on implementation of the following policies: acquisition of land requiring urban development, thus ensuring the generation of value added; execution of property developments in new markets and shopping centre projects; acquisition of buildings, selected on the basis of their location and profitability for use in operations; and the rotation of leased assets deemed to be mature, in order to provide substantial income and gains for the company and to make new investments possible.

In the international market, following the acquisition of SIIC de Paris and of land in Poland for the execution and marketing of property developments, the real estate markets of other Central and Eastern European countries will continue to be explored, with a view to expanding the scope of the Company's business operations.

Auditor's report
Fomento de Construcciones y Contratas, S.A.

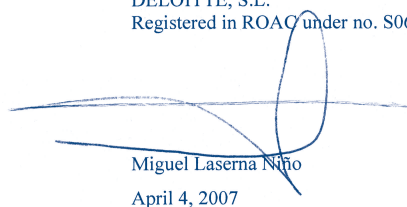
Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. comprising the balance sheet as of December 31, 2006, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate and commercial law, for comparison purposes the directors present, in addition to the 2006 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2005. Our opinion refers only to the 2006 financial statements. On April 12, 2006, we issued our auditors' report on the 2005 financial statements in which we expressed an unqualified opinion.
3. Fomento de Construcciones y Contratas, S.A. is the head of a corporate group which presents consolidated financial statements separately from the accompanying financial statements. On this same date we issued our auditors' report, on the 2006 consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs), which presented consolidated assets and consolidated revenues of €19,022 and €9,481 million and consolidated income attributable and equity attributable of €535 million, and €2,613 million, respectively, in which we expressed an unqualified opinion.
4. In our opinion, the accompanying financial statements for 2006 present, in all material respects, a true and fair view of the net worth and financial position of Fomento de Construcciones y Contratas, S.A. as of December 31, 2006, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying directors' report for 2006 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2006. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

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



Miguel Laserna Niño
April 4, 2007

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, Tomo 13.650, folio 188, sección 8, hoja M-54414.
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Member of
Deloitte Touche Tohmatsu

Executive Personnel

Fomento de Construcciones y Contratas, S.A.

Managing Director

Rafael Montes Sánchez

Environment and Water

Chairman of FCC Servicios

José Luis de la Torre Sánchez

Environment			
Corporate Manager	Agustín García Gila	Zone II	Juan Hernández Rodríguez
Zone I	Jordi Payet Pérez	Andalucía I	Blas Campos Gabucio
Aragón-Rioja	Manuel Liébana Andrés	Andalucía II	Manuel Calderón Capilla
Barcelona City	Pablo Martín Zamora	Canary Islands	Miguel Ángel Castanedo Samper
Outer Barcelona	Martín Juanola Carceles	Castilla y León	César Trueba Diego
Lleida-Tarragona	Jesús Padulles Caba	Galicia	Guillermo de Cal Alonso
Levante I	Salvador Otero Caballero	Guipúzcoa-Navarra	Ignacio Eguiguren Tellechea
Municipal de Serveis, S.A.	Ramón Marimón Marimón	Levante II	Francisco Javier del Olmo Gala
Tirssa	Juan Almirall Sagué	Murcia-Almería	José Alcolea Heras
Tirmesa	Ángel Fernández Omar	Vizcaya	José Ángel Bolumburu Aurrecoechea
		Zone III	Jesús Medina Peralta
		Centre	José María Moreno Arauz
		Madrid	Raúl Pérez Vega
		North	Ernesto Barrio Vega

Industrial Waste			
Corporate Manager	Aurelio Blasco Lázaro	Development	Jorge Sánchez Almaraz
Activity Manager	Íñigo Sáenz Pérez	Administration and Finance	Domingo Bauzá Mari
Cataluña	Felip Serrahima Viladevall	Technical Manager	María Jesús Kaifer Brasero
Aragón	Julián Imaz Escorihuela	Studies	Antonio Sánchez-Trasancos Álvarez
Centre-Levante	Javier Fuentes Martín		
North	José María Diego Gardeazabal		
South	Manuel Cuerva Sánchez		

Water Management

Corporate Manager	Fernando Moreno García		
Deputy Manager, Development and International	Miguel Jurado Fernández	Southern Zone	Leandro Melgar Chacón Alberto Gutiérrez Montoliu (Assistant) Benito Pérez Santos (Assistant)
European Zone	Roberto Pérez Muñoz	Andalucía North	Nicolás Martínez Bautista
Central Europe	Francisco Jiménez Medina	Andalucía South	José Luis Leal Morán
Portugal and Extremadura	Jesús Rodríguez Sevilla	Eastern Zone	
Concessions	Luis de Lope Alonso	Cataluña	Juan Luís Castillo Castilla
Industrial Water	Luis de Lope Alonso	Balearic Islands	Ferrán Bosch Mabilón
SPA	Javier Santiago Pacheco	Technical Manager	Pedro Rodríguez Medina
Central Zone	Félix Parra Mediavilla	Contracting	Antonio Vassal'lo Reina
Murcia	Manuel Calatayud Ruiz	Commercial	Cecilio Sánchez Martín
Castilla-La Mancha	Matias Loarces Úbeda	Studies	Alejandro Benedé Angusto
Centre and Canary Islands	Higinio Martínez Marín	Administration and Finance	Isidoro Marbán Fernández
Northern Zone	Santiago Lafuente Pérez-Lucas José Luis García Ibañez (Assistant)	Management Control	Manuel Castañedo Rodríguez
Castilla y León	Juan Carlos Rey Fraile	Marketing	Juan Pablo Merino Guerra
Asturias	Francisco Delgado Guerra	Computer Development	Francisco José Martín-Moreno Carnero
North	Fernando de la Torre Fernández		

International

Manager	Tomás Nuñez Vega	United Kingdom	
Operations	Agustín Serrano Minchán	CEO	Jim Meredith
Austria and Central Europe		CFO	Les Cassells
CEO	Rudolf Platzer	Legal Affairs	Steven Hardman
CFO	Björn Mittendorfer	Technical Manager	Andy Ryan
Austria	Leitner Wolfgang	Northern Zone	Steve Jennings
Eastern Countries	Petr Vokral	Southern Zone	Malcolm Robinson
Energy Recovery, RSU	Helmut Wurian	Commercial	Chris Cox
Egypt	Manuel Ramírez Ledesma	Energy Recovery, RSU	Jim Wiegner
Portugal	Eduardo Segura Delgado	Manager, PFI	John Plant

Proactiva Medio Ambiente, S.A.

Chairman	Olivier Orsini	Brazil	Marlik Bentabet
Assistant Corporate Manager: Operations	Ramón Rebuelta Melgarejo	Argentina	Faustino Elías Morales
Assistant Corporate Manager: Administration and Finance	Marcos García García	Colombia	José Quevedo
Mexico	Roberto Gómez-Morodo Suárez	Chile	Juan Carlos Hegouaburu
Venezuela	Serge Petitjean	Legal Affairs	Ignacio Montes Pérez del Real

Central Services			
Machinery	Alfonso García García	Quality Assurance and Environment	José María López Pérez
Supplies	Santiago Muñoz Crespo	Waste Treatment	Sylvain Cortés
Studies	Antonio Pousa Blasco	Coordination and Development	Catherine Milhau
Administration and Finance	Alberto Alcañiz Horta		

Versia

Chairman of FCC Versia, S.A.

Jose Luis de la Torre Sánchez

Versia			
Corporate Manager	Carlos Barón Thaidigsmann		
Zone I	Vicente Beneyto Perlés	Logistics Zone	Gonzalo Sanz Fernández
Car Parks and Services	José María Paz Sánchez	FCC Logística, S.A.	Miguel Ángel Gómez Ibañez
Vehicle Inspections (ITV)	Ignacio Santamaría Goiri	Transport Zone	Joaquín Martínez-Vilanova Martínez
Conservation and Systems	Ángel Luis Pérez Buitrago	Corporación Española de Transporte, S.A.	Juan José Alvado Martín
Sistemas y Vehículos de Alta Tecnología (SVAT)	Ignacio Cabazón Alber	Detren, S.L.	Joaquín Martínez-Vilanova Martínez
Zone II	Luis Marceñido Ferrón		
Handling-Flightcare, S.L.	Ignacio Garrido Santamaría		
Corporación Europea de Mobiliario Urbano (CEMUSA)	Eric Marotel Guillot		
		Administration and Finance	Juan Carlos Andradás Oveja

Construction

Chairman of FCC Construcción, S.A.

José Mayor Oreja

Construction			
Corporate Manager	Francisco José García Martín		
Deputy Corporate Managers		Studies and Contracts	Francisco Varona López
Area I: Zones I, V, VII and Prefabricados Delta, S. A.	Santiago Ruiz González	Study Service	Pedro Gómez Prad (Assistant)
Area II: Zones II, VIII, IX and Europe	Alejandro Tuya García	Development and Management	Valentín García Domínguez
Area III: Zones III and VI	Jorge Piera Coll		Jaime Redondo Vergé
Area IV: Zone IV, Portugal and America	José Ordóñez Sáinz		Antonio Moreno-Aurioles Serra (Assistant)
		Concessions	Félix Corral Fernández
		Administration and Finance	José Ramón Ruiz Carrero
		Institutional Relations	Julio Senador-Gómez Odériz

Construction Technical Services

Corporate Manager	José Enrique Bofill de la Cierva		
Technical Manager	José Luis Álvarez Poyatos	Special Systems	Luis Viñuela Rueda
Quality and Training	Enrique Carrasco Ruiz de la Fuente	Machinery	Juan Antonio Muro Murillo

Domestic Construction

Zone I	José María Torroja Ribera	Zone III	Santiago Sardá Argilagós
	Francisco Campos García (Deputy Manager)	Cataluña Construction I	Antonio Torrens Potau
Andalucía West Construction	Jesús Amores Martín		Rafael Cañas Clemente (Deputy Manager)
Andalucía West Civil Work	Jaime Freyre de Andrade Calonge	Cataluña Construction II	Juan Antonio Rodríguez Callao
Andalucía East Construction	Andrés García Sáiz	Zone IV	Juan Madrigal Martínez-Pereda
	Luciano Hidalgo Salas (Deputy Manager)	Las Palmas	Enrique Hernández Martín
Andalucía East Civil Work	José Antonio Madrazo Salas	Tenerife	Pablo López Marzo
Technical Manager	José Luis García-Orad Carles	Zone V	Teodoro Velázquez Rodríguez
Zone II	Emilio Giraldo Olmedo	Valencia Construction	Leopoldo Marzal Sorolla
Madrid Construction I	Alfonso García Muñoz	Valencia Civil Work	Rafael Catalá Reig
Madrid Construction II	Francisco Mérida Hermoso	Balearic Islands	Miguel Ángel Rodríguez Rodríguez
Madrid Construction III	Francisco Javier Córdoba Donado	Murcia	Juan Antonio López Cánovas
Madrid Construction IV	Carlos García León	Zone VI	Francisco Vallejo Gómez
Technical Manager	Fernando Arrechea Veramendi	Cataluña Civil Work I	Josep Torrens Fonts
		Cataluña Civil Work II	Francisco Diéguez Lorenzo
		Technical Manager Zones III and VI	Javier Ainchil Lavín

Domestic Construction (continued)

Zone VII	Antonio Pérez Gil	Galicia	Juan Sanmartín Ferreiro
Castilla-La Mancha and Extremadura	Aurelio Callejo Rodríguez	North	Javier Hidalgo González
Madrid Civil Work	César Carretero Ramos	País Vasco	Norberto Ortega Lázaro
	Ángel Serrano Manchado (Deputy Manager)	Technical Manager	Mariano Martín Serrano
Aragón, Navarra and Rioja	Roberto Monteagudo Fernández	Zone IX	Avelino Acero Díaz
	José M. Ojanguren Gamba (Deputy Manager)	Transport	Alejandro Cisneros Müller
Zone VIII	Francisco Javier Lázaro Estarta		Ricardo Gil Edo (Deputy Manager)
Castilla y León Construction	Florentino Rodríguez Palazuelos	Technical Manager	Jesús Mateos Hernández-Briz
Castilla y León Civil Work	José Manuel San Miguel Muñoz	Zones IV, V, VII and IX	

International Construction

Portugal and America	Eugenio del Barrio Gómez	Europe	Alcibiades López Cerón
Central America	Julio Casla García	Central and Eastern Europe	Lorenzo Aníbal-Álvarez Díaz-Terán
Mexico	Pedro D. Z. Carneiro Chaves		

Specialised Construction and Investee Companies

Corporate Manager	José Ordóñez Sáinz	Investee Companies	Ramón Fontcuberta García
Specialised Construction	José Miguel Janices Pérez	Proyectos y Servicios, S.A. (Proser)	Amalio Aguilar Bustillos
Ibérica de Servicios y Obras, S.A.	Fernando Rodríguez Madinabeitia	Megaplas, S.A. and Megaplas Italia, S.A.	José Antonio Martínez Jiménez
Auxiliar de Pipelines, S.A. (APL)	Eduardo Yges Peña	Reparalia	Jaime Asúa Arrizabalaga
Mantenimiento de Infraestructuras, S.A. (Matinsa)	Fernando Martín Barrios	Industrial Companies	
	Ignacio Sánchez Salinero (Deputy Manager)	Espelsa	Dámaso Bueno Crespo
Pinturas Jaque, S.L.	Fernando Martín Barrios	Internacional Tecair, S.A., and Eurman, S.A.	Daniel Emilio Candil Menes
		Technical Manager	Miguel Ángel Lobato Kropnick

Cement

Chairman and Managing Director **José Ignacio Martínez-Ynzenga y Cánovas del Castillo**

Corporate Planning and Control Manager and Assistant to the Chairman	José Manuel Revuelta Lapique	Corporate Manager, Cementos Portland Valderrivas Spain	Ángel Luis Heras Aguado
General Secretary	Vicente Ynzenga Martínez-Dabán	Corporate Manager, Cementos Portland Valderrivas USA	Manuel Llop Albaladejo
Corporate Administration and Finance Manager	Jaime Úrculo Bareño	Corporate Manager for the Corporate Area and Institutional Relations	Manuel de Melgar y Oliver
Corporate Legal Affairs Manager	José Luis Gómez Cruz	Corporate Marketing and Sales Manager	Ángel Luis Heras Aguado
Corporate Internal Audit Manager	José Ignacio Domínguez Hernández	Corporate Human Resources Manager	María Luisa Otero García
		Corporate Technical Manager	Pablo Espeso Martínez

Real Estate

Chairman of Realia Business, S.A. **Ignacio Bayón Mariné**

Corporate Manager	Íñigo Aldaz Barrera	Area Managers	
Assistant Corporate Manager	Antonio Moyano Paredes	Assets	Agustín González Sánchez
Assistant Corporate Manager and Corporate Promotions Manager	Pedro Javier Rodera Zazo	Planning	Jaime Llorens Coello
		Administration and Finance	Juan Antonio Franco Díez
		Secretary of the Board of Directors	Jesús Rodrigo Fernández

Administration and Finance

Corporate Administration and Finance Manager **José E. Trueba Gutiérrez**

Administration. Corporate Manager	José Luis Vasco Hernando	Finance. Finance Manager	Manuel Somoza Serrano
Assistant Corporate Manager	Carlos Pujol Lianas		Esther Alcocer Koplowitz (Assistant)
Administrative Coordination	Alberto Farré Ramos		Alicia Alcocer Koplowitz (Assistant)
Taxes	Miguel Mata Rodríguez	Stock Market and Investor Relations	Íñigo Morenés Mariategui
Administrative Organisation and Budgets	José M ^a Alamañac Gil	Financing	José Manuel Carrasco Delgado
Economic Control	Juan José Drago Masià	Afigesa	Luis Mora Callejas
		Asiris, S.A.	Miguel Ángel Jabal Madrid

General Secretary's Office

General Secretary **Felipe B. García Pérez**

Corporate Legal Affairs Manager	José María Verdú Ramos	Information Systems and Technologies Division	Juan Sánchez Espinosa de los Monteros
Madrid Legal Affairs Office	Javier Gil-Casares Armada	Information Security and Risk Management	Gianluca D'Antonio
Barcelona Legal Affairs Office	Esteban Correa Arlés	Communications	Francisco Javier Hernández Fernández
Corporate Responsibility	Javier López-Galiacho Perona	Corporate Image	Antonio de Lorenzo Vázquez

Human and Other Resources

Corporate Manager **Antonio Pérez Colmenero**

Assistant Manager	Emilio Hermida Alberti	Occupational Safety (Services)	Juan Carlos Sáez de Rus
Administration	Carlos Cerdán Ruano	Screening	Ciro Martín Muñoz
Employee Litigation	Álvaro García-Orea Álvarez	Medical Services	Rafael Echevarría de Rada
Occupational Safety (Construction)	José Gascón y Marín Laguna	Central General Services	José María Martí Maqueda

Internal Audits

Corporate Manager **Antonio Gómez Ciria**

Deputy Manager, Internal Audits Domestic	Miguel Hemanz Sanjuan	Deputy Manager, Internal Audits International	Sara Megía Recio

Corporate Development

Corporate Manager **Raúl Vázquez Pérez**

Manager	Victor Durán Schulz

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