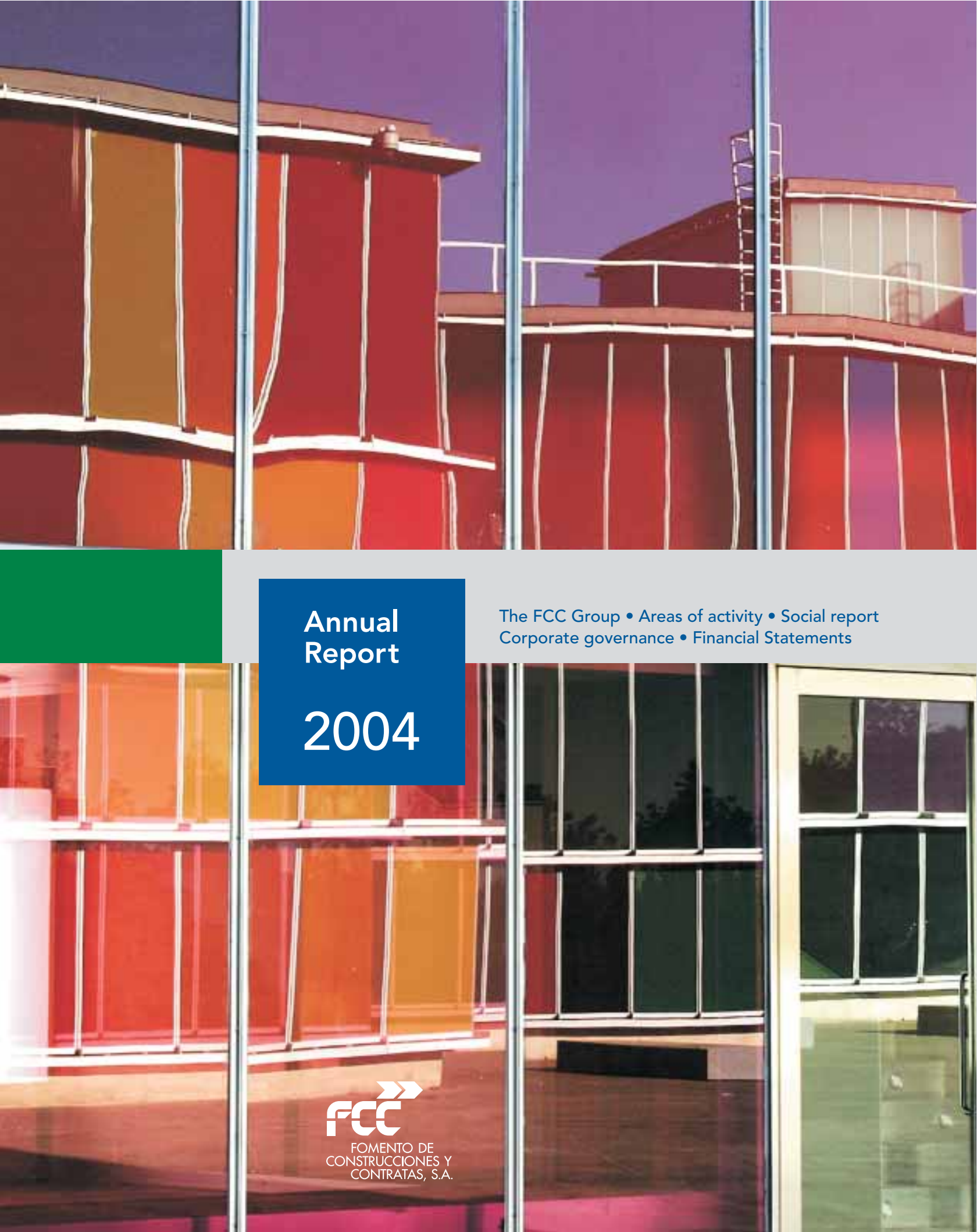




# Annual Report

# 2004

The FCC Group • Areas of activity • Social report  
Corporate governance • Financial Statements

# Contents

|                                                               |     |
|---------------------------------------------------------------|-----|
| Letter from the Chairman                                      | 2   |
| Letter from the Managing Director                             | 4   |
| Governing Bodies                                              | 7   |
| Strategy                                                      | 9   |
| The FCC Group in Figures: Consolidated Figures                | 11  |
| The FCC Group's areas of activity                             | 19  |
| Services                                                      | 21  |
| Construction                                                  | 41  |
| Cement                                                        | 71  |
| Real estate                                                   | 75  |
| Other sectors                                                 | 81  |
| Social report                                                 | 83  |
| Corporate governance                                          | 97  |
| Financial Statements, Management reports and Auditor's report | 147 |
| Executive personnel                                           | 263 |



## Letter from the Chairman



## Dear shareholders,

The Notes to the Financial Statements and the Annual Report presented here, like a shop window on the company which displays our best work and our published annual accounts, is also a clear indicator of the progress made by FCC in recent years.

While employees have worked to ensure the continuous improvement of the company's financial statements and balance sheet every year, the company has implemented some profound changes to its corporate governance structure and internal code of conduct to make FCC a more modern, efficient and transparent company. With these decisions, we have also brought the company into compliance with the new corporate governance regulations established by the competent authorities.

For the second year in a row we have prepared the Annual Corporate Governance Report which is published along with the Notes to the Financial Statements and the Annual Report. The Regulations of the Board of Directors and the General Meeting of Shareholders have been updated and we have also created an Audit and Control Committee and an Appointments and Remunerations Committee which report to the Board of Directors, along with the Strategy Committee set up in 2005.

All of these rules, regulations and committees have been notified to the National Securities Market Commission and are available to the public on the company's website.

FCC's accounts have also been adapted to comply with the International Financial Reporting Standards and we have noted that their impact on the Group's financial statements had little relevance, and consequently will not have any repercussion on our dividend policy. A report on the impact of this adaptation was submitted to the CNMV and can be consulted on the CNMV or FCC website.

In short, our company is up to date, which is a magnificent reality and ideal foundation upon which to continue building our future. It is an exciting task to which more than 67,000 people devote themselves every day, highly motivated by and identified with the objectives set by the main shareholders. I would like to express my most sincere gratitude to them for their dedication.

**Marcelino Oreja Aguirre**  
*Chairman*



## Letter from the Managing Director



Dear shareholders,

After a long career spent almost entirely at FCC, I am proud to write my first letter to you to present these Notes to the Financial Statements and Annual Report, especially since these documents unequivocally show that the 2004 fiscal year has been fully satisfactory for the FCC Group, with considerable progress in all of our economic variables which will enable us to face the future with optimism, which is also the fruit of the Group's sound shareholder stability.

The **consolidated turnover** was 6,286 million euros, which represents a 3.9% increase. If we consider that sales in 1998 were 3,303 million euros, the average annual increase rate for the period is 11.3%.

This increase in sales was achieved almost exclusively through the organic growth of the Group's strategic areas: services, construction and cement.

With regard to the geographical breakdown, domestic sales in Spain rose by 4.3%, while international sales were down, accounting for only 10.2% of turnover when the year before they had accounted for 10.5%. This decline is due, in a large extent, to the depreciation of the dollar with respect to the euro.

As a result of the Group's efforts to win new contracts, at the end of the year the construction and services backlog reached a record amount of 16,405 million euros, or 6.2% higher than the year before.

The **net profit** attributable to the parent company grew by 25.8% to 388 million euros. This increase represents an improvement of more than one point of net margin on sales, which was 6.2%, clearly demonstrating the level of efficiency achieved by the company. If we compare 2004 profits with those recorded in 1998, we see that they are seven times higher.

Given these excellent results, the Board of Directors will submit to the General Meeting of Shareholders for its approval a proposal to pay a **dividend** of 1.36 euros per share, 27.5% higher than the year before. In 1998, a dividend of 0.17 euros per share was paid, which means that over the last seven years the dividend has increased eightfold.

The dividend for fiscal year 2004 represents a **yield** of close to 4%, one of the highest percentages among Spanish publicly-traded companies. This high rate was achieved despite the fact that over the last two years the quoted price of FCC shares has increased by 65.6%.

With the increase in company share value, there has accordingly been an increase in capitalisation, which has gone up from 2,426 million euros at the close of fiscal year 2002 to 4,626 million at the close of 2004, a 90% increase. Furthermore, in the last few months of 2005 FCC shares have continued to hit historical highs in a clear show of the market's confidence in our company.

This fiscal year marks the end of a cycle in the company's long history in which the company's growth has basically been organic. A **new period** is beginning in which we intend to make a qualitative and quantitative leap, backed by the necessary financial resources and management staff. The goal is to duplicate the turnover

figure over the next three years to between 10,000 and 12,000 million euros, and to bring the gross operating profits (Ebitda) to a total of 1,400 to 1,600 million euros.

All without significantly impairing the company's financial capacity, which will continue to maintain one of the sector's lowest leveraging rates.

The achievements attained to date and the goals we have set for the future would not be possible without the active commitment of all **FCC employees**, who are 63,000 strong at this time. Employee training is one of the highest priorities the Group's executives are entrusted with pursuing.

This **training** is intended to provide employees with new knowledge and skills, adapt and update the skills they already possess and increase job safety. During the last fiscal year there were 3,313 training activities which were attended by 37,387 employees for a total of 492,230 instructional hours.

I would like to thank all of the Group's employees from here for their collaboration as well as the shareholders for placing their trust in me.

**Rafael Montes Sánchez**  
*Managing Director*





# Governing Bodies

## Board of Directors

|                                          |                                                                                    |                                      |                                                                                          |
|------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------|
| Marcelino Oreja Aguirre                  | Chairman<br>Nominee Director                                                       |                                      |                                                                                          |
| Rafael Montes Sánchez                    | Managing Director<br>Executive Director                                            | Francisco Mas Sardá<br>Casanelles    | Independent Director                                                                     |
| B 1998, S.L.                             | Representative:<br><b>Esther Koplowitz Romero<br/>de Juseu</b><br>Nominee Director | Robert Peugeot<br>Cartera Deva, S.A. | Nominee Director<br>Representative:<br><b>José Aguinaga Cárdenas</b><br>Nominee Director |
| Dominum Desga, S.A.                      | Representative:<br><b>Esther Alcocer Koplowitz</b><br>Nominee Director             | Ibersuizas Alfa, S.L.                | Representative:<br><b>Luis Chicharro Ortega</b><br>Nominee Director                      |
| Dominum Dirección<br>y Gestión, S.A.     | Representative:<br><b>Alicia Alcocer Koplowitz</b><br>Nominee Director             | Ibersuizas Holdings, S.L.            | Representative:<br><b>Pedro Agustín<br/>del Castillo Machado</b><br>Nominee Director     |
| EAC Inversiones<br>Corporativas, S.L.    | Representative:<br><b>Carmen Alcocer Koplowitz</b><br>Nominee Director             | Larranza XXI, S.L.                   | Representative:<br><b>Lourdes Martínez Zabala</b><br>Nominee Director                    |
| Fernando Falcó y<br>Fernández de Córdova | Nominee Director                                                                   | Antonio Pérez Colmenero              | Corporate Human<br>Resources Manager<br>Executive Director                               |
| Gonzalo Anes y Álvarez<br>de Castrillón  | Independent Director                                                               | Francisco Vicent Chuliá              | Secretary<br>(non-member)                                                                |
| Juan Castells Masana                     | Nominee Director                                                                   |                                      |                                                                                          |
| Felipe Bernabé García Pérez              | General Secretary<br>Executive Director                                            |                                      |                                                                                          |

## Executive Committee

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

## Audit and Control Committee

|                        |                                                                                                                                                |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman               | Francisco Mas Sardá Casanelles                                                                                                                 |
| Members                | Fernando Falcó y Fernández de Córdova<br>Juan Castells Masana<br>Pedro Agustín del Castillo Machado,<br>on behalf of Ibersuizas Holdings, S.L. |
| Secretary (non-member) | José María Verdú Ramos                                                                                                                         |

## Appointments and Retributions Committee

|         |                                                                                                                                                                                                       |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Members | Esther Alcocer Koplowitz,<br>of Dominum Desga, S.A.<br>Fernando Falcó y Fernández de Córdova<br>Rafael Montes Sánchez<br>José Aguinaga Cárdenas, on behalf<br>of Cartera Deva, S.A.<br>Robert Peugeot |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Strategy Committee

|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Members | Esther Koplowitz Romero de Juseu,<br>on behalf of B 1998, S.L.<br>Esther Alcocer Koplowitz, on behalf<br>of Dominum Desga, S.A.<br>Fernando Falcó y Fernández de Córdova<br>José Aguinaga Cárdenas,<br>on behalf of Cartera Deva, S.A.<br>Luis Chicharro Ortega,<br>on behalf of Ibersuizas Alfa, S.L.<br>Pedro Agustín del Castillo Machado,<br>on behalf of Ibersuizas Holdings, S.L.<br>Lourdes Martínez Zabala<br>on behalf of Larranza XXI, S.L.<br>Robert Peugeot |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Steering Committee

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



# Strategy



growing

Founded in 1900, the FCC Group has been, practically since its origins, more than a construction company. Its strategy has always been to create a business consortium striking just the right balance between construction and services.

This strategy has enabled the Group to celebrate its 100-year anniversary in excellent financial health and to face the challenges of the future with optimism.

The FCC Group currently rests on three basic strategic pillars: public services, construction and cement, all of which have afforded it solid business stability and a notable presence in other sectors such as real estate, a generator of significant resources.

In recent years, the Group's growth has been almost exclusively organic, without resorting to wide-scale corporate operations. However, over the last five fiscal years the net turnover has gone from 3.829 million euros to 6.286 million, an increase of 64%. But growth has never been an obsession for FCC; rather, it has always gone hand in hand, inescapably, with profitability. Consequently, during the same period the net profits increased by almost 119%, from 177 million euros in 1999 to 388 million in 2004.

FCC's objective at this time is to combine the development of strategic areas with that of corporate operations. It is able to do so thanks to its investment potential and its proven administrative abilities. An example of this is seen on the Group's balance sheet, which shows net indebtedness of 250 million euros, or in other words, leverage of 9.3% of total resources.

This corporate growth policy will focus exclusively on acquisitions in our strategic areas, continuing with the process of gradually increasing the weight of service activities.

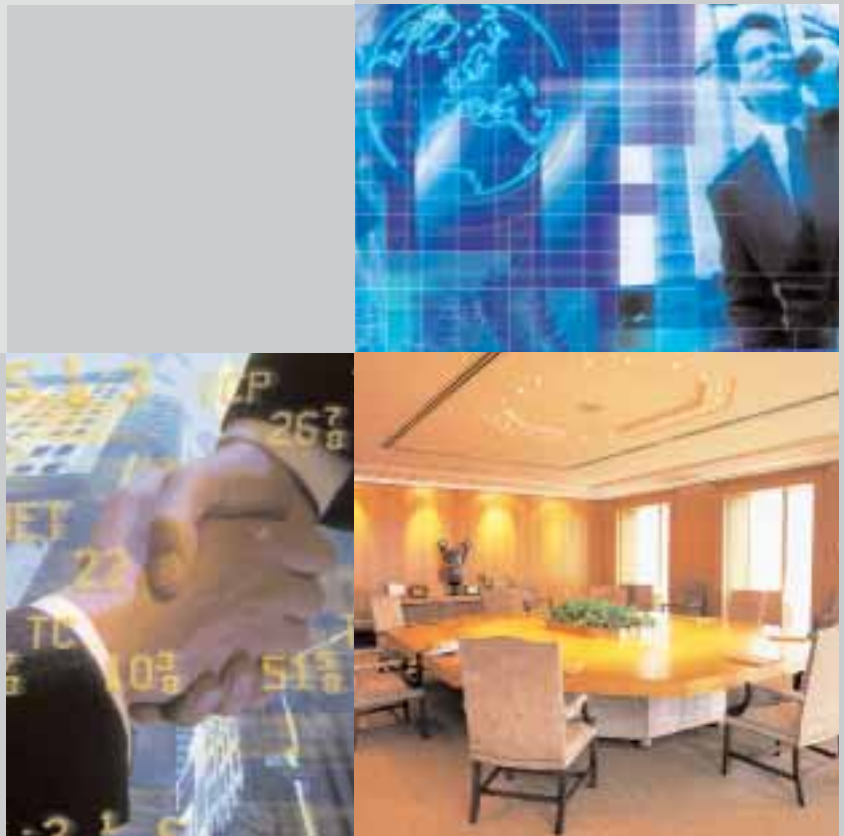
To do so, has already allocated the equipment and resources needed to identify, analyse, negotiate and, if necessary, formalise any investment alternative that fits in with its strategic objectives.

The objective is to double turnover within the next three years, bringing it to a total of 10,000 to 12,000 million euros; to increase the Group's international presence to the point where it accounts for 35% to 40% of consolidated turnover and to double the gross operating results (Ebitda) to between 1,400 and 1,600 million euros.

The idea is to achieve this growth in sales and profits without exceeding a leveraging rate of 50% and keeping the debt/Ebitda ratio -which is currently 0.3- under 2.5, thereby maintaining the Group's financial solvency.



# The FCC Group in Figures

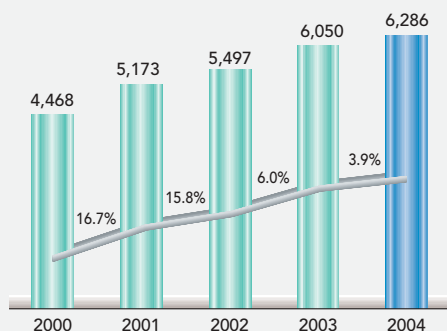




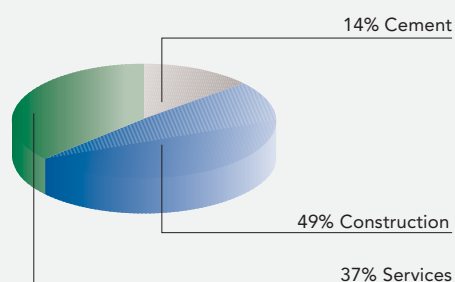
# The FCC Group in Figures

## Turnover

Millions of euros

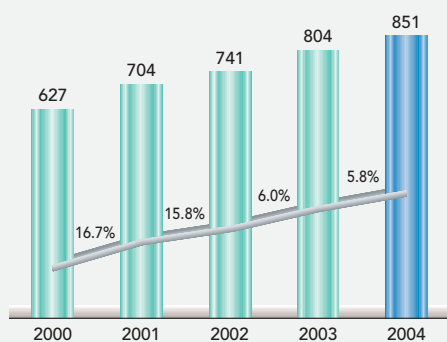


## Breakdown by activity



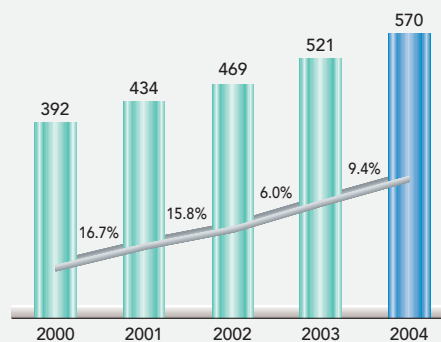
## Gross operating profit (Ebitda)

Millions of euros



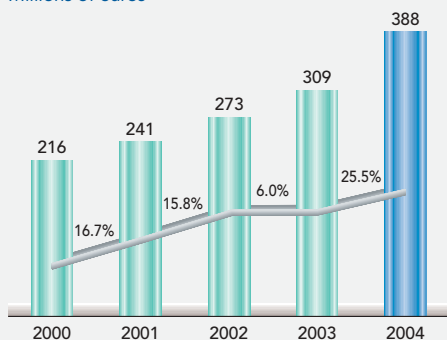
## Profits from ordinary activities

Millions of euros



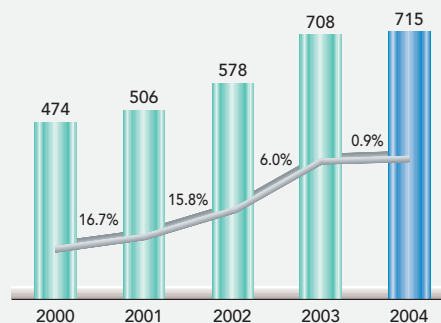
## Net profit attributed to the parent company

Millions of euros



## Cash flow

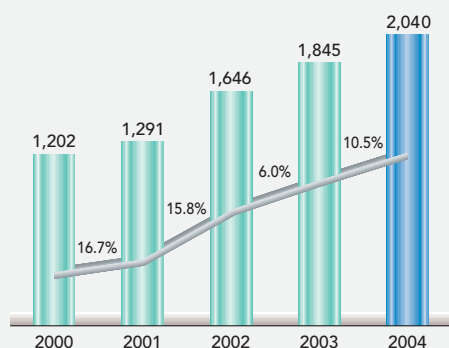
Millions of euros



# Consolidated Figures

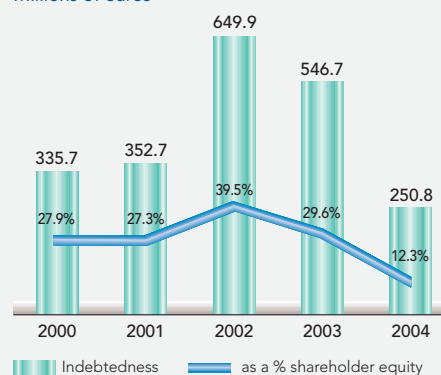
## Shareholder equity

Millions of euros



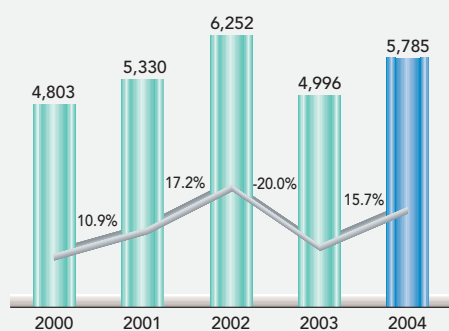
## Indebtedness and indebtedness as a % shareholder equity

Millions of euros



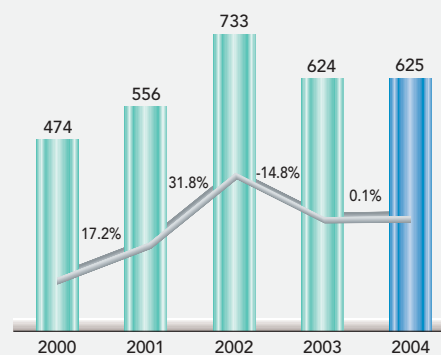
## Services and construction work contracted

Millions of euros



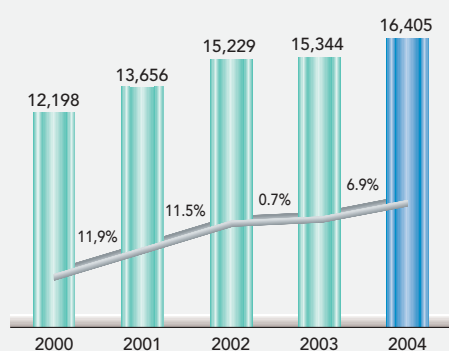
## Investments

Millions of euros



## Construction and services backlog

Millions of euros





## Evolution of stock prices

Fomento de Construcciones y Contratas, S.A. stock closed the year at 35.43 € per share, which represents an increase of 21.17% over the year before and a significantly better performance level than the selective Ibex 35 which ended the year up by 17.0%.

## 2004 Capitalisation

Based on the quoted price at the end of fiscal year 2004, the stock market capitalisation was 4,626 million euros.

## Trading

Based on the quoted price at the end of fiscal year 2004, the stock market capitalisation was 4,626 million euros.

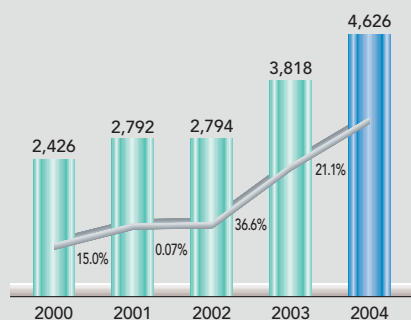
## Dividends

If the proposal submitted to the General Meeting of Shareholders in the month of June is approved, the total dividend paid against fiscal year 2004 profits will be 1.36 €/share. This amount will be divided into a gross interim dividend of 0.68 € per share paid on 10 January 2005 and a complementary dividend to be paid in the month of July 2005.

The dividend paid on fiscal year 2004 profits represents an increase of 27.5% over the year before an a payout of 48.8% of the net profits earned after deducting extraordinary results and taxes.

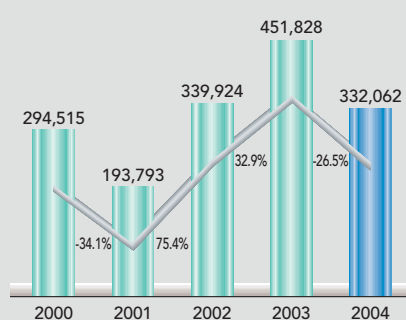
### Stock market capitalisation

Millions of euros



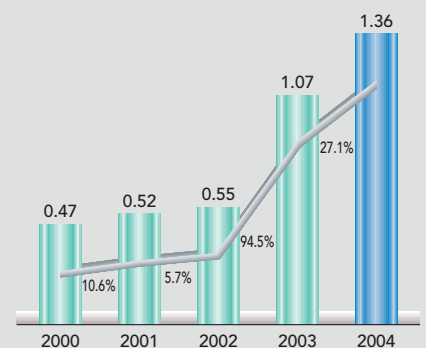
### Volume traded

Average daily shareholders



### Dividend per share

Euros



## Treasury stock

There were no operations with treasury stock in 2004. Consequently, the number of treasury stock shares continued to be 750,420, equivalent to 0.57% of the company's stock.

## Shareholders

FCC, S.A.'s shares use the book entry system and are listed on the four Spanish stock exchanges.

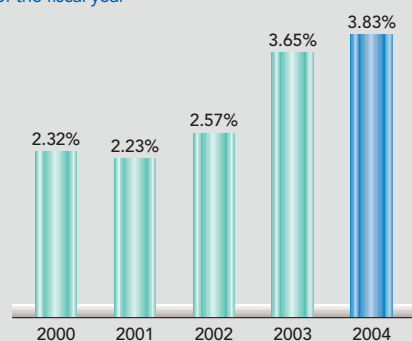
According to the information filed with the Spanish Stock Exchange Commission, the company's most relevant shareholders are as follows:

| Name          | Number of shares | Percentage |
|---------------|------------------|------------|
| B 1998, S.L.  | 59,871,719       | 45.855%    |
| Acciona, S.A. | 19,657,500       | 15.055%    |
| Azate, S.L.   | 8,654,013        | 6.628%     |

As of 31 December 2004, the Board of Directors possessed, directly or indirectly, a total of 68,605,842 shares, which represents 52.54% of the total. Of those, 68,525,732 shares are held by B 1998, S.L. and its wholly-owned subsidiary, Azate, S.L. and the rest by different board members, none of whom possesses individually more than 0.06% of the shares in circulation.

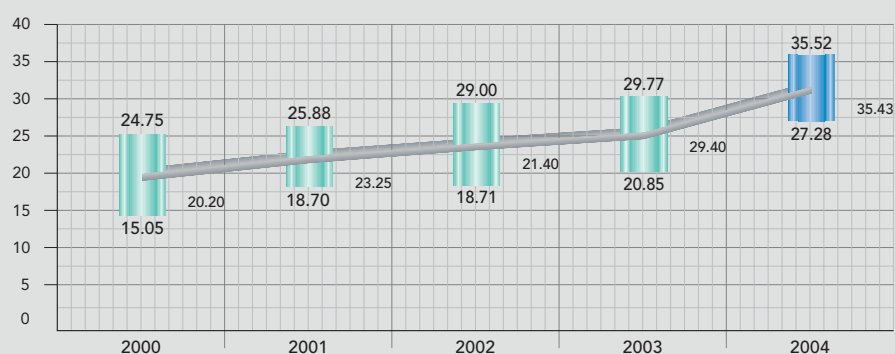
### Share dividend yield

Calculated using the quotation at the close of the fiscal year



### FCC share quotations: high, low and at year's closing

Euros





## Brief history of financial figures

| <b>ASSETS</b>                                    | <b>2004</b>  | <b>2003</b>  | <b>2002</b>  | <b>2001</b>  | <b>2000</b>  |
|--------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Millions of euros                                |              |              |              |              |              |
| Due from shareholders for uncalled capital       | –            | –            | –            | –            | 1            |
| <b>Fixed and other noncurrent assets</b>         | <b>3,192</b> | <b>2,977</b> | <b>2,874</b> | <b>2,488</b> | <b>2,236</b> |
| Intangible assets                                | 585          | 585          | 598          | 410          | 313          |
| Tangible fixed assets                            | 1,869        | 1,731        | 1,596        | 1,415        | 1,266        |
| Financial instruments                            | 715          | 639          | 661          | 625          | 617          |
| Parent company shares                            | 11           | 11           | 3            | 25           | 24           |
| Start-up expenses                                | 12           | 11           | 16           | 13           | 16           |
| <b>Goodwill in consolidation</b>                 | <b>185</b>   | <b>191</b>   | <b>255</b>   | <b>368</b>   | <b>421</b>   |
| <b>Deferred charges</b>                          | <b>35</b>    | <b>39</b>    | <b>42</b>    | <b>34</b>    | <b>18</b>    |
| <b>Current assets</b>                            | <b>4,219</b> | <b>3,833</b> | <b>3,630</b> | <b>3,254</b> | <b>2,913</b> |
| Stocks                                           | 372          | 429          | 429          | 356          | 325          |
| Accounts receivable                              | 2,960        | 2,705        | 2,481        | 2,106        | 1,915        |
| Temporary financial investments                  | 612          | 391          | 427          | 466          | 402          |
| Short-term parent company shares                 | –            | –            | –            | –            | 2            |
| Cash                                             | 256          | 293          | 276          | 307          | 252          |
| Prepayments                                      | 19           | 15           | 17           | 19           | 17           |
| <b>TOTAL ASSETS</b>                              | <b>7,631</b> | <b>7,040</b> | <b>6,801</b> | <b>6,144</b> | <b>5,589</b> |
| <b>LIABILITIES</b>                               | <b>2004</b>  | <b>2003</b>  | <b>2002</b>  | <b>2001</b>  | <b>2000</b>  |
| Millions of euros                                |              |              |              |              |              |
| <b>Shareholders' equity</b>                      | <b>2,040</b> | <b>1,846</b> | <b>1,646</b> | <b>1,291</b> | <b>1,202</b> |
| Share capital                                    | 131          | 131          | 131          | 120          | 120          |
| Issue premium                                    | 242          | 242          | 242          | 130          | 130          |
| Reserves                                         | 440          | 429          | 384          | 393          | 358          |
| Consolidation reserves                           | 999          | 846          | 695          | 434          | 401          |
| Gains/(losses) on conversion                     | (72)         | (63)         | (40)         | 7            | 7            |
| Income for the year                              | 388          | 309          | 273          | 241          | 216          |
| Interim dividend                                 | (88)         | (48)         | (39)         | (34)         | (30)         |
| <b>Minority interests</b>                        | <b>412</b>   | <b>388</b>   | <b>392</b>   | <b>624</b>   | <b>574</b>   |
| <b>Negative consolidation differences</b>        | <b>36</b>    | <b>36</b>    | <b>37</b>    | <b>37</b>    | <b>37</b>    |
| <b>Deferred revenues</b>                         | <b>58</b>    | <b>47</b>    | <b>46</b>    | <b>41</b>    | <b>40</b>    |
| <b>Provisions for contingencies and expenses</b> | <b>314</b>   | <b>238</b>   | <b>238</b>   | <b>245</b>   | <b>282</b>   |
| <b>Long-term debt</b>                            | <b>607</b>   | <b>749</b>   | <b>757</b>   | <b>774</b>   | <b>762</b>   |
| Issues of bonds and other negotiable securities  | 43           | 46           | –            | –            | –            |
| Payable to financial institutions                | 326          | 445          | 464          | 581          | 572          |
| Other payables                                   | 196          | 232          | 286          | 189          | 178          |
| Share disbursements outstanding                  | 42           | 26           | 7            | 4            | 12           |
| <b>Current liabilities</b>                       | <b>4,164</b> | <b>3,736</b> | <b>3,685</b> | <b>3,132</b> | <b>2,692</b> |
| Payable to financial institutions                | 629          | 590          | 770          | 480          | 347          |
| Payable to Group and associated companies        | 38           | 13           | 20           | 28           | 30           |
| Trade accounts payable                           | 2,600        | 2,379        | 2,183        | 1,848        | 1,604        |
| Other non-trade payables                         | 798          | 667          | 601          | 637          | 578          |
| Operating provisions                             | 96           | 86           | 110          | 138          | 132          |
| Accruals                                         | 3            | 1            | 1            | 1            | 1            |
| <b>TOTAL LIABILITIES</b>                         | <b>7,631</b> | <b>7,040</b> | <b>6,801</b> | <b>6,144</b> | <b>5,589</b> |

| STATEMENT OF INCOME                                  | 2004         | %            | 2003         | %            | 2002         | %            | 2001         | %            | 2000         | %            |
|------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Millions of euros                                    |              |              |              |              |              |              |              |              |              |              |
| + Net revenues                                       | 6,286        | 100.0        | 6,050        | 100.0        | 5,497        | 100.0        | 5,173        | 100.0        | 4,468        | 100.0        |
| + Other income and fixed asset improvement           | 136          | 2.2          | 145          | 2.4          | 161          | 2.9          | 111          | 2.1          | 106          | 2.4          |
| – Change in stocks, finished goods, work in progress | 21           | 0.3          | (8)          | (0.1)        | (6)          | (0.1)        | (27)         | (0.5)        | (12)         | (0.3)        |
| <b>= Total production value</b>                      | <b>6,401</b> | <b>101.8</b> | <b>6,203</b> | <b>102.5</b> | <b>5,664</b> | <b>103.0</b> | <b>5,311</b> | <b>102.7</b> | <b>4,586</b> | <b>102.6</b> |
| – Supplies and other expenses                        | 3,835        | 61.0         | 3,773        | 62.4         | 3,448        | 62.7         | 3,221        | 62.3         | 2,690        | 60.2         |
| – Personnel costs                                    | 1,715        | 27.3         | 1,626        | 26.9         | 1,475        | 26.8         | 1,386        | 26.8         | 1,269        | 28.4         |
| <b>= Gross operating income</b>                      | <b>851</b>   | <b>13.5</b>  | <b>804</b>   | <b>13.3</b>  | <b>741</b>   | <b>13.5</b>  | <b>704</b>   | <b>13.6</b>  | <b>627</b>   | <b>14.0</b>  |
| – Depreciation of fixed assets and sinking fund      | 287          | 4.6          | 269          | 4.4          | 234          | 4.3          | 210          | 4.1          | 189          | 4.2          |
| – Change in working capital provisions               | 21           | 0.3          | 16           | 0.3          | 9            | 0.2          | 18           | 0.3          | 4            | 0.1          |
| <b>= Net operating income</b>                        | <b>543</b>   | <b>8.6</b>   | <b>519</b>   | <b>8.6</b>   | <b>498</b>   | <b>9.1</b>   | <b>476</b>   | <b>9.2</b>   | <b>434</b>   | <b>9.7</b>   |
| + Financial income                                   | 66           | 1.0          | 65           | 1.1          | 59           | 1.1          | 50           | 1.0          | 61           | 1.4          |
| – Financial expenses                                 | 87           | 1.4          | 105          | 1.7          | 107          | 1.9          | 95           | 1.8          | 103          | 2.3          |
| – Change in financial investment provisions          | 8            | 0.1          | 5            | 0.1          | 3            | 0.1          | 6            | 0.1          | 2            | 0.0          |
| – Goodwill amortisation                              | 20           | 0.3          | 19           | 0.3          | 20           | 0.4          | 28           | 0.5          | 37           | 0.8          |
| + Income from equity-accounted holdings              | 76           | 1.2          | 66           | 1.1          | 42           | 0.8          | 37           | 0.7          | 39           | 0.9          |
| <b>= Ordinary income/(loss)</b>                      | <b>570</b>   | <b>9.1</b>   | <b>521</b>   | <b>8.6</b>   | <b>469</b>   | <b>8.5</b>   | <b>434</b>   | <b>8.4</b>   | <b>392</b>   | <b>8.8</b>   |
| + Extraordinary income/(loss)                        | 33           | 0.5          | (25)         | (0.4)        | (14)         | (0.2)        | 36           | 0.7          | 55           | 1.2          |
| <b>= Profit/(loss) before taxes</b>                  | <b>603</b>   | <b>9.6</b>   | <b>496</b>   | <b>8.2</b>   | <b>455</b>   | <b>8.3</b>   | <b>470</b>   | <b>9.1</b>   | <b>447</b>   | <b>10.0</b>  |
| – Corporate income tax                               | 159          | 2.5          | 126          | 2.1          | 128          | 2.3          | 150          | 2.9          | 140          | 3.1          |
| <b>= Profit/(loss) after taxes</b>                   | <b>444</b>   | <b>7.1</b>   | <b>370</b>   | <b>6.1</b>   | <b>327</b>   | <b>6.0</b>   | <b>320</b>   | <b>6.2</b>   | <b>307</b>   | <b>6.9</b>   |
| – Profit/(loss) of minority interests                | 56           | 0.9          | 61           | 1.0          | 54           | 1.0          | 79           | 1.5          | 91           | 2.0          |
| <b>= Net profit/(loss) of parent company</b>         | <b>388</b>   | <b>6.2</b>   | <b>309</b>   | <b>5.1</b>   | <b>273</b>   | <b>5.0</b>   | <b>241</b>   | <b>4.7</b>   | <b>216</b>   | <b>4.8</b>   |



# The FCC Group's areas of activities







# Services

The FCC Group, which has been active in the services area since 1911, operates in numerous European, African and American countries. In Spain it operates through the companies Fomento de Construcciones y Contratas, S.A., FCC Medio Ambiente, S.A., Aqualia, S.A., FCC Versia, S.A. and under the Ámbito name, while in Latin America the city sanitation business (street cleaning, trash collection and treatment of solid urban waste) and water management business are handled by Proactiva Medio Ambiente, S.A., a company which is owned equally by FCC and Veolia Environnement, S.A.

At the end of the fiscal year, its services backlog totalled 12,043 million euros, 5% higher than the same date the year before.

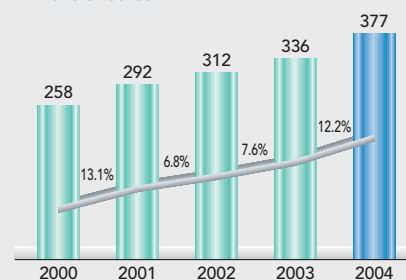
## Turnover

Millions of euros



## Gross operating profit (Ebitda)

Millions of euros



■ Solid waste treatment plant in Zabalgardi, Vizcaya



# City sanitation

## Analysis of the sector

Last year, 333 contracts were put out to bid for the collection and treatment of solid urban waste, street cleaning and sewer system maintenance, which represents a very considerable increase over the year before (217). This increase was due to the fact that 2003 was an election year, in which the number of contracts put out to bid by municipalities traditionally decreases. The total annual consignment in connection with these tenders was 470 million euros, which represents more than double the annual consignment for the year before.

The activity in the subsectors of building cleaning and maintenance and the maintenance and conservation of parks and gardens, where bids were submitted on contracts valued at 437 million euros annually, was also much higher than the year before (245), with 429 contracts put out to tender, well above the previous year's figure (367).

The forecasts for 2005 are similar to last year's.



■ Street cleaning service  
in Reus. Tarragona

## FCC's activity

**Turnover**  
**1,251.6 million euros.**



The FCC Group is the leader in Spain and one of the largest operators in Latin America in city sanitation, which includes collection of solid urban waste, street cleaning, treatment and/or elimination of waste, sewer cleaning, park and garden maintenance, cleaning of public buildings and other complementary services.

At this time, companies of the FCC Group provide city sanitation services in 2,619 municipalities in Spain with a combined population of more than 22 million inhabitants. It is also a company of references in the UK, Portugal, Argentina, Venezuela, Mexico, Colombia, Chile, Brazil and Egypt. Altogether, FCC provides services for over 44 million inhabitants residing in some 3,500 cities and towns.

In 2004, in Spain alone the Group won 134 new contracts and renewed 267 existing ones. In all, these contract awards and renewals were valued at 982 million euros.



■ Beach cleaning  
in Palma de Mallorca

■ Street cleaning at the recinto  
Ferial Juan Carlos I. Madrid





■ City garbage collection in Baruta, Caracas. Venezuela

The most significant contract awards were:

**Albacete.** Eight-year contract to maintain and conserve parks and gardens.

**Badalona** (Barcelona). Public service concession to clean the city's sewer system for eight years. The city has a population of 214,874.

**Barcelona.** Eight-year contract to inspect and clean the city's sewer system and to clean and maintain the coastline. The city has a population of 1,582,738. The total length of the system is 1,508,434.74 ml. As a technical innovation, the Group will use vehicles which operate on compressed natural gas.

**Bilbao.** Two-year contract to clean and maintain the sewer system. The city of Bilbao has a population of 400,000 inhabitants. In connection with this contract, the Group will use a geographic information system using a network behaviour mathematical model. The network is approximately 633 kilometres long.

**Caracas** (Venezuela). Concession for the provision of city sanitation services in the municipality of Bolivariano Libertador in the capital area. The contractual term is 10 years but may be extended for 5 more. The area in question has 686,756 inhabitants who produce 297,000 Tm of trash each year.

**Derby Dales** (United Kingdom). Street cleaning and park maintenance in this city of 69,500 inhabitants. Four-year contract renewal.

**San Sebastián.** The service includes cleaning of the municipal sewer system, minor repairs, video inspection and serving private citizens. Number of inhabitants: 182,644. Network in kilometres: 602.

**Granada.** 20-year contract to handle debris removal from construction sites. In order to treat the 877,000 of debris generated each year, the Group will build and operate seven plants and 33 dumps.

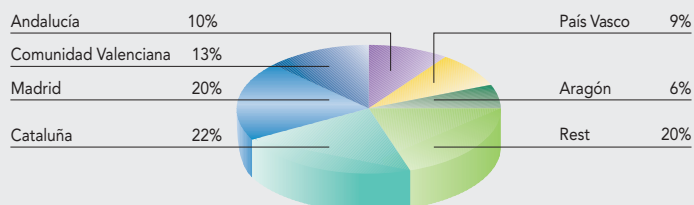
**Gran Canaria.** Four-year public service contract for comprehensive waste management at the Salto del Negro environmental complex. 80% of the island's waste will be treated at this environmental complex which serves 633,080 inhabitants.

**Las Palmas de Gran Canaria.** Eight-year contract to provide residential solid urban waste collection services in different areas of the city. The trash is collected from containers using side-loading lorries and rear-loading mechanisms for commercial establishments.

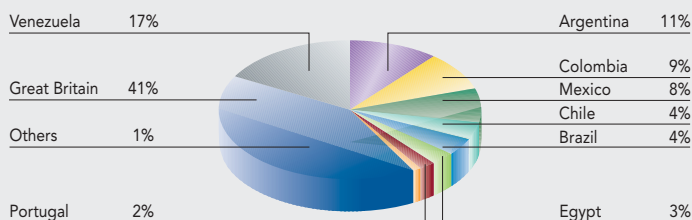
**Madrid.** Eight-year street cleaning contract for new neighbourhoods (Carabanchel extension and Montecarmelo). Serving a population of 60,664 inhabitants, a total of 6,124,592 m<sup>2</sup> of street will be cleaned.

## Geographic area

### Contracts in Spain



### Contracts abroad



**Madrid.** Cleaning of the Juan Carlos I Fairgrounds and the events and activities organised by the Madrid Trade Fair Institution. This is a two-year contract. The size of the area in question is 972,485 m<sup>2</sup>.

**Mallorca.** Two-year contract for the deployment of boats to provide prevention and cleaning services of beaches on the Island of Mallorca.



■ Park and garden cleaning and maintenance in Las Palmas de Gran Canaria

**Mancomunidad de la Comarca de Pamplona.** Seven-year contract for the collection and transportation of solid urban waste. The community is composed of 45 municipalities, with a total population of 313,000 people.

**Mancomunitat Intermunicipal Penedès- Garraf** (Barcelona). Five-year contract for the collection and removal of solid urban waste. The total population is 150,000.

**Mancomunidad de San Marcos** (Guipúzcoa). Five-year public service contract for the collection of waste generated by the users of industrial estates, technological parks, and businesses located in the Community (municipalities of Astigarraga, Hernani, Lasarte-Oria, Lezo, Oiartzu, Pasajes, Rentería, San Sebastián, Urnieta y Usúrbil). A total of 265,046 will be served and a total of 9,500 Tm of waste will be treated annually.

**Mancomunidad de San Marcos** (Guipúzcoa). Five-year for street cleaning and waste collection and removal services for Irún and Hondarribia. A total of 43,571 tons of waste will be treated annually.

**Mirandela** (Portugal). Construction and operation of a lixivate treatment plant which will treat 10,000 m<sup>3</sup> of lixivates annually. The term of the contract is 13 years.

**Montcada I Reixac** (Barcelona). Selective collection and removal of solid urban waste and street cleaning services. The main innovation here is that the containers for the five different types of waste (waste, organic matter, glass, paper and containers) will be buried in 106 different locations with five containers each. The term of the contract is eight years.

**Telford&Wrekin** (United Kingdom). Recycling. A population of 80,000 inhabitants will be service and more than 5,000 tm of recyclable waste will be collected. Contract awarded for seven years.

**Terraquente, Terrafria and Douro Superior** (Portugal). Selective collection at voluntary deposit points, clean points and triage. A total population of 170,000 inhabitants will be served during the seven year term of the contract.

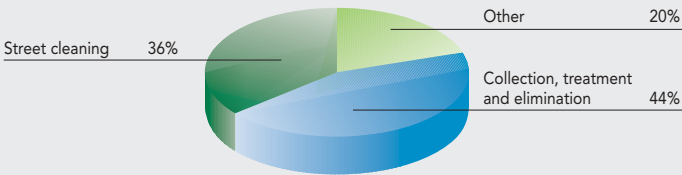
**Torrejón de Ardoz** (Madrid). Five-year public service contract for street cleaning and solid urban waste collection.

**Valladolid.** Four-year contract for the selective collection of paper and cardboard. A total of 6,500 Tm/year will be collected.

**Zaragoza.** One-year contract to provide conservation and maintenance services for parks and gardens. The total surface area involved is 3,211,982 m<sup>2</sup>.

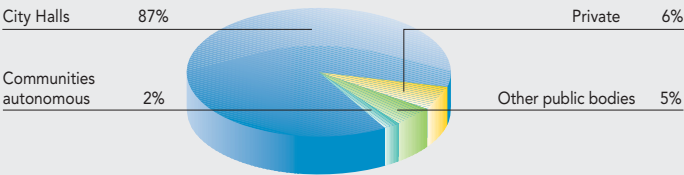
### Breakdown by service type

Contracts in Spain



### Breakdown by client type

Contracts in Spain





## Technological innovation

### New natural gas engine

In keeping with FCC's commitment to use alternative energies in city sanitation services, the Group has made an important technological stride with the incorporation of a new natural gas engine.

Up to now, FCC had only a 260 CV natural gas engine for heavy vehicles and a 115 CV for complementary services. In the intermediate power range, i.e., vehicles from 6 to 19 Tm, there were no lorries with natural gas engines. With the development of this engine, it is now possible to devise special collection and by extension street cleaning industries with this fuel with very low contaminating emission levels.

The new 200 CV engine can be fitted to 12 and 18 Tm chassis and used to perform all trash collection, street cleaning and even sewer cleaning services using natural gas powered vehicle.

### 6.50 m<sup>3</sup> wide vehicle reduced to 1.80 metres

The use of these natural gas engines entails defining and building on vehicles of an exceptional width (1.8 and 2 metres) all of the transmission elements, gas infrastructure, tanks, etc., all of which must necessarily offer the same features as a diesel engine.

A great deal of research went into the design of these reduced size vehicles to ensure the same autonomy as a diesel vehicle. By installing special tanks of compressed gas with very small widths and lengths on chassis structure it was possible to maintain the exceptional manoeuvrability conditions of these vehicles designed and built exclusively for FCC.

By way of example and as a basic reference to the emission levels attained, the reduction of emission levels exceed EEC requirements by between 82% and 98%.

■ Natural gas-powered city garbage trucks



The reduced size vehicle, which is 1.8 wide, makes it possible for this gas-powered vehicle to get into the very tight spots which are commonly found in the centres of Spanish cities. This vehicle, which is about as wide as many private cars, loads and compacts almost 4 tm of trash, which is the equivalent of collecting the waste generated by almost 4,000 residents on each trip.

The volume of the body is 6.50 cubic metres and the chassis is conceived and approved for a maximum weight of 12 Tm.

The vehicle transfers its load quickly and cleanly, enabling it to service some 15,000 in a single days by saving on the time that would be used to go back and forth to the dump.

This vehicle has a new body, also designed by FCC, to obtain the highest chassis performance and improve those which were put into service five years ago on a diesel chassis. The degree of compacting is 600 kg/m<sup>3</sup>, which represents a 20% increase over the previous version and allows the final size of the equipment to be reduced even further.

The new body was designed for a vehicle that runs on natural gas. In other words, the structure was designed in such a way as to accommodate four tanks of compressed gas compatible with the vehicle's width and with the mechanism for lifting containers.

### 11 m<sup>3</sup> wide vehicle reduced to 2 m

The width of the other newly designed vehicle has also been reduced (2 m) and is equipped with the same 200 CV natural gas engine.

This vehicle has a body of 11 m<sup>3</sup> and is approved for a maximum weight of 18 Tm. Its compacting capacity is very high and it reaches densities of more than 700 kg/m<sup>3</sup>, i.e., almost 40% more than conventional vehicles, which means that on each trip it can collect the waste of almost 8,000 inhabitants.

FCC has more than 100 units in service, some of which are being used for contracts in South America. It is used on routes that are difficult to access and manoeuvre in: not only historical city centres but also on narrow streets where it is difficult for traditional garbage trucks to get through.



■ Drive axles



Its versatility, manoeuvrability, performance and loading capacity make it very competitive and facilitate route planning by reducing manoeuvring times and generally lowering the cost of providing the service.

The vehicle has the same autonomy as a diesel engine vehicle, with six bottles of compressed natural gas located on both sides of the chassis, with a total capacity of almost 500 litres.

### Stabilisation of the biodegradable fraction of solid urban waste

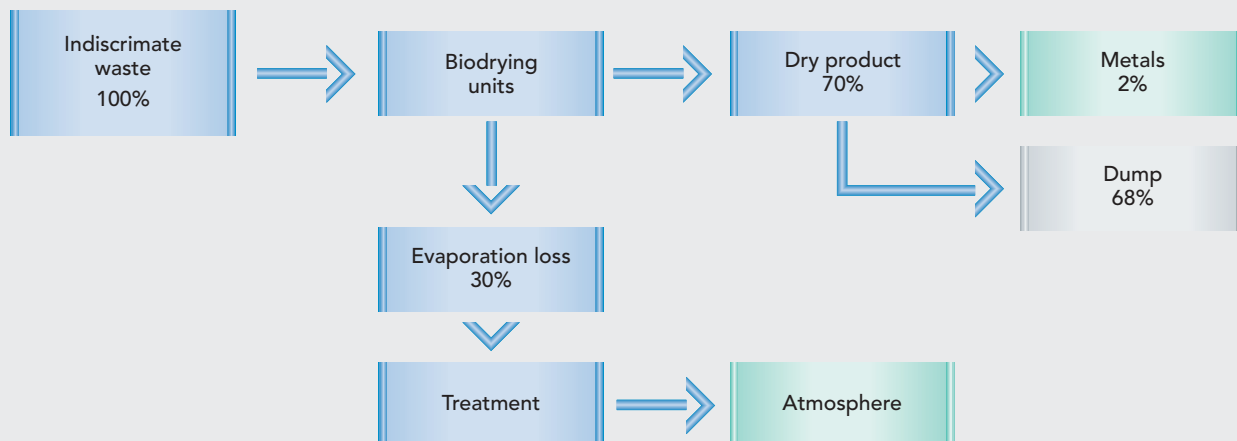
The legal framework relative to the elimination of solid urban waste (SUW) at controlled dumps defines the following objectives: Before 16 July 2006, the total amount (in weight) of biodegradable urban waste sent to dumps will not exceed 75% of the total biodegradable urban waste generated in 1995. By 16 July 2009, the percentage will be 50% and by 16 July 2016 the percentage will be 35%.

Furthermore, the lack of space and social response have made it increasingly difficult to open new controlled dumps. As a result, waste manager must implement new

treatment technologies that meet the legal requirements and prolong the useful life of existing controlled dumps.

Within this context, FCC has developed a new SUW treatment technology which stabilises the organic fraction of SUW biologically, significantly lowering the humidity level and thus reducing the volume of waste sent to controlled dumps.

### Solid urban waste treatment process developed by FCC



# Water management



■ Drinking water and sanitation in Alcalá de Henares. Madrid

■ Aqualia Contact offices, Customer Service Centre



## Analysis of the sector

The full-service water management sector is maturing, but still generates a great deal of demand, as demonstrated by the number of contracts put out bid each year and which account for a significant portion of the backlog of contracts. This tendency is expected to be maintained or to improve in fiscal year 2005.

Of the different areas in the water management sector, the most intensive development will take place in the fields of desalination, water treatment and water recycling, which will bring with it a period of numerous tenders that will entail investments in and the operation of large hydraulic infrastructures. Also in the industrial sector, greater awareness and legal requirements combined with improvements to industrial production processes make this sector a very interesting growth option.

## FCC's activity

**Turnover**  
**460.8 million euros.**

Aqualia, gestión integral del agua, S.A. is the umbrella company of the Group under which all of the partially owned companies operating in this sector in Spain are grouped. Turnover increased by 8% over 2003. Growth was notable, following the prevailing trend of recent years, despite the fact that the water management market is becoming highly concentrated in Spain.

The Company's portfolio of clients as of December 2004 was valued at 5,155 million euros, serving a population of more than 7.5 million residents in 735 communities.

During the last fiscal year, Aqualia won contract awards valued at 440.9 million euros and contract renewals valued at 166.7 million.

In 2004 the company developed and implemented Aqualia Contact, a nation-wide Customer Care Centre (CCC) which required a considerable investment in technology and resources. This constitutes a considerable advance in its activities which, in addition to its policy of ongoing improvement to processes, positions the company as a leader in its sector thanks to the quality of its customer service.

In its efforts to grow, Aqualia continued with its diversification process and with the incorporation of the company Servicios y Procesos Ambientales, S.A., which was transferred from FCC Construcción, S.A. to Aqualia, thereby placing it in a privileged position in the design, construction and operation of water treatment and processing plants and in the field of desalination. It has also entered the industrial water market with the acquisition of numerous

specialised companies which enable it to offer solutions, equipment and maintenance of specific industrial installations.

The most important contracts awarded in 2004 were:

#### Water management

**Adra** (Almería): Distribution of drinking water and sewers: 25 years.  
**Alboraya** (Valencia): Distribution of drinking water and sewers: 25 years.  
**Alcalá de Henares**, Madrid: Distribution of drinking water and sewers: 25 years.  
**Calasparra** (Murcia): Distribution of drinking water and sewers: 20 years.  
**Chipiona** (Cádiz): Distribution of drinking water and sewers: 25 years.  
**La Solana** (Ciudad Real): Comprehensive management: 35 years.  
**Moaña** (Pontevedra): Distribution of drinking water and wastewater treatment: 25 years.

#### Desalination

**Sant Antoni de Portmany** (Balearic Islands) : Maintenance and conservation of desalination plant: two years.  
**Santa Eulalia des Rius** (Balearic Islands): Maintenance and conservation of desalination plant: 15 years.

#### Treatment

**Arahal** (Sevilla): Maintenance of wastewater treatment plant: 20 years.  
**Guadalajara**: Maintenance of wastewater treatment plant: two years.  
**Medina del Campo** (Valladolid): Maintenance of wastewater treatment plant: 10 years.  
**Alboraya** (Valencia): Maintenance of wastewater treatment plant: 2.5 years.

#### Irrigation

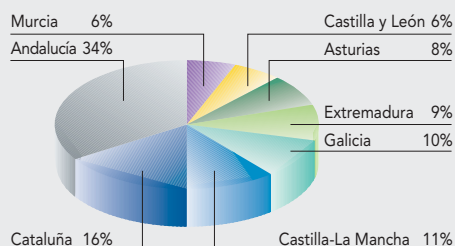
**Sociedad Estatal de Infraestructuras Agrarias**: Modernisation of the installations of the Community of Irrigators of las Vegas Alta y Media del Segura.  
**Sociedad Estatal de Infraestructuras Agrarias**: Construction of the irrigation installations of the Community of Irrigators of the left bank of the Segura.



■ Wyeth treatment plant, San Sebastián de los Reyes. Madrid

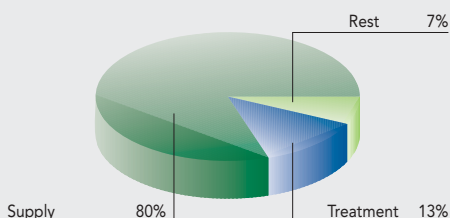
#### Geographic area

Contracts in Spain



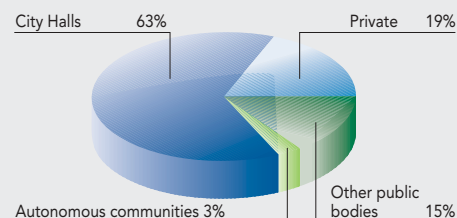
#### Breakdown by service type

Contracts in Spain



#### Breakdown by client type

Contracts in Spain





## Industrial waste



Turnover  
107 million euros.

The Group's activities in this sector are related to the treatment of the waste generated by basic industry (primary sector), the transformation industry (secondary sector) and the consumer industry (tertiary sector).

It works with both private clients and public administrations managing the following types of waste: hazardous, non-hazardous, treatment of contaminated soil and industrial clean-up.

Industrial waste services always include collection, transport, recycling, energy recovery and treatment.

In 2004, FCC continued to grow and expand in this sector, recording a 28.7% increase in its turnover compared to the year before.

Ámbito, the brand under which all of the industrial waste management activities of the FCC Group are carried out, has all of the installations needed for the treatment of this industrial waste including transfer plants, inertization centres, energy recovery centres and waste depots, constituting the largest network of installations in this sector in Spain. 910,000 Tm of industrial waste were handled last year, which represents a 26% increase over the year before.

■ Industrial waste treatment plant in Valdebebas. Madrid



FCC also treated a total of 420,000 m<sup>3</sup> of contaminated soil last year. Some of the most notable projects in this field included:

- San Juan de Aznalfarache (Sevilla): 60,000 m<sup>3</sup>.
- Cartagena (Murcia): 150,000 m<sup>3</sup>.

■ Industrial dump, Bisbieta. Bilbao





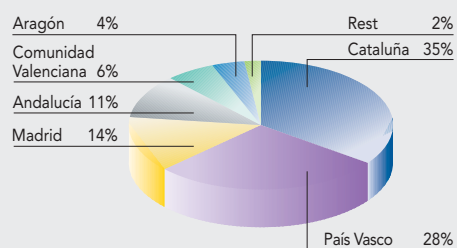
■ Industrial waste treatment plant in Constati. Tarragona

Other points of interest in fiscal 2004 included:

- **Alfus:** Industrial cleaning in Bedia (Vizcaya).
- **Tedes:** Hazardous waste treatment plant in Astillero (Cantabria).
- **Sigfito:** Collection and treatment of contaminated containers in various Autonomous Communities.
- **Cemex:** 8-year contract for the supply of alternative fuel for its factory in Buñol (Valencia).

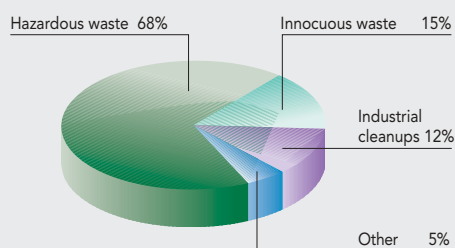
### Geographic area

Contracts in Spain



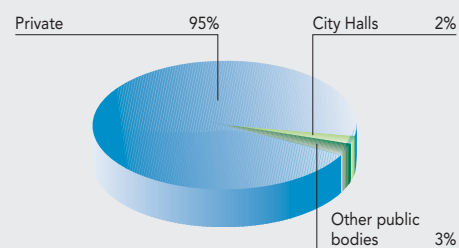
### Breakdown by service type

Contracts in Spain



### Breakdown by client type

Contracts in Spain





FCC Versia, S.A. operates in the following activities: handling, logistics, urban furniture, conservation and systems, parking, technical vehicle inspections and transportation.

Its turnover in 2004 was 514.5 million euros with an increase of 35% compared to the year before. Part of this growth was due to changes in its consolidation perimeter, without which its sales would have increased by 10.4%.

Its gross operating profit was 91.8 million euros with a sales margin of 17.8%.



## Airport handling



**Turnover**  
**152 million euros.**

Flightcare, S.L. is the group company that specialises in airport ramp, passenger and cargo handling. In Spain, it renders passenger and ramp handling services at the Barcelona, Bilbao, Fuerteventura, Lanzarote, Las Palmas, Málaga, Santiago de Compostela, Seville and Valencia airports.

Throughout the fiscal year it continued to developed its cargo handling activity with the commencement of operations

in Valencia. In addition to Valencia, it has bases of operation in Barcelona, Bilbao, Brussels, Lanzarote and Madrid.

After renewing its operating licence in the month of March for the next seven years, Flightcare, S.L. is the undisputed handling leader at the Brussels airport through its subsidiary BGS. This contract is valued at an estimated 700 million euros.

It was also awarded a contract to provide ramp, passenger and cargo handling services as the second operator at the Ostende-Brujas airport.

During the fiscal year the company provided services to more than 120 airline companies, served 38 million passengers, 175,000 flights and handled more than 205,000 tons of cargo.

■ Handling services at the airport in Brussels. Belgium



## Turnover 109 million euros.

The FCC Group provides logistics services in Spain and Portugal to companies in diverse sectors such as the auto industry, the household item-perfume industry, cosmetics, personal care items, home appliances, pharmaceuticals, and the optical and technological industries. To do so, it has multiple operating centres from which it manages the supply chain.

A particularly relevant event was the acquisition of the Grupo Logístico Santos at the beginning of 2005. With this acquisition, the FCC Group is the leader in Spain in operations on the free market with an estimated turnover for fiscal year 2005 in excess of 300 million euros.

Also in 2004 a corporate reorganisation process took place with the merger of the Aitena and Loacsa subsidiaries. As a result, the automobile sector is now serviced by Logística Navarra, S.A. while the rest of the logistics activity is handled by Aitena, S.A.

The following are noteworthy among the activities of Logística Navarra in 2004:

- Start-up of new centres dedicated to Nissan Motor Ibérica for its factories in Zona Franca and Montcada in Barcelona.
- New contract with General Motors España for the supply of materials and extraction of finished products from the chassis building at the factory in Figueruelas (Zaragoza).
- Four-year extension of the contract of the Portuguese subsidiary LNP Logística, Lda with General Motors Portugal, after the Portuguese factory received an excellent evaluation of its materials management system according to General Motor standards.



Aitena, S.A. continued the process of expanding, renovating and improving its infrastructures. A new logistics platform was implemented in Valladolid (to replace the old one) and the platforms in Tenerife and Gran Canaria were enlarged. It will soon inaugurate a new 30,000 m<sup>2</sup> warehouse in Alovera (Guadalajara) for the home appliances sector, which will enable it to ratify its leadership in this segment on the Iberian Peninsula.

The new facilities at the Alovera location dedicated to the pharmaceuticals sectors were inaugurated, with a surface area of 12,000 m<sup>2</sup> expandable to 30,000 m<sup>2</sup>. These facilities are equipped with special temperature and humidity controls, refrigeration chambers, and special high security and surveillance systems. Aitena was authorised as a "Marketing laboratory and partial drug manufacturer", further establishing itself as the leading logistics operator for the pharmaceutical sector in Spain and Portugal.

In 2004, Aitena reached a historical record in terms of contracts awarded, reaching agreements with the following companies, among others:

■ Alovera logistics centre. Guadalajara

**AITENA**

 **Santos**

- **Ufesa:** crossdocking distribution operations.
- **Nivea:** factory pickup and distribution to Madrid and Sevilla in crossdocking.
- **Famosa:** storage, order preparation and distribution from warehouses in Madrid and Lisbon.
- **Seb Group:** storage, order preparation and distribution from warehouses in Madrid and Lisbon.
- **Pfizer:** storage, order preparation and distribution from warehouses in Alovera and Lisbon.
- **Sanofi-Aventis:** exclusive logistics provider in Portugal for storage, order preparation and distribution.
- **United Biscuits:** storage, order preparation and distribution in Portugal from warehouse in Lisbon.



## Urban furniture and advertising



**Turnover**  
**81 million euros.**

Cemusa Corporación Europea de Mobiliario Urbano, S.A. (Cemusa), is the Group company that stands at the centre of the design, manufacture, installation and maintenance (with or without advertising operation services) of the widest range of site furniture and outdoor advertising structures, such as hoardings at bus stops, information panels and columns, bookstalls, time-and-temperature pillars, automatic lavatories, selective refuse collection bins, electronic panels, super-size panels and indoor information pillars.

It has over 104,000 items and advertising structures installed in over 120 cities in 11 countries of Europe and America.

On the domestic market, the most important contract awards were:

- **Vitoria:** urban furniture tender (bus stop hoardings, posts, informational supports and time-temperature supports, among others). With this contract award, Cemusa has intensified its presence in the Basque Country, providing a balanced commercial offering which includes the cities of Bilbao, Basauri and Leioa in Vizcaya and San Sebastián and Hondarribia in Guipúzcoa.
- **Madrid:** contract to install 400 clock-thermometers at the city's bus stops. This constitutes the incorporation of a new public utility, in addition to the traditional ones of protection and communication, or other more recent ones such as the installation of battery recycling containers.
- **Príncipe Pío Shopping Centre (Madrid):** informational posts. With this contract, Cemusa operates the advertising supports for seven shopping centres in Madrid and 18 in Spain, thus enabling it to offer networks for very specialised clients operating in this area.

■ Time-temperature hoardings and battery recycling container in Madrid



On the international front, Cemusa won the following contract awards:

- **Boston (USA):** tender award for bus stop hoardings in the city of Boston (Massachusetts) and different parts of the greater metropolitan area such as Cambridge, Harvard University and others. This city of 3,400,000 inhabitants, the fifth largest advertising market in the US, is added to the contracts already secured in Miami (Florida) and San Antonio (Texas) as part of Cemusa's efforts to expand in North America.
- **San Antonio (US):** contract award for the installation, maintenance and operation of advertising supports at the "Rivercenter" shopping centre, the most prominent shopping centre in the city of San Antonio (Texas).
- **Lisbon (Portugal):** contract to replace the stationary advertising panels with rotating panels in the city of Lisbon. This will enable Cemusa to consolidate its presence in the neighbouring country's capital and notably improve its commercial offering.



■ Solar hoardings in Miami. USA

■ Bus stop in the city of Boston, Massachusetts. USA



## Conservation and systems

Turnover  
51 million euros.

Conservación y Sistemas, S.A. is a company dedicated to the maintenance of urban infrastructures and the development and operation of traffic management systems. Notable events in 2004:



### Most important projects

- Traffic management on the Ruta de Pantanos, M-501 and M-511, in Madrid.
- Safety and control systems in the Brañaviella-Niévaes tunnels (Asturias)
- Urban development and improvement work on several streets and roads for the city governments of Madrid, Alcobendas, Boadilla del Monte, Móstoles and San Lorenzo de El Escorial.
- Renovation and betterment of the water system for Canal Isabel II in Madrid.
- Civil work for Iberdrola and Unión Fenosa.

### Most significant contract awards

- Operation of shadow toll system and Perdón tunnel on the Camino dual carriageway (Pamplona-Logroño) in Navarra.
- Safety and control system in the Cuatro Caminos tunnel in Madrid.
- Control equipment for the Machico-Caniçal dual carriageway in Madeira (Portugal).
- Traffic management on various motorways in Madrid: M-100, M-110, M-111 and A-10.
- Conservation and maintenance of hydraulic infrastructures for irrigation networks in several districts for the City of Madrid.



■ Traffic control centre, Madrid





## Passenger transport



**Turnover**  
**25 million euros.**

FCC-Connex Corporación, S.L., a company which is owned in equal shares by Cgt Corporación General de Transportes, S.A., a company of the FCC Group, and by Connex, a subsidiary of Veolia Environnement, is dedicated to 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).

The new streetcar system in Barcelona became operational in the months of April and May. The system links avenida Diagonal with Baix Llobregat and Sant Martí with Besòs. In the latter of these, one of the two lines which

served the Forum of Cultures is in operation and work continues on the Badalona line which includes an underground segment under the Gran Vía.

As of the end of the year, more than 7,600,000 passengers had been transported, slightly exceeding the forecasts for the first months of operation. The two networks combined cover an area of 31 kilometres and have 37 trams.

In the company's first experience in this sector in Portugal, CTSA last year started to provide urban transportation services in the Portuguese city of Vila Real de Trás os Montes, with a population of 60,000.

Furthermore, in keeping with the business development objectives of Automóviles Portillo, the trade number under which CTSA operates its transportation services on the Costa del Sol, the company has become a member of the Málaga Metropolitan Area Transportation Consortium after a process of adapting its lines, vehicles and information systems. The integration affects the 20 lines and 49 vehicles running between the communities of Málaga, Benalmádena, Mijas, Rincón de la Victoria, Alhaurín de la Torre, Alhaurín el Grande, Cártama and Churriana.

The fleet consists of 340 buses, which last year transported more than 45 million passengers and travelled some 27 million kilometres.



■ Streetcars in Barcelona



■ City passenger transport,  
Terrassa. Barcelona



## Technical vehicle inspection

**Turnover**  
**37.4 million euros.**

In 2004, more than 1,900,000 inspections were carried out at the 52 vehicle inspection stations operated by the companies of the FCC Group in Spain and Argentina. In both countries, the number of inspections performed rose in comparison to 2003.

A notable event in this area was the inauguration of a station in Las Palmas de Gran Canaria, bringing the number

of stations operated by the FCC Group in the community of the Canary Islands to a total of 10.

Work commenced this year on the construction of a new station in Liria (Valencia) and negotiations are underway for the construction of four more in the Community of Aragón which will bring the number of stations in operation to a total of 57.



■ Auto inspection stations





## Parking facilities

Turnover  
59 million euros.



The specialised companies of the Group manage approximately 110,000 on-street regulated parking spaces and 12,000 spaces in underground parking garages located in more than 90 cities. These companies also provide removal services for illegally parked vehicles in 30 cities.

The new contracts awarded in 2004 were:

### Regulated on-street parking

- **Gros-Atotxa neighbourhood in San Sebastián** (Guipúzcoa): 2,300 parking space for a five-year period.
- **Vila-seca** (Tarragona): 722 parking space for a ten-year period.
- **Expansion of the La Guindalera** (2<sup>nd</sup> phase), El Viso, Hispanoamérica, and Nueva España neighbourhoods in Madrid: 12,305 parking spaces for a ten-year period.
- **Medina del Campo** (Valladolid): 1,105 parking spaces for an eight-year period.
- **Tárrega** (Lleida): 322 spaces, 30-year contract.



### Construction and operation of underground parking facilities

- **Fundación Lleida Basket**: 210 parking spaces for a 25-year period.
- **Hospital General Universitario de Murcia**: 1,019 parking spaces for a seven-year period.
- **Tárrega** (Lleida): 191 parking spaces for a 30-year period.

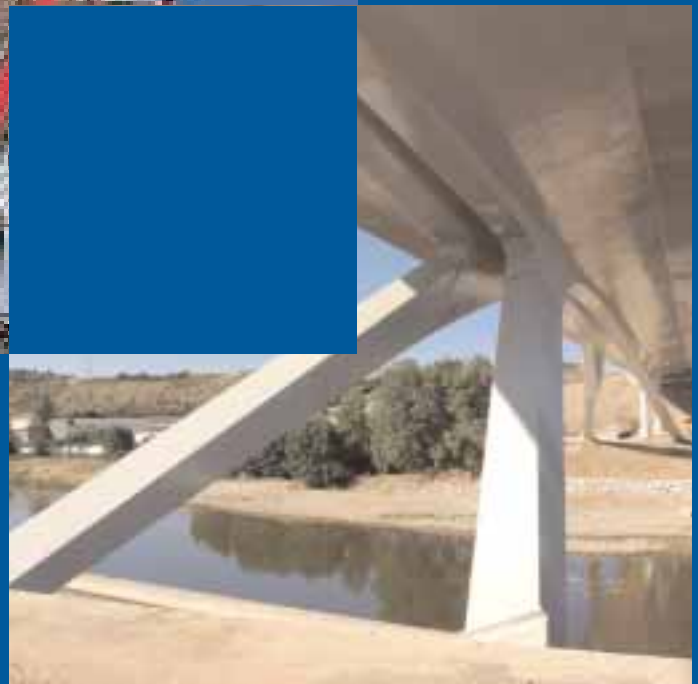
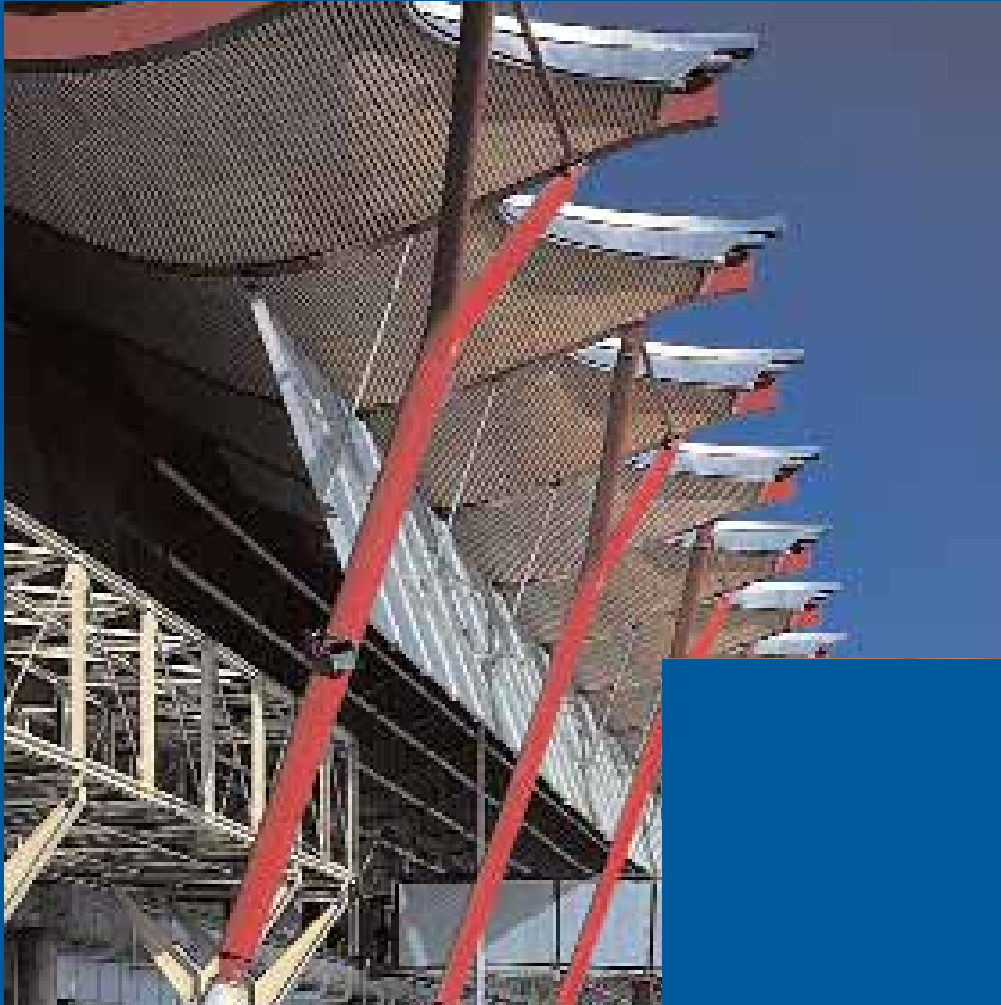
### Vehicle Towing and Depot

- **Burgos**: two-year contract.
- **Pozuelo de Alarcón** (Madrid): four-year contract.
- **Almuñecar** (Granada): two-year contract.

### Electronic recording and issuing of traffic violations

The contract awarded by the City of Madrid for a period of two years includes the supply and maintenance of 790 portable units for electronically recording and issuing traffic violations. It also includes the supply and maintenance of the computer applications developed by FCC. This is the first contract of its kind signed in Spain.







# Construction

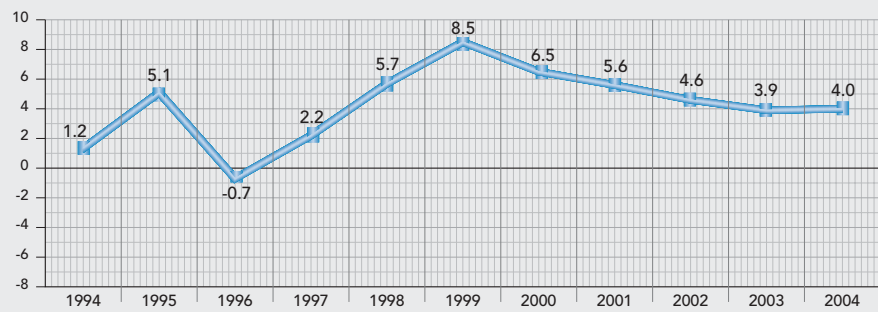
## Analysis of the sector

In 2004 the sector grew by 4%, which represents a 1.4% increase over the evolution of the Gross Domestic Product (GDP). The principal reasons behind this evolution can be found in the considerable number of new housing starts and the progressive use of extra-budget methods in the provision of infrastructures.

### Annual construction activity variation rates

In constant terms

Source: Seopan



■ A-381 dual carriageway. Jerez-Los Barrios

For the seventh year in a row, all subsectors recorded positive growth:

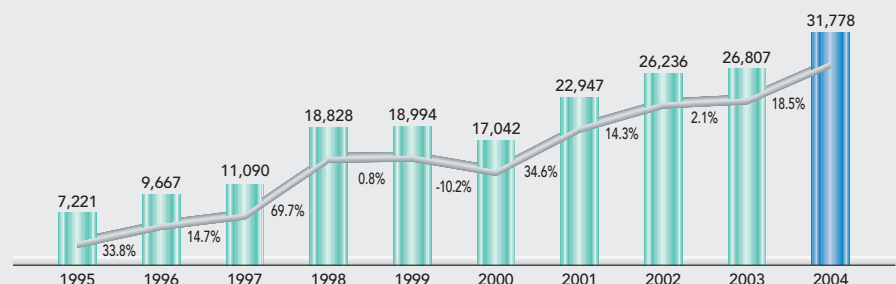
- **Residential construction**, which accounted for 33% of the total, grew by 5%, maintaining its position as the most important subsector in the construction segment. There were 675,000 new housing starts, which represents a year-on-year increase of 7%.
- **Rehabilitation and building maintenance**, which accounts for 25% of the total, grew by 2.5%.
- **Civil work** represented 24% of the total production for the sector, with a year-on-year increase of 6%, down slightly from the growth recorded in 2003.
- **Non-residential construction** accounted for 18% of the Group's activity, up by 1%.

The **tenders** awarded by the public administration were valued at 31,778 million euros, an 18.5% over the year before, which constitutes a considerable acceleration in relation to the figures of 2003, due primarily to the efforts of some Autonomous Communities such as Madrid, the Balearic Islands, Asturias, the Basque Country and La Rioja and some local governments. The contracts referred for the most part to work on ports, subway systems and Madrid's road network.

### Evolution of public tenders

Millions of euros

Source: Seopan



At the end of the fiscal year 2,014,000 million **people were employed** in the construction sector, representing 12% of the Spanish workforce, with a 5.6% increase in the number of Social Security registration.

The **forecasts for 2005** call for a similar or slightly higher level of growth than in 2004, with a rise in the sector's overall production of between 3.5% and 4.5%, in constant terms, continuing the expansion cycle which began in 1997.

## FCC's activity



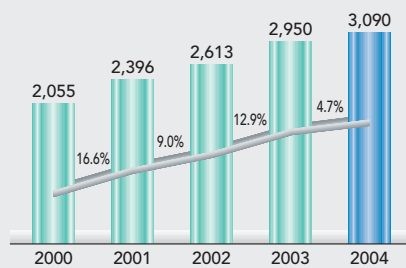
All of the construction activity of the FCC Group is channelled through FCC Construcción, S.A., which also leads the group of companies involved in related activities.

During the fiscal year, new contracts amounting to a total of 3,442.9 million euros were awarded (13.9% more than the year before) resulting at the end of the fiscal year in a construction backlog valued at more than 4,351.2 million euros, an increase of 18.9% over the year before.

Turnover rose by 4.7%, a higher than average increase for the sector overall.

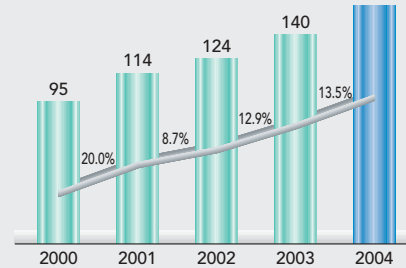
### Turnover

Millions of euros

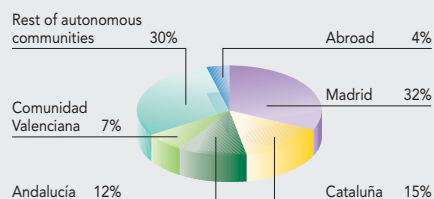


### Gross operating profit (Ebitda)

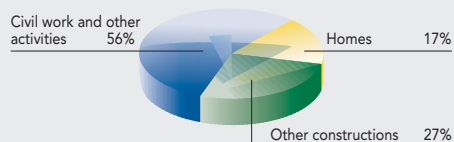
Millions of euros



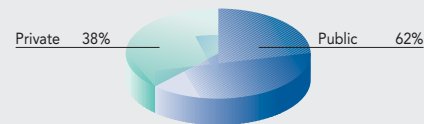
### Production by geographic area



### Production by job type



### Production by client type



## Technological innovation

In order to provide its clients with as much added value as possible, FCC Construcción does not hold back on acquiring the most modern and technologically advance production resources or developing new construction systems.

The company, directly and through its subsidiaries, progressively augments the range of proprietary construction and production elements and systems offered to its clients.

Here are some examples:

### Underground work

FCC Construcción has made a considerable investment in the acquisition of tunnel-boring machinery for its new contracts.

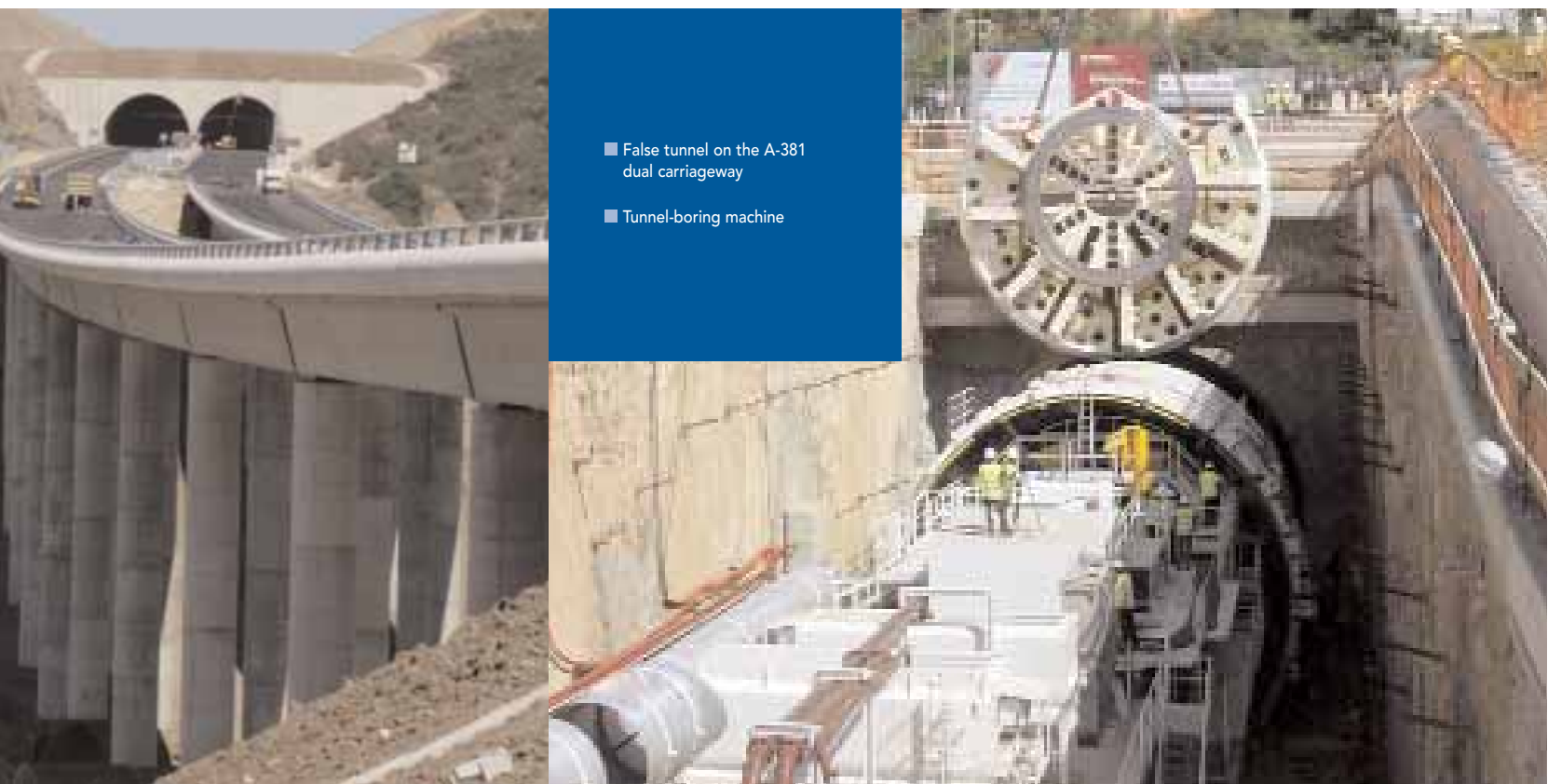
- The world's largest tunnel-boring machine, with a 15 m excavation diameter, for the by-pass of the M-20 Sur in Madrid, in a joint venture with another company.
- Two TBM for rock with 10 m excavation diameters, also in a joint venture with another company, for the Pajares tunnels for the high speed train, with an expected excavation length of 15.3 km.
- A tunnel-boring machine measuring 9.40 m in diameter, in a joint venture with other companies, for the Barcelona Metro (Line 9).
- A tunnel-boring machine measuring 9.40 m in diameter, for the extension of line 3 of the Madrid Metro.

The excavation work for the Guadarrama tunnel on the Madrid-Valladolid high speed train, awarded to FCC Construcción in a joint venture with other companies, was completed during the fiscal year. The total length of the tunnel was 28.4 kilometres and it was dug at a rate of 36.3 metres per day by two tunnel-boring machines.

### Bridges and special structures

In order to increase its ability to execute special work using its own resources, FCC Construcción has created the company BBR Pretensados y Técnicas Especiales (BBR PTE) which is dedicated to operating the BBR prestressed systems licence and developing special construction systems.

It used the first of these systems to build a cement silo at the Cementos Portland Valderrivas factory in Alcalá de Guadaira (Sevilla). The silo measures 20 m in diameter and 64 m high. The inside pillars were installed and the roof raised simultaneously with the walls.



The second system was used to push a 24 wide 53 long caisson at the Soto de Henares development and 26 wide 26 long for the prolongation of the calle Venisquero de la Condesa in Madrid.

FCC Construcción has started work on the Torre Repsol in Madrid. The tower will stand 250 m above ground level and 270 m above its foundations. For this construction project the company has acquired a fixed 1,400 m/ton tower crane, the largest ever used on a construction site in Spain, and two 340 m/ton cranes.

### Hydraulic works

The subsidiary Prefabricados Delta has perfected and commenced the production of a polyester pipe reinforced with glass fibre on a production line using a continuous mandrel system. It can manufacture pipes with diameters ranging from 300 mm to 2,600 mm with nominal pressures up to 25 bar.

### Research and development

The European Construction Technology Platform was created. This is an initiative with more than 300 participating organisations (industries, universities, research centres, European administrations, etc.) whose objectives are to define the 2030 vision and the Strategic Research Agenda for the Sector through the development of macroprojects with mixed public and private financing.

FCC Construcción is a member of the Board of Directors of this platform and a head up, along with another company, the Underground Construction strategic line and also participates on the Buildings and Cities and Sustainable Construction Committees.

A Spanish platform has also been created, which shares the same objectives as its European counterpart but at the national level. It has more than 150 member organisations of the same type as the members of the European platform. FCC Construcción also plays a leading role on this platform.

Some of the most noteworthy activities in the area of internal I+D+I during the fiscal year included the following:

- Low reflection maritime caissons. The Group worked together with Cedex to design low reflections surfaces for both docks and piers. In view of the excellent results, the papers have been filed to patent the invention, the rights to which are already reserved.
- The Logro Project. Work continued on optimising construction debris, in collaboration with the Cataluña Technological Institute and a private construction machinery company.
- Shotec. Automation of concrete casting techniques and improvements to mixes for casting concrete.
- Concrete with fibres for assembled sections used to clad tunnels.

These projects are partially financed with public funding through the Profit programme sponsored by the Ministry of Industry, Tourism and Trade.

At the European level, work commenced on the two construction projects approved by the European Commission as part of the Sixth Framework Programme.



# Freeways, highways and roads

This continues to be the most active subsector and that with the highest specific weight. If all construction activities, in terms of both the turnover it generates and the backlog pending completion.

The most noteworthy contracts awarded were:

- 36-year contract to build and operate the Cartagena-Vera (Murcia-Almería) toll road. The project consists of 98 km of motorway between these two cities and a 16 km toll-free ring road around Cartagena.
- Construction and operation of a toll road through the San José-San Ramón corridor in Costa Rica, the most heavily-travelled thoroughfare through the Central American country which provides access to the San José International Airport and the

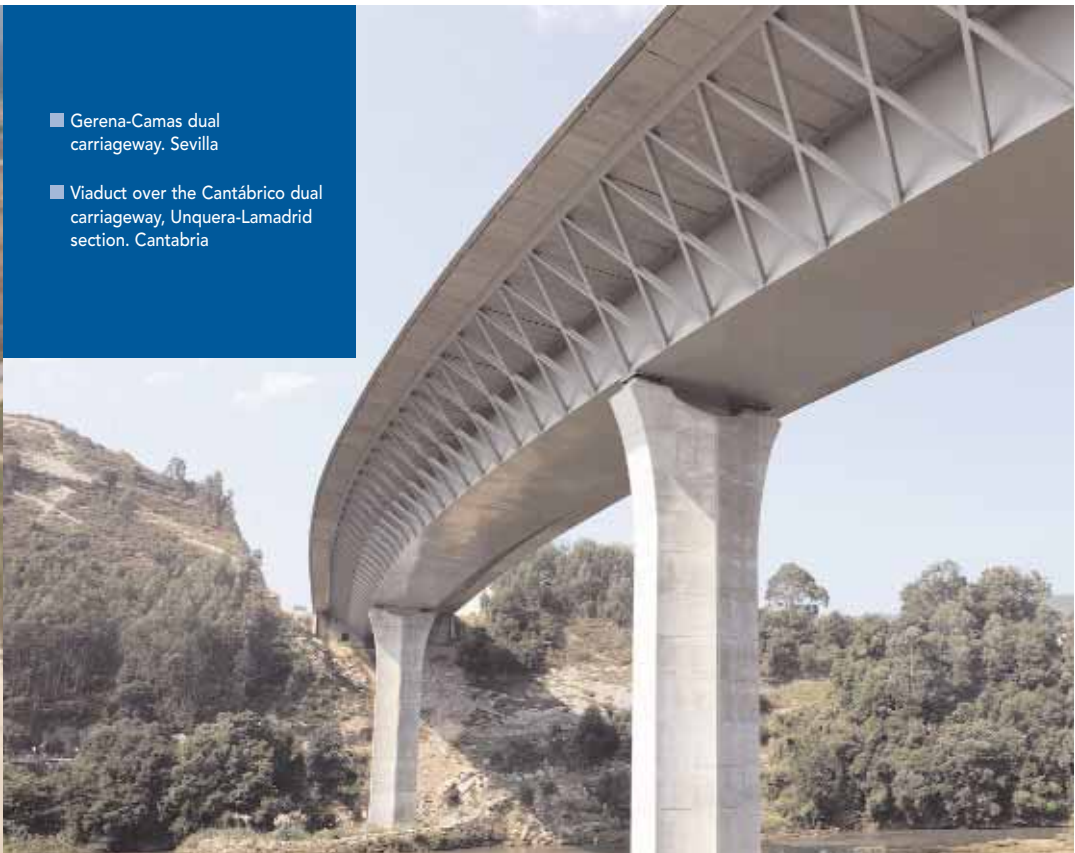
Santa Ana-Río Segundo arterial road. The motorway is 60 km long and the arterial road is 7.5 km long. The term of the concession is 25 years.

- Corregado junction near the Tajo and Lisbon which links the A-1 and A-10 motorways. Includes the construction of a viaduct with prefabricated beams 1,237 m long and two other viaducts to be built on site, measuring a total of 2,506 m.
- Section: Reinante-Ribadeo (Lugo) of the A-8 autovía del Cantábrico. This is the first section of this Galician motorway put out to tender. It links the Cantabrian coast with the Autovía del Noroeste. It is 10.6 km long.
- New road at the Despeñaperros port: Venta de Cárdenas-Santa Elena (Ciudad Real-Jaén) section. The road is 8.9 km long with two lanes for south-north traffic.



■ Gerena-Camas dual carriageway, Sevilla

■ Viaduct over the Cantábrico dual carriageway, Unquera-Lamadrid section, Cantabria





■ Viaduct over the Escudo River.  
Cantábrico dual carriageway

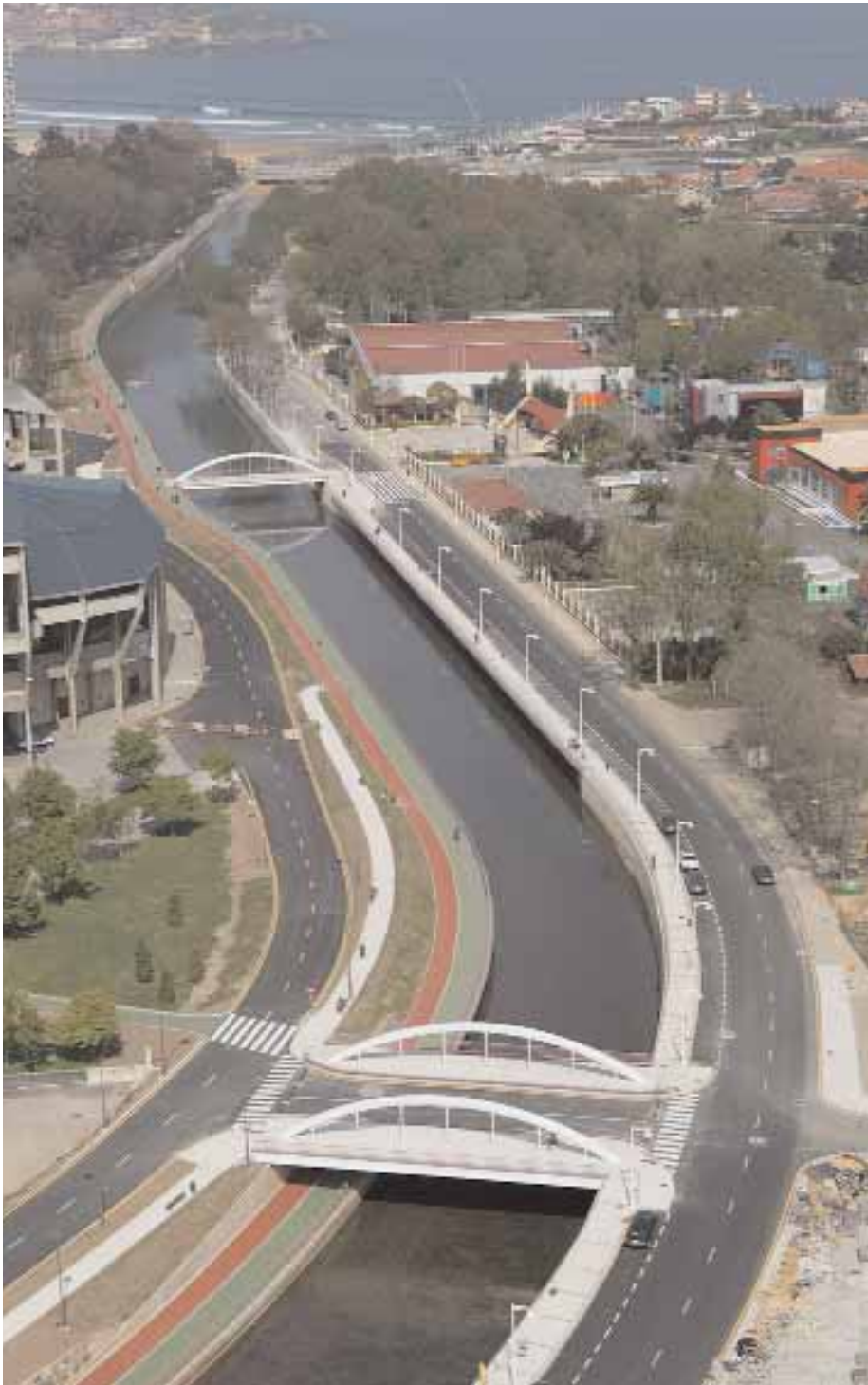
■ Brañaviella tunnel. Barcelona

- 30-year concession (construction and operation) of an underwater tunnel in Coatzacoalcos in the state of Veracruz (México). It is 2,200 m long. Its central and most unique span is composed of six bicellular reinforced concrete caissons 120 m long, each one of the cells with two lanes.
- Section running between Luko (Álava) and the boundary of the province of Guipúzcoa of the A1 motorway between Vitoria and Eibar. It is a 6.7 km long section of motorway involving the construction of two parallel tunnels, one on each side of the road, each 620 m long, as well as three viaducts, four overpasses and five underpasses.
- Southern by-pass on the M-30 ring road in Madrid, tunnel between Santa María de la Cabeza and the N-III. This 4.2 km tunnel will be built with a tunnel-boring machine and prefabricated segments with an interior diameter of 15 m and three lanes in each direction.
- Rehabilitation of 30 km of the Cluj a Livada road (Romania) for the Romanian National Highway Administration.



Last year the La Algaba-Camas subsection of the La Plata motorway and section IV between Majaplata and La Palmosa of the A-381 Jerez-Los Barrios motorway which runs through the Los Alcornocales Nature Park was opened to traffic. This project won the prestigious Global Road Achievement Award given by the International Road Federation in the environmental protection category. It also received the 2004 Quality Award for the Best Construction Work of the year in the civil work category.

## Hydraulic works



■ Conditioning the Piles River. Gijón

The most relevant contract awards were as follows:

- Modernisation of the irrigation systems of the Vegas Alta y Media del Segura (Murcia) Irrigation Community in a joint venture with Aqualia.
- Water supply to Santander. Includes 50 km of steel pipes measuring from 600 to 1,000 mm in diameter and several pump. This will enable the water to be carried from the Ebro reservoir to the Besaya reservoir from which Santander is supplied.
- Channelling of water from Navalcarnero to Campo de Pozos de Batres (Madrid). The section consists of 19.2 km of welded steel pipes, most of which are 800 mm in diameter.
- Modernisation of the irrigation system on the left bank of the Najerilla Canal (La Rioja) which covers an area measuring 9,107 Ha. Includes the construction of three pools with capacities ranging between 150 and 260,000 m<sup>3</sup> each, a 250 km irrigation network with pipe diameters between 400 and 1,000 mm, and tertiary or plot pipes in PVC measuring between 160 and 200 mm.



## Maritime works

The most noteworthy contracts awarded were:

- New accesses to the Port of Sevilla (Phase I). The work consists of building a new 434 m long lock with the capacity to house tugged vessels. The gates of the lock are 42 m wide, 20.3 m high and six thick and the distance between the inside faces of the doors is 253 m.
- Communication channel linking the interior dock with the ocean and transversal link at the Port of Valencia. Consists of the construction of a communication channel measuring 600 m long, 80 m wide and 7 m deep connecting the interior dock with the ocean. This is one of the first projects undertaken in preparation for the 2007 America Cup.
- First phase of the Azucenas wharf for the enlargement of the Port of Motril (Granada). Includes the construction of 9 caissons and 330,000 m<sup>3</sup> of dredging.
- Enlargement of the southern esplanade of the commercial wharfs at the Port of Palma de Mallorca. Consists of prolonging the current wharf by 188 m using reinforced concrete caissons and the formation of 68,000 m<sup>2</sup> of esplanade.
- First phase of the cruise ship wharf at the Port of Rosario (Fuerteventura). Consists of the construction of a 300-metre-long wharf for docking cruise liners, with an area of 100,000 m<sup>2</sup>.



- Cambulloneros Wharf. Tenerife
- Arrecife Port in Lanzarote
- Front of the Chapela Port in Redondela. Pontevedra





# Airports

The most noteworthy contract awards last year were:

- Complementary land movement project at the Madrid-Barajas Airport.
- Manoeuvres area at the San Javier (Murcia) air force base. Basically consists of building a new 2,000 m long runway parallel to the existing one with a taxi strip.

Continuation of work on the New Area Terminal (NAT) and the Rail Area 2 at the Barcelona Airport measuring 417,000 m<sup>2</sup>

and at the Castellón Airport, which consists of a 2,700 m long landing strip, passenger terminal, control tower and service building.

The new terminal at the Madrid-Barajas Airport, the largest construction project ever undertaken in Europe, with a constructed area of 500,000 m<sup>2</sup>, will soon become operational.

The new air traffic control centre in Gavá, Barcelona, won the 2004 Quality Award for the Best Work of the Year in the building category.



■ Terminal building at Barajas Airport, Madrid

■ Gavá control centre, Barcelona





## Railroad infrastructures

The activity in this subsector continues to be lively thanks to the plans to extend the high speed train system between Madrid and Barcelona, Madrid-Asturias and Madrid-Northeast.

The following contracts were awarded for **high speed and conventional railways**:

- Amoeiro-Carballiño section of the Orense-Santiago de Compostela railroad. Consists of the construction of a 12.1 km long platform, 3,400 m of which are in the form of a viaduct.
- High speed line: Puerto de Santa María (Cádiz) subsection. Duplication of the 11 m of tracks to enable trains to travel at 220 km/h.
- Connection of the Ortuella station and the Port of Bilbao through the 4.8 km long Serantes Tunnel. This will free up the left bank of the Ría de Bilbao from the cargo-carrying train traffic travelling to and from the port.
- Renovation of the Villarreal de Huerva-Cariñena (Zaragoza) section of the railway in the Sagunto-Teruel-Zaragoza tunnel. Consists of the construction of a tunnel which will be clad with prefabricated segments.
- Burial of 1,400 m of the Palma-Inca railway. The railway is buried by means of a false tunnel made of cut-off walls with reinforced concrete slabs.

Barcelona streetcar





■ Guadarrama tunnels. Madrid

The following contracts were awarded for **metropolitan rail** systems:

- Garage and depot for the Santa Cruz de Tenerife-La Laguna metro for moving stock and offices for the new line between the two cities.
- Final section of Line 9 of the Barcelona Metro. The total length is 3.1 km, of which 2.85 will be built using a tunnel-boring machine.
- Accesses to the rail triangle, infrastructures and stations of Line 9 of the Barcelona Metro.
- Widening Line 3 platforms at the Puerta del Sol station of the Madrid Metro. Consists of extending the length of the station from 60 to 90 m in order to accommodate the larger capacity modern 3,000 series trains. Includes a new access to calle Preciados.
- Prolongation of Line 3 of the Madrid Metro. Section: Legazpi- San Cristóbal de los Ángeles. The work consists of 5,701 m of underground tracks, five new stations and the adaptation of the Legazpi station, increasing the length and improving the connections with Line 6.
- 2,8 km long section of the San Cristóbal de los Ángeles-Villaverde Alto line.
- Adaptation to regulations and improved access to stations for Line 3 of the Barcelona Metro. The work includes improving access for the disabled to 14 stations by installing lifts from ground level, moving toll lines, raised paving for detection by the blind and other general improvements to the facilities.
- 35-year contract for the construction and operation of lines 1 and 2 of the Málaga Metro. The length of the lines is 7.2+4.4 Km, with 12+7 stations and an estimated initial traffic level of 17 million per year. It is expected to become operational in February 2009.



In late December the boring work for the Guadarrama tunnels was completed. These tunnels are part of the Soto del Real-Segovia section of the high speed train line. The work consisted of a 28.4 km stretch with an interior diameter of 8.5 m.



# Urban development

The most noteworthy contract awards last year were:

- Urbanisation of the Fuente Lucha development in Alcobendas (Madrid). With more than 65 Ha for residential use and 357,000 m<sup>2</sup> of developable land, a total of 4,000 homes will be built, 3,000 of which will be subsidised.
- Urbanisation of the Vega Baja area in the city of Toledo. More than 40 Ha, 30 on the right bank and 10 on the left bank of the Tajo River, including access roads. Includes one footbridge with a 102 m span and two others with a tilted metallic arch with spans of 14 m.
- Urbanisation of the Massanes (Girona) industrial development zone.
- Urbanisation of the South Sector in Foios (Valencia).
- Parking area for the San Rafael hospital in La Coruña.



■ Urbanization of the Costa Teguisse esplanade. Lanzarote

■ Parque del Oeste. Oviedo





## Residential

During the past fiscal year, FCC delivered 5,231 finished homes, a total of 810,537 m<sup>2</sup> in floor space.

The contract awards were valued at 579 million euros. The most significant contracts awarded during the fiscal year were for:

- 629 homes in Montecarmelo. Madrid.
- 948 homes in Las Tablas. Madrid.
- 322 apartments on Isla Canela. Huelva.
- 164 flats and apartments in Denia. Alicante.
- 120 homes and garages in the Getafe Norte development in Getafe. Madrid.
- 141 tourist apartments in Venta Melchor in La Línea de la Concepción. Cádiz.
- 216 homes (50 semi-detached homes and 166 flats) for the Dehesa Nova development in San Sebastián de los Reyes. Madrid.
- 116 homes in Dehesa Vieja de San Sebastián de los Reyes. Madrid.
- 100 homes in Valdemoro. Madrid.
- 221 semi-detached single-family homes in Las Margas Golf. Sabiñánigo. Huesca.
- 208 homes, garages and commercial spaces for a eastern residential complex in eastern Parla. Madrid.
- 402 homes in Fuenlabrada. Madrid.
- 263 homes in Parla. Madrid:
- 132 apartments in Cerrado del Águila, Mijas. Málaga.



■ Homes in Sotogrande. Cádiz  
 ■ Homes in Txurdinaga. Bilbao  
 ■ Cedro Azul homes. Mirasierra. Madrid  
*Architecture, Urban Development and Public Works award of the Madrid City Council*





## Non-residential

This section includes the construction of different types of buildings: administrative buildings, schools, cultural buildings, sports complexes, commercial buildings, hotels and industrial buildings.

The most significant contract awards were:

### Government centres and office buildings

- Several phases of the service building at the City of Communications in Las Tablas (Madrid), which will house the numerous offices of Telefónica currently located in Madrid. This is a complex composed of 12 buildings, one corporate building, a common service building and three buildings for social services (clinic, gym and nursery school) occupying an area of more than 200,000 m<sup>2</sup>.
- New headquarters of the Castilla y León parliament. The building, with a constructed area of 28,000 m<sup>2</sup>,

consists of a underground parking and warehouse level, a ground floor and four upper floors.

- New municipal offices for the Badalona City Council (Barcelona).
- Civil work for the Torre Repsol located in the former Real Madrid Sport Complex on Paseo de la Castellana de Madrid, designed by the British architect Norman Foster. It will be 250 m high with a reception area measuring 15.3 m high, 35 floors of offices space and 3 floors of installations in three vertical blocks.

Work continued at a brisk pace on the City of Justice near Plaza Cerdá in the cities of Barcelona and L'Hospitalet de Llobregat. The complex comprises 11 buildings occupying 280,000 m<sup>2</sup>. The complex was designed by the British architect, David Chipperfield and by B720 Arquitectura.

- Mail processing centre in Palma Mallorca
- Parador Nacional Bernardo de Fresneda. Santo Domingo de la Calzada. La Rioja



## Teaching centres

- Residence hall for students of the Universidad Complutense on calle Ramiro de Maeztu in Madrid. The work consists of four underground levels and six above-ground levels with 211 rooms and common areas.
- Classrooms and underground parking area with 450 parking spaces in Portaceli (Sevilla). The project consists of the construction of 15 primary school classrooms on two floors. The parking area will be built using 0.80 m thick cut-off walls and reinforced concrete slab foundations.

- Valdecilla Hospital. Santander
- MUSAC. Museo de Arte Contemporáneo de Castilla y León
- Fairgrounds. Valencia



## Hospitals

- Centre for the handicapped in Llanos de Aridane (Isla de La Palma).
- Hospital de La Moraleja (Madrid) for Sanitas.
- Nostra Casa Vall de la Balletera Residence, donated to the City of Valencia by the Foundation for the Disabled presided over by Esther Koplowitz. The residence occupies some 4,500 square metres and will be used to assist persons with serious mental disabilities and other physical and sensorial disorders. The building can accommodate 60 residents and 40 non-residents.
- Refurbishment and enlargement of the Alcázar de San Juan Hospital (Ciudad Real).

## Cultural, sports and entertainment centres

- Galicia City of Culture Museum of History in Santiago de Compostela. One of the six buildings forming the City of Culture complex designed by Peter Eisenman. It is a very complex project in terms of the design geometry. The complex, occupying a total of 18,000 m<sup>2</sup>, blends into the hillside on which it sits, with





■ Community of Madrid  
Sports Palace

visible quartzite roofing and aluminium-magnesium panels which are alternated on the facade with glass and stainless steel cladding.

### Shopping centres, fairgrounds and convention centres

- Construction of the structure of the new Alameda Shopping Centre (Málaga) for El Corte Inglés.
- Structure for building 5 and adjacent parking area for the enlargement of the FIRA 2000 fairground on la Gran Vía de L'Hospitalet (Barcelona), including land movement and foundations.
- Vila Nova de Gaia Shopping Centre (Portugal) for El Corte Inglés through the subsidiary Ramalho Rosa Cobetar.

Inauguration of the new El Corte Inglés shopping centre in Valencia near the City of the Arts. FCC Construcción was responsible for the structure, masonry, flooring, walls and general urbanisation for this project. The total constructed area is 152,000 m<sup>2</sup>, 40,000 of which are commercial space.

### Rehabilitation and maintenance

- Renovation of the former V.2 workshop building in Sagunto (Valencia). Includes the construction of an auxiliary building to the former workshop building at the Port which is being converted into a theatre.
- Renovation of a building in the Isdabe Complex in Estepona (Málaga). The size of the area in question is 18,000 m<sup>2</sup>. The structure and siding

of the existing building will be maintained, while the interior will be completely remodelled throughout.

The renovated Palacio de Camposagrado de Avilés was inaugurated last year. This is a beautiful seventeenth century building which has been completely restored.



■ Camposagrado Palace. Avilés



## Water treatment

The most notable contract awards were as follows:

- Tertiary treatment at the Baix de Llobregat wastewater treatment plan in El Prat, Barcelona. Consists of the installations needed to reuse the treated water for irrigation purposes and contribute an ecological flow to the Llobregat River. The nominal flow rate is 3.5 m<sup>3</sup>/s.
- San Pantaleón en Santoña wastewater treatment plant (Cantabria) for the general cleanup of the Santoña marshlands (Cantabria). It serves a population of 325,000 inhabitants with an average flow in summer of 4,700 m<sup>3</sup>/hour. The treated water is pumped into an underwater outfall. The digestion biogas will be used to generate energy and the sludge area will be deodorised with active carbon.



■ Chiclana treatment plant. Cádiz



■ Depurbaix wastewater treatment plant. Barcelona



# Electricity



Especialidades Eléctricas, S.,A. (Espelsa) is the company of the FCC Group that specialises in designing and installing electrical wiring, construction and maintenance of distribution networks and transformation substations and the engineering of advanced computer systems for command, control and simulation through its specialised divisions.

Its most noteworthy activities in 2004 included:

## Maintenance

- Sogecable building (Madrid).
- National Library (Madrid).
- Reina Sofia Art Museum (Madrid).

The company also handled the construction and maintenance of the distribution systems, substations and transformer centres of the electrical companies Endesa, Iberdrola, S.A. and Unión Fenosa, S.A., in Barcelona, Madrid and Castilla-La Mancha.

## Advanced computer systems engineering

- 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 for the EF-18 fighter and Mistral portable missile simulator.

## Electrical facility design and execution

- New financial campus for SCH. (Madrid).
- Sports Palace for the Community of Madrid.
- San Lorenzo del Escorial Theatre (Madrid).
- Sanitas Hospital (Madrid).
- Enlargement of the Santiago Bernabeu Stadium (Madrid).
- School of Law (Madrid).
- City of Communications (Madrid).
- Almería Sports Palace.
- Arona Courts (Tenerife).
- Lighting and affected services on the Radial 3 arterial road (Madrid).



■ Collserola médium voltage line.  
Barcelona



■ Lighting of the R-3 arterial road.  
Madrid



# 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 contract awards to provide heating and air conditioning systems to the following hotels and offices:

## Hotels

- Puerta América, Madrid (\*\*\*\*).
- Hilton Diagonal Mar, Barcelona (\*\*\*\*).
- Hilton Palacio de Congresos, Valencia (\*\*\*\*).
- NH Sorolla Palace, Valencia (\*\*\*\*).
- Guadalpin Banus, Málaga (\*\*\*\*).

## Offices

- HP2 Bami office complex in Las Rozas, Madrid.
- Laboratorios Abbott, Madrid.
- Edificio Génova 27, Madrid.





## Infrastructure conservation

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

### Roads and highways

Maintenance of more than 1,000 Km of dual carriageways and 2,500 Km of roads pertaining to the conventional road system.

**Matinsa**

The following contracts were renewed last year:

- More than 200 Km of various sections of the Madrid-Alicante N-301, N-430 and A-31 roads in the province of Albacete.
- N-611 from Palencia to L.P. de Cantabria CN-120 in the province of Palencia.

The following contracts were awarded:

- 168 Km of the N-120 and A-62 roads in the province of Burgos.

### Maintenance of hydraulic infrastructures

Work is underway on the expansion of an automated hydrological information system for the Confederación Hidrográfica del Júcar to include the Tous, Escalona, Bellús and Algar reservoirs to the system.

In 2004, a contract was signed for the maintenance of the automated hydrological information system for the Confederación Hidrográfica del Sur.

### Forestry work

The Group provides forest replanting services, forest treatments, forestation of farmlands and restoration of the natural environment in areas affected by infrastructure work and auxiliary forest work in the autonomous communities of Andalucía, Castilla y León, Castilla-La Mancha, Extremadura, Galicia, Madrid and Comunidad Valenciana.

Forest fire prevention and extinguishing services for the Sierra Norte in Madrid. Consists of 145 operators which rises to 228 in the summer, broken down into 14 groups, with five heavy and nine lightweight fire-fighting assemblies and four forestry engineers.





# Engineering

PROSER

Proyectos y Servicios, S.A. (Proser) provides engineering studies and designs. The following are among the contracts awarded to the company last year:

## Roads and highways

- Access to the port of Málaga (phase 2). Section: N-340 (A) thermal power plant.
- Public tender for the A41/IC24- Picoto (IC2) motorway/Ermida junction (C25), included in the Douro Litoral Concession (Portugal).
- Construction of the Medina-Sidonia (Cádiz) relief road. Includes a 4.5 m long section of road between the A-381 motorway and the A-390 road to Chiclana, and a 5.5 km long section of road between the A-390 and the A-393.
- Informational study on the widening of the C-17 between Les Masies de Voltregà (Barcelona) and Ripoll (Girona).

## Railways and metros

- Bed for the new high-speed Levante railway access. Madrid-Castilla La Mancha-Comunidad Valenciana-Región de Murcia. Section: La Alcoraya-Alicante.
- Bed for the north-north-east high speed corridor. Artery: Ourense-Santiago. Section: Lalín-Santiago. Subsection: Boqueixón-Santiago.
- Modification of local train lines C-3 and C-4 in Madrid at the access to the Atocha train station.
- Construction of new light metro line Pinar de Chamartín-Sanchinarro-Las Tablas, Sections 1 and 2.
- Enlargement of depot for line 4 of the Madrid Metro in Hortaleza and new depot and workshops for the Pinar de Chamartín-Sanchinarro-Las Tablas light metro.
- Viability study for the Badalona Centro-Can Ruti Light Metro in Barcelona.
- Viability study for the prolongation of Line 1 of the Sevilla Metro to Alcalá de Guadaira.

■ A-11 Duero dual carriageway.  
El Burgo de Osma relief road.  
Viaduct over the Ucero River



### Hydraulic works

- Improvement of the lateral channel of the AP-2 on the Llobregat River.
- Comprehensive reorganisation of Tomelloso and Argamasilla de Alba (Ciudad Real).
- Reform work on the Albaida (Valencia) wastewater treatment plant for a flow rate of 5,000 m<sup>3</sup>/day.

### Construction management technical assistance

- Inspection, control and coordination of occupational health and safety issues for the redesign of the junction of the M-30 and Avda. de América A-2, and for the project to improve the junction between the N-100-O'Donnell and the M-30 in Madrid.
- Inspection and supervision of the construction of the infrastructure for the prolongation of Line 7 of the Madrid Metro to Coslada and San Fernando de Henares. Section 3: Coslada-San Fernando de Henares.
- Direction of the work on the Palau Solità i Plegamans relief road C-59 road. Section: Santa Perpetua de Mogoda-Palau Solità i Plegamans (Barcelona).

- Technical assistance with the direction of the conditioning work on the A-455 road from Constantina to Lora del Río (Sevilla).
- Technical assistance, supervision and control of the design and execution of the work on the drinking water treatment plant in Griñón (Madrid) for a flow rate of 1.20 m<sup>3</sup>/sec.
- Technical assistance in connection with the construction of a new drainpipe for the Janda lagoon in Barbate (Cádiz).



■ Connection of the M-50 with the A-1 relief road. Algete junction. Madrid



■ A-11 Duero dual carriageway. Toro-Zamora section. Viaduct over the Adalia Stream



## Corporate image



The implementation of corporate images for large corporations is handled by Megaplas, S.A. which operates under the same name in Spain, Portugal, France, the UK, Greece, Belgium and Holland.

Megaplas develops and produces electronic circuits for use in the corporate image sector.

During the last fiscal year it installed corporate image elements at some 900 services stations and auto dealerships in the European Union.



## Environmental restoration



Naturaleza, Urbanismo y Medio Ambiente, S.A. (Naturmas) is a company dedicated to environmental conservation through forestry services, gardening and landscaping and the restoration of areas affected by construction work.

It has two nurseries of its own occupying a total of 11 Ha and the capacity to produce up to seven million plants.

The following are among its most notable projects in 2004:

### Forestry work

- 11 contracts for forest fire prevention and extinction in 11 regions for the Castilla y León government.
- Reforestation of 168 Ha in Espinosa de los Monteros (Burgos).

### Landscaping

- Installation of a watering system for the City of Boecillo (Valladolid).
- Construction of gardens for the enlargement of the San Cristóbal Development (Valladolid).

### Restoration of areas affected by infrastructures

- Plantations and hydroseeding along the Segovia-Garcillán section of the AVE (high speed train).





# Pipelines and gas pipelines

Auxiliar de Pipelines, S.A., is a company specialising in the construction and assembly of pipelines for the transport all types of fluid, heating distribution networks, hot water and refrigeration.

APL was the company awarded the bid for the assembly of the primary transport gas pipelines measuring 7.5 Km and Ø 30", for the connection of the Regasification Plant at Sagunto, to the main Enagas network. It has also begun work on the gas pipeline Cartagena-Lorca phase II, Totana-Murcia branch, comprising 52.3 Km of 10" Ø steel pipelines.

During the year the following Works contracts have been carried out:

- Enlargement to the heating, hot water, and refrigeration networks of the Forum 2004 ( Barcelona), for Marina Premiá. Two 3.3 Km steel pipelines with diameters of 6" and 12" respectively.
- Extension to the civil works at the Forum 2004. An enlargement was carried out on Calle Taulat using four steel pipelines of 460 m long and diameters of 20" and 30".





## Precast



In addition to their normal activity of manufacturing concrete pipes with metal sleeves and prestressed monoblock sleepers for railways, during 2004, Prefabricados Delta, S.A., have started to manufacture at new facilities in Humanes de Madrid, polyester pipes reinforced with glass fibre. During 2004 this unit has supplied more than 20 Km of pipeline to the following contact works:

- 10 Km of pipeline with a nominal diameter of 500 mm to enable Irrigation Union Groups to improve irrigation in Campo de Níjar (Almería).
- 5.8 Km of pipeline with a nominal diameter of 800 mm for the Irrigation Union Groups from Cota 220, in Castellón.

- 5.8 Km of pipeline with a nominal diameter of 600 mm and 500 mm for the Irrigation Union Groups from La Torreta (Valencia).

In addition, manufacturing has begun on a pipeline to improve the irrigation network of the Irrigation Union Groups from Chinchón (Madrid) consisting of a total of 39 km of pipeline with diameters ranging between 500 and 1,200 mm.

With regard to metal sleeved concrete pipelines, the following have been supplied:

- 3,835 m, with an internal diameter of 1,600 mm for the Laverné dam for Aguas de la Cuenca del Ebro.

- 8,400 m of different diameters for the sewage treatment plant at Baix Llobregat.

266,000 sleepers have been manufactured for various authorities from the public sector: Adif, Renfe and The Ministry of development.

Ctc-Construcción S.A., a company in which Prefabricados Delta S.A. have shareholdings. They are involved in the prefabrication of structures for industrial construction and have doubled their activity this financial year.



■ Humanes factory. Madrid



## Repairs and reforms



Reparalia, S.A. has established a firm reputation as a benchmark in the sector of repairs and reforms in the home, shops, offices and property owners' associations, with a sizeable increase in the number of new clients and the volume of services to regular clients.

In the insurance sector, in addition to an increase in turnover with clients such as BBVA Seguros, Preventiva and Caser,

Reparalia has established new agreements with SegurCaixa, Mutua de Propietarios and Cahispa Seguros.

Agreements have been signed with major companies such as Alcampo and Iberdrola for breakdown repair. Repairs have also been made to commercial premises owned by companies who have a commercial network throughout Spain.



## Infrastructure awards

The FCC group has a stake in the share capital of the following companies who are in possession of government concessions:

### **Accesos de Madrid Concesionaria Española, S.A.**

Company awarded the construction and the operation under a toll regime of the R-3 motorway (M-40-Arganda del Rey) and the R-5 motorway (M-40-Navalcarnero), as well as the construction and conservation of the M-50 (West stretch), with a total length of more than 90 Km, over a period of 50 years. The average daily traffic in 2004 was 10,279 vehicles on the R-3 and 7,953 on the R-5.

### **Concesiones Aeroportuarias, S.A.**

Company awarded the construction and the operation of the Airport at Castellón, which is situated between Benlloch and Villanueva de Alcolea, a privileged place, at less than 50 Km from any point of the province.

### **Autopista Central Gallega Española, S.A.**

This company holds a 75-year concession to build and operate a 56.8 km stretch of the Santiago de Compostela-Alto de Santo Domingo toll road. The section from Silleda to Lalín is open to traffic. The average daily traffic was 4,436 vehicles.

### **Autovía del Camino, S.A.**

Company awarded the construction and the operation of the dual-carriageway Pamplona-Logroño using the shadow toll regime. This stretch is divided into five completion phases with a total of 62.4 Km. Currently undergoing execution. In September 2004, stretch II corresponding to the Puente La Reina bypass, 5.2 Km long, was opened to traffic.

### **Cedinsa**

This concession holder was awarded the construction and operation using the toll shadow regime on the road between Berga and Puig-Reig (Barcelona), as well as the conservation and the maintenance





of the stretch S. Fruitós de Bages-Puig-Reig, all of which is part of the C-16 (Llobregat artery). Currently undergoing execution.

#### **Compañía Concesionaria del Túnel de Sóller, S.A.**

Three kilometres toll tunnel which crosses the Alfabia mountain range in the Palma de Mallorca to Sóller corridor. During the last year the average daily traffic was 7,233 vehicles, with an annual increase of 7.1%.

#### **Concesiones de Madrid, S.A.**

Company awarded the construction and the operation of the stretch of dual carriage ring road around the Madrid M-45 taking in the O'Donnell artery and the N II, with a total length of 14.1 Km, for a period of 25 years, under the shadow toll regime. The average daily use during 2004 was 64,517 vehicles.

#### **Marina Port Vell, S.A.**

Government concession for the Barcelona Port Authorities, with capacity for 413 large ships and 4,800 m<sup>2</sup> of commercial premises. The port was fully occupied this year.

#### **Nàutic Tarragona, S.A.**

This marina has 417 moorings, 85% of which are either rented or sold, plus 8,000 m<sup>2</sup> of commercial premises, which are all sold.

#### **Parque Temático de Madrid, S.A.**

Title holder of the Warner Bros theme park at San Martín de la Vega (Madrid), inaugurated in 2002, and with a influx of visitors of 1,028,000 in 2004.

#### **Port Torredembarra, S.A.**

Of a total of 820 moorings, 90% were occupied last year, while the entire 4,000 m<sup>2</sup> that make up the commercial premises were rented.

This company is responsible for the construction, conservation and management-for 25 years-of the so-called "Reservoir Route" which consists of doubling a 21.8 km section of roadway on the M-511 and M-501 between the M-40 and the M-522 to facilitate access to Madrid from the west. The average daily traffic in fiscal 2004 was 33,288 vehicles.

#### **Scutvias, Autoestradas da Beira Interior, S.A.**

2004 saw the motorway complete its first year in operation. On 1 January 2005 the shadow toll regime of the concession began and will finalise in 2029.

#### **S.C.L. Terminal Aéreo de Santiago, S.A.**

Manage the Arturo Merino Benítez international airport, in Santiago de Chile. 2004 saw a modification of the contract being approved that enabled the deadline of the same to be extended

to January 2020. Traffic initiated in 2003 has continued to pick up, after a slight decrease that was felt between 2000 and 2002, mainly due the crisis in Argentina and the consequence of the events of 9/11.

#### **Autopistas del Valle, S. A.**

FCC Construcción, as part of an international consortium, was awarded a 25-year concession in June 2004 for the construction and operation of the 60 km San José-San Ramón motorway in Costa Rica. Work is scheduled to begin in the second half of 2005 and the road is expected to be opened to traffic in 2008.

#### **Concesionaria Túnel de Coatzacoalcas, S.A. de C.V.**

An international consortium led by FCC Construcción, awarded in September 2004 the concession for the construction and operation for 30 years, and under the toll regime, the underground tunnel at Coatzacoalcas, in the state of Veracruz (Mexico). This is a 2,200 m tunnel 1,200 m of which are submerged, constructed using six shields of prestressed concrete manufactured in a dry dock. The works will commence during 2005 and it will come into operation in 2009.

#### **Terminal Polivalente de Castellón, S.A.**

Company awarded the construction and the operation of the 9.5 hectare terminal at the Port of Castellón for the handling of containers and merchandise in general. January 2005 saw the work come to an end, investments have been completed on cranes and machinery and the operation of the Terminal has begun.

#### **Tramvia Metropolitana, S.A.**

Company awarded the construction and the operation for 25 years, of a transport infrastructure that links the south of Barcelona with the population of the Baix Llobregat area. It has been in service since April 2004 and has been used by 5,733,520 passengers.

#### **Tramvia Metropolitana del Besòs, S.A.**

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 more than 15

kilometres long. Since going into service last year it has carried more than 1,825,689 passengers.

#### **Transportes Ferroviarios de Madrid, S.A.**

Concession holder for 30 years of the extension to line 9 of the Madrid Metro, between Vicálvaro and Arganda, comprising a stretch of 20 km and three intermediate stations. During this year more than 5,675,820 passengers used the service meaning an increase of 8.24% with respect to the previous year.

#### **Túnel d'Envalira, S.A.**

Operates the three kilometre long tunnel that links Grau Roig, the winter resort Pas de la Casa, and joins the communication network between Andorra and France on the Barcelona-Toulouse artery. During 2004 the tunnel was used by an average of 1,682 vehicles daily.

#### **World Trade Center Barcelona, S.A.**

Has the concession for 50 years to operate the buildings at the World Trade Center, at The Port of Barcelona, comprising a surface area of 36,000 m<sup>2</sup> of offices and commercial premises, 6,000 m<sup>2</sup> of conference space and meeting rooms and a 280 bed hotel. Occupancy rates of over 95%.

#### **Parc Tecnologic World Trade Center Cornellà, S.A.**

This company is carrying out the execution of a complex consisting of several office buildings, a commercial area and a 27 floor aparthotel. Work has been carried out on the first phase, consisting of three buildings and a constructed area of 37,500 m<sup>2</sup>, an underground carpark for 500 vehicles and a 10,000 m<sup>2</sup> landscaped square.

#### **Urbicsa**

Company awarded the concession for the public Works for the construction, maintenance, and operation of the buildings and installations of the Ciudad de la Justicia project in Barcelona and Hospitalet de Llobregat. The Project comprises buildings reserved for the use of the Generalitat (210,000 m<sup>2</sup>) and other complementary offices and premises (25,000 m<sup>2</sup>) and a 44,000 m<sup>2</sup> car park able to hold 1,750 vehicles. The works are in the execution stage.

#### **Autopista de la Costa Cálida**

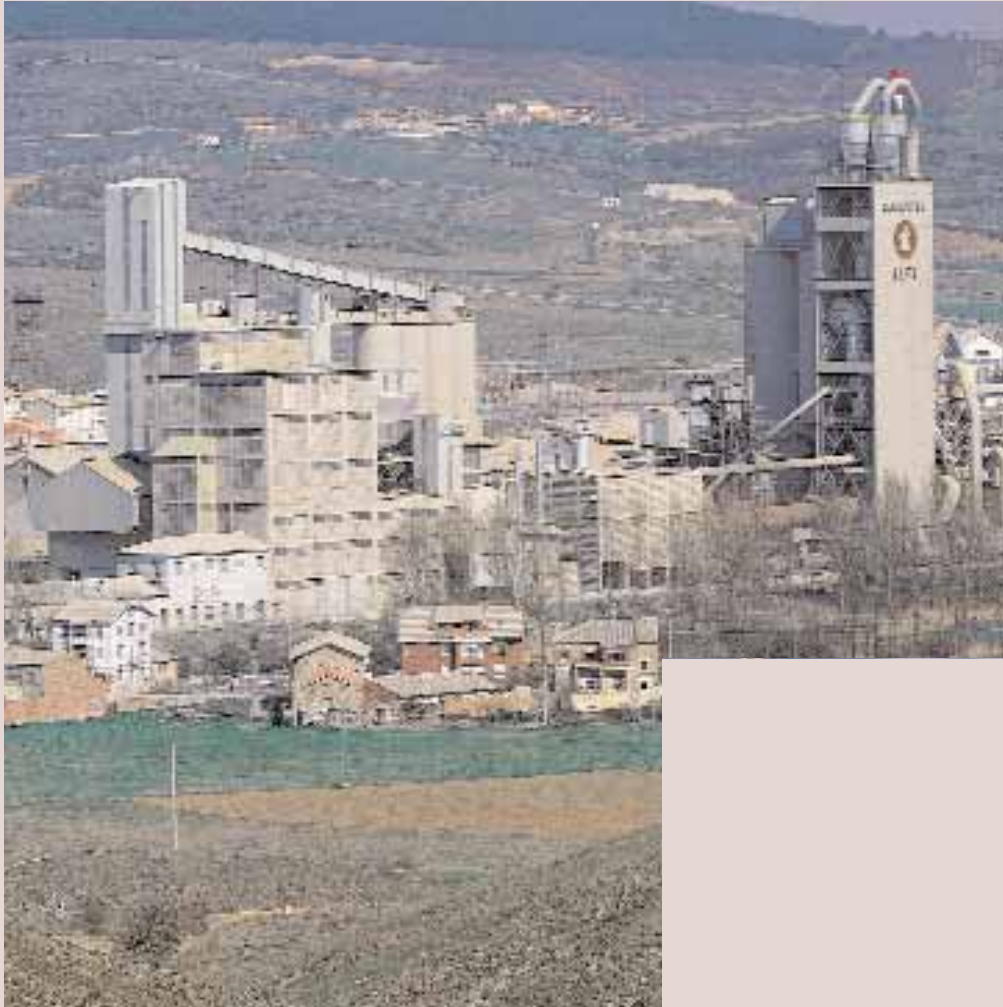
Company awarded the government concession for 36 years for the construction, operation and the maintenance of the 98 Km long toll motorway, Cartagena-Vera and the

16 km. stretch of the Cartagena toll free dual carriageway for internal bypass traffic. Currently undergoing execution.

#### **Metro de Málaga**

Concession holder for 35 years for the Project, construction, rolling material supply and operation of lines 1 and 2 of the Málaga Metro. Covering a total length of 13.5 Km, some 71% of which is underground. Nineteen stations will be constructed along the route. Work is expected to begin in June 2005.







# Cement

## Analysis of the sector

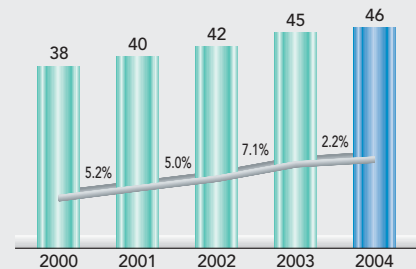
In the year 2004, the domestic consumption of cement in Spain was 48 million tons, a record high for the eighth consecutive year. Cement and clinker imports have been on the rise since 1997. In 2004, a total of 8.2 million tons were imported, with a year-on-year growth of only 0.5%, while exports of 1.5 million tons were up by 21,8% compared to the year before.

In the United States, domestic consumption was 116.7 million tons, up by 7.2% over the year before. Imports and exports of cement and clinker were 25.10 and 0.6 million tons, respectively, with increases of 2.1% and 1.2%, over the year before, respectively.

### Cement production in Spain

Millions of tons

Source: Oficemen



Cement factory in Lemona. Vizcaya



# Cementos Portland Valderrivas, S.A.



The Cementos Portland Valderrivas Group operates a total of nine cement factories, six of which are located in Spain: El Alto (Madrid), Olazagutía (Navarra), Hontoria (Palencia), Alcalá de Guadaira (Sevilla), Mataporquera (Cantabria) and Lemona (Vizcaya). In the United States it has three factories located in Maine, Pennsylvania and South Carolina.

It is present throughout the sector's entire industrial cycle with 113 concrete plants, 46 aggregate quarries, eight dry mortar plants, two industrial waste treatment plants, eight terrestrial terminals and eight maritime terminals.

In 2004 the Group once again hit a new record high in cement and clinker sales with 10.2 million tons sold, an increase of 2.2% over the year before. Moreover, sales of concrete and aggregates, which were 5.2 million cubic metres and 18.8 million tons, respectively, reflect year-on-year growth of 1.4% and 5.3%, respectively. The figures for dry mortar and transport are positive compared to the year before, at 714,000 tons and 3.4 million tons transported, exceeding the previous year's figures by 10.2% and 3.4%, respectively.

The Giant factory in Harleyville (South Carolina) and CDN in Thomaston (Maine), both in the United States, have converted their wet clinker manufacturing furnaces into dry furnaces. The first started the implementation process at the end of 2004.

This conversion will have a very significant effect on production costs which will be reflected on the income statements.

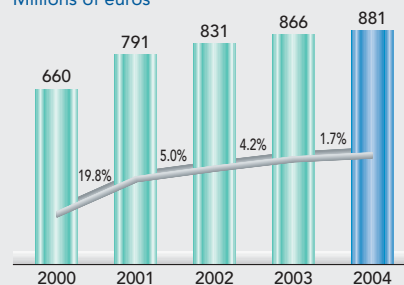
In 2004, the Giant cement holding (USA) completed the disinvestment process of its business lines which manufactured and sold "light aggregates" and "concrete blocks". The proceeds from the sales of the assets of these lines, which were not part of the Group's core business, totalled 19.9 million dollars and a staff reduction of 149 employees.



■ Cement factory in Keystone. USA

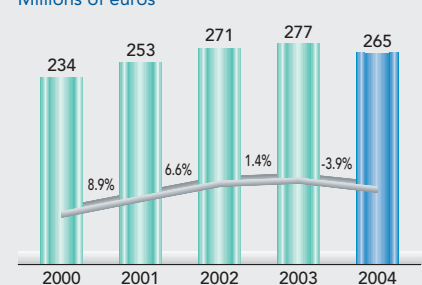
## Turnover

Millions of euros



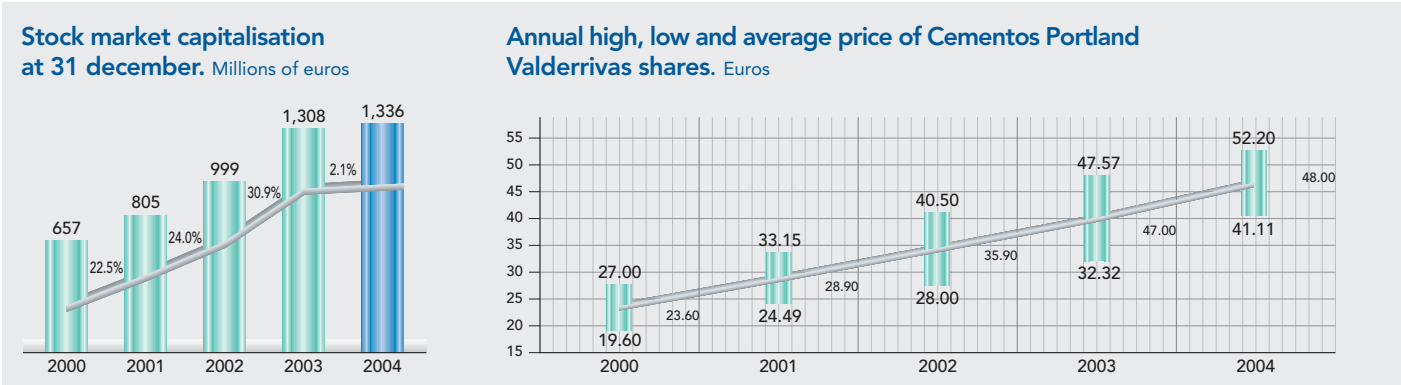
## Gross operating profit (Ebitda)

Millions of euros



Stock market analysis

During 2004, Cementos Portland Valderrivas, S.A. stock was quoted 246 days out of the Continuous Market's 250 business days, with trading of 4,708,161 shares which represents 16.9% of the capital in circulation. The quoted price ranged between a low of 42 euros and a high of 52.20 euros in February. On 30 December 2004 the price was 48 euros which means that the stock market capitalisation was 1,336 million euros and a PER of 11.5 times.



Cement factory in Olazagutía. Navarra



Wastewater treatment plant in South Carolina. USA.



Dry mortar plant in Álcala de Guadaira. Sevilla



# Real estate

## Analysis of the sector

The real estate market remained strong and stable last year. The construction segment was noticeably dynamic and consolidated its position as the driving force behind economic growth. For example, residential construction now accounts for 33% of the construction sector as a whole, and the sector rose from accounting for 14% of the GDP to providing 18%.

Residential construction displayed brisk activity. In 2004 hit a record high for the fourth year in a row, with 675,000 new housing units begun, 7% more than the year before according to Seopan, the association of large construction companies. Twenty-one percent of the 22.5 million existing homes in Spain have been built in just the last 10 years.

Heavy immigration and other socio-economic factors continued to bolster demand and prices in a country where 2.5 new households were created between 1995 and 2004 and which had three million registered immigrants at the end of last year.

According to the Bank of Spain, real estate purchases by foreign individuals and companies showed signs of being contained, although the outlook is still good. Such purchases are based on the quality and high level of services offered by Spanish coastal locations. The latest reports indicate that the flow of buyers, especially from other European countries, seeking locations with beaches and sunny climates for their second home has slowed somewhat since 2003.

■ Residential complex in Marbella-Estepona. Málaga



The evolution of the office market has run parallel to that of the housing market and remains healthy. One of its primary characteristics has been the execution of large operations, some featuring international companies, in the centre of large Spanish cities and on the outskirts, where businesses are attracted by improved access routes.

Shopping centre construction activity slowed in 2004. In all, 33 new shopping centres opened their doors last year, which represents a decrease of 21.4% in comparison to 2003, when the inauguration of new shopping areas reached a record high for the second year in a row, with a total of 44. The forecasts call for this trend to continue over the next few years as a consequence of a number of moratoria and legal restrictions imposed by some autonomous communities.

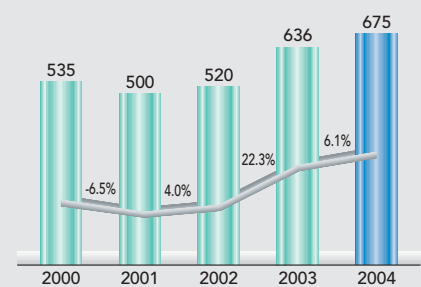
A total of 1,900 million euros was invested in the development of the 33 new shopping centres opened in 2004. The amount of the investment in this type of construction project has also risen in recent years due to greater investment in the architectural and aesthetic features of shopping centres.

It is calculated that over the next four years some 65 new projects of this kind will be inaugurated. At the end of 2004, Spain had 460 shopping centres, or 7.7% more than the 427 registered in 2003. All told, they occupied some 9.96 million square metres of space.

#### New housing starts

Thousands of units

Source: Seopan



■ Nervión Plaza shopping centre, Sevilla





# Realia



## FCC's activity

Realia Business, S.A., a company which is co-owned in equal shares by FCC and Caja Madrid, put the opportunities offered by the real estate sector in 2004 to good use, reaching a turnover of 574 million euros, 22% more than in 2003.

Business activity was intense throughout the year in the area of residential sales, building rentals and leasing of shopping centres owned by the company. FCC's activities are not limited to Spain. In fact,

the Group has reinforced its plans to expand in Portugal and Poland, where the company is busy undertaking ambitious new projects.

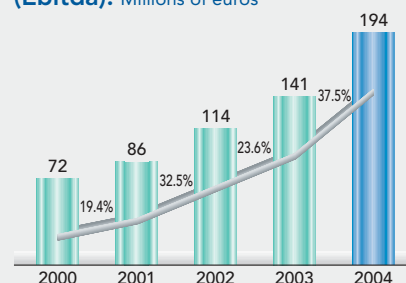
## Investment business

The company's investment activity is focused on the operation of office buildings and shopping centres owned by it. Realia currently has more than 500,000 m<sup>2</sup> of property located in the business areas of leading Spanish cities, with more than 40 unique buildings, whose occupancy levels exceed 97%.

### Turnover Millions of euros



### Gross operating profit (Ebitda). Millions of euros



Los Cubos building. Madrid



Last year, it increased its assets with an investment valued at 93 million euros. One of the year's hallmark acquisitions was the Los Cubos building, whose avant-garde design makes it a must-see spot on the M-30 in Madrid. The company also purchased a number of plots, the most notable of which include 100,000 m<sup>2</sup> of industrial land in Agoncillo (Logroño) and 103,000 m<sup>2</sup> of land for tertiary use in Murcia, of which 30,000 square metres are zoned for development.

By the end of 2004, the Group's investment activity generated 82.4 million euros in income, 14% more than the year before.

## Real estate development

In the real estate development sector, Realia works with residential and commercial properties, offices and garages. The management of more than 100 promotions comprising more than 8,000 residences makes this group the leader in the primary residential and residential tourism sector.

## Land holdings

At this time, Realia Business has over 10 million square metres of undeveloped land holdings on which more than 30,000 homes and 50,000 complementary products can be built.

Last year the company made a hefty investment of over 200 million euros in purchases of new land in strategic

locations in Madrid, Sevilla, Ibiza, Almería and the Costa Brava.

In keeping with this tendency, the Group has reinforced its presence in Portugal, a country where it has been operating since 2000, and where it owns more than 85,000 m<sup>2</sup> of developable land, making it one of the leading Spanish real estate firms operating in the Portuguese market.

At the same time, the company has strengthened its plans to expand beyond our borders with the creation of a company in Poland, Realia Polska Investycje (wholly owned by Realia), to work in residential real estate.

## Main land acquisitions in 2004

- **Playa de la Serena, Roquetas de Mar** (Almería): 16,654 m<sup>2</sup> of land zoned for building.

- **Villanueva del Pítamo** (Sevilla): 168,700 m<sup>2</sup> of land zoned for building.
- **Garrigoles** (Gerona): 61,750 m<sup>2</sup> of land zoned for building.
- **Sabadell**: 13,007 m<sup>2</sup> of land zoned for building.
- **Sant Feliu de Guixols**: 32,809 m<sup>2</sup> of land zoned for building.
- **Valdebebas** (Madrid): 16,100 m<sup>2</sup> of land zoned for building.
- **Pinto** (Madrid): 11,973 m<sup>2</sup> of land zoned for building.
- **Navalcarnero** (Madrid): 10,776 m<sup>2</sup> of land zoned for building.
- **Castellón**: 5,050 m<sup>2</sup> of land zoned for building.
- **Ibiza**: 86,674 m<sup>2</sup> of land zoned for building.
- **Agoncillo** (Logroño): 100,000 m<sup>2</sup> of empty industrial land.
- **Murcia**: 30,000 m<sup>2</sup> of developable land for tertiary use.





# Torre Picasso



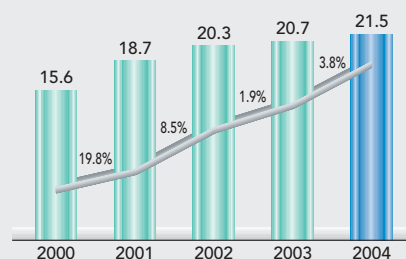
Since its inauguration in 1989, Torre Picasso has become Madrid's most emblematic building, and its image is now a symbol to the 5,000 people who go to work there every day, as well as for the rest of the residents of Madrid. At 157 metres high, it is one of the tallest buildings in the country. The building design, based on cutting-edge technology, makes Torre Picasso one of the most comfortable, most efficient and safest smart buildings in Europe.

Torre Picasso has a constructed area of 121,000 square metres. It is equipped with the most highly advanced installations and equipment, and a strict maintenance programme is run each year. The building's average occupancy rate in 2004 was 94%. Sales rose during the fiscal year by 3.9% over the same period the year before, for a total of 21.5 million euros.

FCC holds 80% of the joint ownership of Torre Picasso.

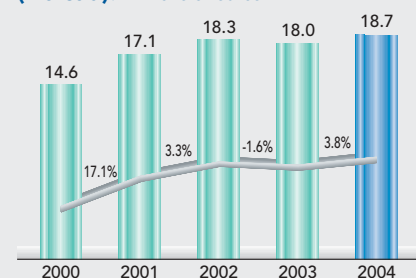
## Turnover

Millions of euros



## Gross operating profit (Ebitda). Millions of euros

Millions of euros



FCC holds 80% of the joint ownership of Torre Picasso.







# Other sectors



## Mobile telephony

FCC increased its stake in Xfera's capital, from 7.47% to 8.26%, due to the pro-rata corresponding to the Vodafone stake and the departure of the Vivendi Telecom International Group.

Late in June 2004, the Ministry of Industry, Tourism and Commerce authorised the modification of the conditions contained

in the licence issued in 2000 to Xfera Móviles, S.A. This modification mainly made the original conditions more flexible regarding the network deployment and reduced the licensing guarantees.

FCC has provisioned 100% of its investment in Xfera.



## Internet activities

### **Shopnet Brokers, S.A.**

The company's main activity is run through the Segurosbroker.com web page, aimed at private clients who purchase their insurance online. It also markets its technological platform to financial institutions, brokers, and insurance agents.

Shopnet Brokers, which is 15.54% owned by FCC, runs the information web page milenari.com, a website focussing the insurance sector.

### **Arts Capital Investment, S.A.**

This company has a portfolio of holdings in internet companies.

On 25 March 2004, this company reached an agreement with Yahoo, Inc., to sell 100% of the capital in Kelkoo, S.A., the European leader in on-line price

comparison, in which Arts Capital held 12.49%, for 475 million euros. Following this operation, Arts Capital's portfolio is now limited to Portalgolf, S.L.

FCC holds 10.83% of Arts Capital, which is merely a financial holding.



## Vehicle sales and technical assistance

The subsidiary specialising in this business is Sistemas y Vehículos de Alta Tecnología, S.A. (SVAT), which also offers after-sales service.

Last summer, 65 SVAT-owned vessels cleaned the coastal waters of Catalonia and the Balearic Islands of floating solids.

In March the delivery of 18 Piraña 8x8 vehicles to the Spanish Naval Infantry was completed. Some of these units have already been deployed in Bosnia and Haiti on peace and humanitarian missions.



■ Ravo street sweeper

# Social report





# Environmental management



## Services

The initiatives undertaken over the last three years to promote and develop databases through the use of specific IT applications enabled the company to meet its projected targets for 2004, aimed at giving the company the ideal support tools to reinforce its commercial capacity and, at the same time, identify the relevant variables and indicators that would allow it to pursue a policy of progress and sustainable management.

By strengthening and reconciling the possibilities offered by the corporate Intranet and the internet, FCC has run an exhaustive internal analysis, including an integrated systematic annual update, of the Spanish **urban sanitation** market, its distribution in the private sector and

the area that is still municipally run, in order to establish FCC's strategic guidelines for sustainable development in the medium and long terms.

At the same time, FCC has extended its research and development initiatives to environmental fields that cover an ever wider range of priorities in the various areas affected, directly or indirectly, by its activities, such as the reduction of energy and raw material consumption, emission control, and increased recovery and recycling.

The new research projects FCC has carried out have received recognition from national institutions (the Ministry of Industry, Tourism and Commerce's Profit Funds), autonomous communities and the Centre for Industrial Technology Development, which have given their support to FCC by contributing aid in funding.

Furthermore, in a meeting held in June, the European Union's Eureka Programme Commission lent its seal of approval to the research project "Definition of Environmental Variables and Indicators in the Collective Treatment of Solid Urban Waste". This certification came in recognition of the originality of the project, the scientific quality of its research programme and the interest it has inspired in Europe as a possible basis for the improvement of understanding in the field of solid urban waste treatment processes.

The work done here focussed on finding indicators and standards of measurement, as well as identifying and describing intangible initiatives.



- Street cleaning
- Emergency cleaning service

As a whole, these essential elements will constitute the foundations on which FCC Medio Ambiente expects to base its Social and Environmental Responsibility Report.

In line with its policy of establishing management systems for all activities that fall into the environmental field, FCC has put quality and environmental management systems into operation in two new activities:

- Coastal water cleaning.
- Fountain cleaning and maintenance.

The follow-up audits carried out by AENOR, on the Environmental Management System in June and on the Quality System in November, were included this year in the process of company certification for both management systems.

In March 2004 FCC passed the Quality and Environmental Management Certification audits run by Castellana de Servicios, S.A., and was conferred ER-0554/2004 and CGM-04/133 certification dated 7 April 2004.

In the **water management** area, the documentation for the Quality Management System was revised afresh to include the requirements of UNE-EN ISO/IEC 17025:2000, General requirements for the competence of testing and calibration laboratories, in pursuit of having a laboratory certified for each zone.

In May and December of 2004, FCC passed the corresponding follow-up audits of the management systems, conducted by Aenor.



■ Beach cleaning

Over the last year, FCC's Department of Quality and Environmental Management has been engaged in work on the following:

- Collaboration in the installation of management systems in new contracts.
- Internal audits and follow-ups.
- Support for zones, offices and contracts in external audits.
- Collaboration in training activities in both management areas.

Following an external audit by NQA of the British subsidiary Focsa Services (UK) LTD., performed in December 2004 and January 2005 at the Central Office and in the Calderdale and Derbyshire Dales contracts, the company was

recommended for approval in the Registry of Companies as complying with ISO-14001 as of January 2005.

Versia is on the road to leadership. In November 1995 the subsidiary specialising in **handling**, Flightcare, S.L., had its quality management system certified pursuant to the requirements of ISO 9001 and became the first certified handling agent in Spain.

Flightcare, S.L.'s environmental management system has been certified since November 2002 in those areas of its activity where aspects have been identified as having a significant environmental impact, pursuant to the requirements of ISO 14001.

This company keeps management programmes and environmental monitoring plans up to date. It sets targets and goals for those aspects whose evaluated impact proves significant or, if not significant, that are considered indispensable, and whose control is evidence of the company's environmental commitment.

The major areas of action lie along three lines:

- 1 Atmospheric emissions, through close control of machinery, equipment and installation acquisition, as well as through preventative maintenance.
- 2 Waste management, both hazardous and non-hazardous, after proper sorting and identification, to ensure that the waste is given appropriate final treatment by authorised waste managers. Specific requirements regulated in each of the various autonomous communities of Spain are also met.
- 3 Control over the company's own operating consumption.

In December 2003, Aenor certified **Logística Navarra's** environmental management system under ISO 14001, and the 2004 audit revision concluded with highly satisfactory results.

**Cemusa**, the subsidiary that manages **urban furniture** advertising operations, regards the sustainable maintenance of the environment to be a fundamental part of its business. This environmental awareness covers four areas:

- Designing components to facilitate waste recycling by the general public. The two leading examples of this are:
  - The installation and maintenance of battery-recycling containers in the hoardings at Madrid bus stop shelters and advertising boards at various locations in Portugal, which led to the collection and recycling of 120 tons of batteries in 2004.
  - Categorised recycling containers installed in Genoa (Italy).
- Manufacturing components using mainly 100% recyclable materials (stainless steel, extruded aluminium and glass) of the highest quality, durability, resistance and, above all, environmental stability, to avoid any decay during the component's useful life.
- Selecting and using the most ecological products in daily urban furniture maintenance and sanitation.
- Optimising power consumption for component lighting:
  - A system of new luminescent components and diffusion panels

is under development, which will allow savings of close to 50% off current electricity consumption.

- The finest example of efficient use of natural energy sources was featured in the contract for urban furniture in Miami, which included the installation of solar panels at bus stop shelters. This avoided burdening the city with an additional energy cost.

In 2002 companies operating in **car park management** decided to take the first steps towards certifying their Environmental Management systems pursuant to ISO 14001. The conclusion of the process, culminating with the implementation of all the measures thereby entailed, is expected in 2005.

Between 2000 and 2002, the FCC Group completed the full refitting of its vehicle inspection stations to include the necessary facilities and equipment to meter pollutant emissions from both diesel and petrol vehicles. This is all a result of the incorporation of different European directives on the matter into national legislation.

**Vehicle inspection stations** in Valencia began checking vehicle noise emissions in August 2004, a pioneering move in Spain. This has necessitated a refitting of the facilities.



General de Servicios ITV, S.A., was issued with accreditation from ENAC (Entidad Nacional de Acreditación) under UNE-EN-45004 this year. For years the company was certified pursuant to ISO 9002. This new technical accreditation, which is oriented towards inspection companies, recognises the suitability of a company to obtain future authorisations, guaranteeing compliance with the growing technical demands of Spain's autonomous communities.

All Argentinean subsidiaries have been issued Quality Assurance Certificates under UNE-EN ISO 9001-2000.

Since 1992, the company Corporación Española de Transporte, S.A. (CTSA), which operates road **transport services**, has pioneered the use of biodiesel fuel in the urban transport network of Mataró (Barcelona). This fuel is obtained from vegetable oils and greases. A mixture of biodiesel and normal diesel oil is used, in a proportion that is now up to 30% biodiesel and 70% diesel oil.

The experience has led to significant reductions of CO<sub>2</sub> (-24%) and SO<sub>2</sub> (-30%) emissions and emissions of other substances, such as CO and hydrocarbons, while the consumption rate remains practically the same as with normal diesel oil.

There are also other, generic advantages, such as contributing to energy diversification in the transport sector, reducing dependence on petrol, and reusing non-biodegradable wastes, such as recovered oil, which results in a less-polluting fuel.

Preparations to apply for ISO14001 certification for the environmental management system of the Trambaix and Trambesos trams are well into advanced stages, in compliance with the new ISO 14001:2004 standard published last November. The company hopes to ask AENOR to carry out the audit in time to receive the certification in the early months of 2005.





## Construction

Environmental management is not an isolated event within the activities at FCC Construcción; in fact, it fits into a wider framework of sustainability, because that's the way it's got to be if sustainability is really going to make sense. Time has taught us that our actions must suit our surroundings, but that our surroundings are made up of the natural environment and the social environment.

The environmental policy at FCC Construcción has searched thoroughly for a balance between the desirable and the possible, to attain the maximum guarantee of permanence in time, with quality services of interest to society. We have continued to move forward in

the integration of our Best Practices within our building methods, Best Practices that address environmental factors that are key to our activity, yet within a criterion of overall profitability (both economic and ecological).

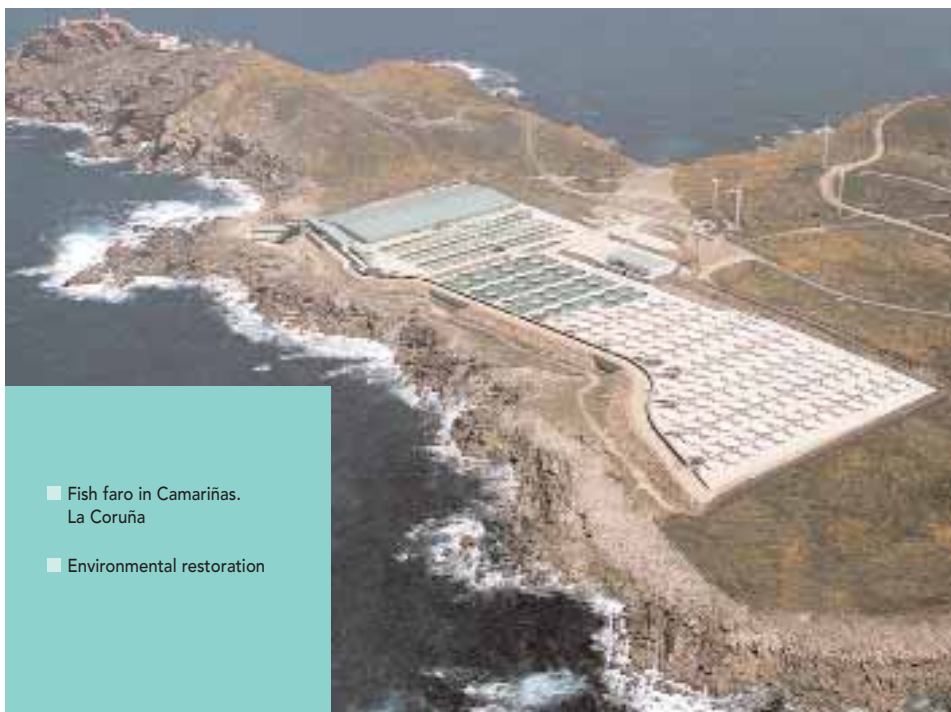
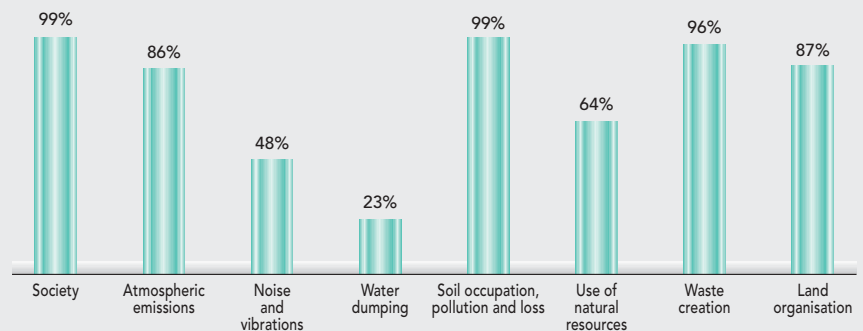
These Best Practices concern issues such as water, emissions, noise and the quality and use of soil, but they do not stop at natural aspects alone; they also include social aspects and the relationship between stakeholders.

During 2004 the objective at all the sites and centres of FCC Construcción has been to generalise the adoption of Best Practices beyond what might be required in a predetermined measure,

### Sites with Best Practices introduced in the different environmental spheres

% of sites

Environmental sphere



- Fish farm in Camariñas. La Coruña
- Environmental restoration





and in accordance with assessment criteria defined in advance according to the importance and difficulty of the action.

Best Practices have been established within the following spheres:

- Society (training/behaviour of people, communication and recognition).
- Atmospheric emissions.
- Generation of noise and vibration.
- Water discharge.
- Soil use, pollution and loss.
- Natural resource use.
- Waste generation.
- Land planning (biological diversity, urban environment).

The set of Best Practices and their associated indicators moreover constitute a valuable source of environmental information, and of sustainability in general, that the company makes available to all of society through its Environmental Communications and Sustainability Reports.

### Social aspects

Leading among the main social aspects are those on which a large construction company has a direct influence, yet there are also many aspects that in one way or another have a direct influence on

society. Our system for identifying and evaluating environmental aspects precludes possible omissions in the consideration of significant elements, but it also introduces economics and society (or highest acceptability) as criteria in the planning process, through the Best Practice selection mechanism that is associated with it.

This approach more seriously underscores the importance of necessary training, to enable the company's personnel to do their job more effectively while maintaining maximum respect for the environment. Discussion with stakeholders has been strongly encouraged, through mechanisms for spreading information about all the facets of our business and the application of new computer modules providing access to this information and its interpretation. A stronger emphasis has been put on incorporating subcontractors into the dynamics of environmental protection, giving them responsibilities, training them (subcontractors have been included on a widespread basis in on-site training) and making them aware of the role they can and should play. Currently, the company is involved in an exhaustive training process for all site supervisors that is almost completed and will be finished during the present year.

### Control of potentially polluting activities

In search of more effective control over construction-related factors that may influence the environment, FCC Construcción has made a stronger effort in areas such as controlling water discharge, the generation of noise and vibration, and atmospheric emissions, improving its results, and increasing the implementation of Best Practices regarding these issues. This is a classic case of the heaviest impacts associated with construction, with the exception of resource use and waste generation, which is why initiatives are being applied that help optimise the management of the risks associated with these activities.

#### ■ Water

Construction calls for water consumption, water discharge, the rerouting of riverbeds, the alteration of hydrological systems, the occupation of embankments and other modifications. It is on these impacts that the Best Practices are centred: on treating the effluents generated by construction and minimising how water quality is affected by discharges, striving for greater sensitisation at the site and more efficient ecological practice in the management of water and construction-related discharges.

### ■ Generation of Noise and Vibration

Efforts centre on the development of practices that indirectly lead to lower sound levels or indirectly result in less inconvenience for those affected, factoring in timetables, other nearby activities, and the habits and customs of the affected area. Best Practices of this sort are often very difficult to apply, as well as bearing a high economic cost, although numerous steps are being taken in this area. Some of the ways being used to reduce the inevitable noise produced by construction work include carefully choosing the sites for the noisiest activities, scheduling work considerably, planning in terms of time and space, using less-noisy construction techniques, and fitting machinery with silencers whenever possible.

### ■ Atmospheric emissions

In the foremost of the Best Practices in the process of being generalised in this field, practically 80% of all FCC Construcción sites practice road watering and have collection sites for the reduction of dust released into the Atmosphere due to machinery transit or works on the site itself.

A strong effort has been made to generalise the implementation of Best Practices, even though we do sometimes come across low application rates, which can be explained by the fact that many

of the practices mentioned are not applicable at many types of sites (geotextiles on blasting surfaces in building sites, for example).

### Intensity in resource use

Correct resource use is a commitment that FCC Construcción has made to society and systematically integrated on a widespread basis in its performance guidelines, with a trend towards ever-increasing implementation. Soil pollution and loss, natural resource use, waste generation and land planning issues with respect to the protection of biological diversity or urban environments are all areas influenced by this approach, which involves a new, more respectful way of building, where environmental protection is desirable.

### Environmental soil management

Soil is an element with which a number of environmental quality indicators are associated. Animal diversity, the landscape, vegetation and biodiversity are often expressed in terms of soil quality. And construction is an area that has an immediate, direct impact on this resource in a very primary, intense way. This is why we must centre our attention on our behaviour in this field and undertake actions to protect, preserve and develop soil. All proposed practices

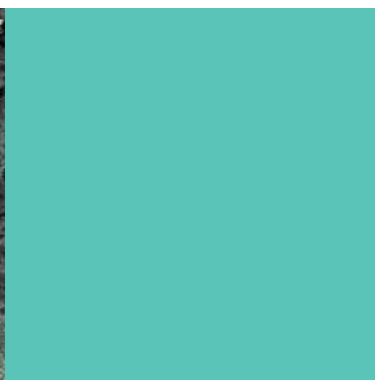
are therefore applied in varying degrees in the immense majority of projects. The foremost practice, because it is so widespread, is the restoration of areas affected by provisional construction installations.

### Natural resource use and waste management

Construction generates and consumes an extraordinary volume of inert materials that are used on site and can carry a very significant impact if the right measures are not taken. FCC Construcción has decided to take a step beyond the strict exigencies already in place and establish minimisation objectives for both resource use and waste generation.

Because waste generation is closely related with the use of inert materials, it forms one of the key points in reduction. This is why FCC Construcción has incorporated among its objectives the reduction of waste at its centres and sites, a move that will have the double effect of minimising the dump volume needed and reducing final needs in terms of resource use.

It is an effort to hold a single, consistent focus on waste and resource management, but it is an effort that offers very good results. The flow from





one category to another is a desirable solution both economically and ecologically (ecoeficiency), and this is where FCC Construcción sites have intensified their efforts.

Considerable achievements have been made in reducing the amount of soil that goes to dumps. The soil actually lost to dumps was 30% less than anticipated as it has been used at the site itself or at other sites near by, thanks to good waste and resource management.

Closely related to the previous point, there has been a remarkable increase in earth taken from other sites or shifted at its original site so as to avoid having to dig borrowing pits. This has reduced the amount of earth that has had to be borrowed by over three million square metres.

These figures have been successfully attained as a result of different procedures, such as using lime to stabilise clay soil that would otherwise have to be dumped so that additional earth need not be borrowed, changing gradients for a higher compensation of materials, and use of materials excavated

in digging reservoirs to form the body of dams. These measures are all good examples of sustainability, in the balance between economic profitability, the search for environmental solutions and the satisfaction of society's demands.

Furthermore, it is worth noting that, at FCC Construcción, proper hazardous waste management is standard practice at all sites. The company has completely consolidated its procedures for identifying, labelling and classifying the kinds of wastes commonly handled in construction, in order to avoid possible mishandling due to ignorance. A handbook has been developed, the "Basic Guide to Waste Management", where the guidelines to follow in the management of hazardous waste are explained, and these guidelines are used on-site as orientation. Waste is classified according to international codes, separated into the proper fractions and dealt with according to current laws, through authorised shippers and administrators.

Among some of the innovative projects in which the company participates, there are a couple in this area that

deserve to be emphasized. They are "Waste Management Optimisation in the Construction Industry" (in the building area) and "Reduction of the Effects Construction Sites Have on the Land" (in civil construction). These are pioneering experiences that aim to define waste management processes that will lead to minimum generation as well as maximum benefits from the waste that is generated.

### Construction and land

A number of Best Practices have been established under the heading of land planning that are linked with biodiversity or the problems that affect neighbouring communities. Inconvenience to pedestrians, the cleanliness of streets and factors that may alter the population's normal activity are taken into account in defining these Best Practices.

Some more unusual activities are also envisaged and included in the planning guidelines for our sites, such as protection of certain valuable species, the transplanting of tree species and the moving of nests, burrows, or valuable or endangered individuals.

## Sustainability as a path

In 1997 FCC Construcción, S.A., introduced its Environmental Management System (certified by Aenor in 1998) as the company's first step down the path that would later lead it further in its commitment to society and its dedication to remaining at the head of the sector as the natural leader.

Since then, the system has kept growing and getting stronger, extending its sphere to a wider concept than that of the environment alone, taking its action deeper, making larger commitments and improving the quality of what it does for its own satisfaction and the satisfaction of the community around it. Envisioning persistence in terms of sustainability. Adding its strength to the ranks of those who believe that growth must be achieved through sustainable development. Development is a process through which an organisation can release its potential and eventually reach its full natural form, its maturity. Development is, then, not a state; it is a process. Making the journey is the entire point. And FCC Construcción is on its way.

In its dedication to transparency and its ties with society, FCC Construcción has already prepared three Environmental Communications containing full, specific information on its waste management, the implementation of Best Environmental Practices at its sites, and the accomplishment of its environmental objectives.

FCC Construcción has published its first Sustainability Report in its desire to provide regular information on its social, environmental and economic engagement, in line with the indicators set by the Global Reporting Initiative (GRI). It has also subscribed to the principles of the Global Compact.

This report throws a new focus on how the company communicates the challenges it is facing, as well as the specific policies and actions it has implemented to respond properly to those challenges.

This is the construction sector's first Sustainability Report in accordance with GRI's criteria, both for Spain and internationally.



## Cement

All the activities carried out by Cementos Portland Valderrivas at its cement factories are supported by management systems, which are effective tools for achieving industrial efficiency in the cement-making industry. This vision started to take hold in the nineties. It was in 1996 when work began on the definition, development, and implementation of a system of environmental management for cement factories.

After that, the company began to plan for certification by an ENAC-accredited agency. The process began by obtaining environmental management certification for the Palencia factory in 2001, followed by Madrid and Navarra in 2002 and 2003, culminating with the most recent certification of the Environmental Management System at the factory in Alcalá de Guadaira (Sevilla) in July 2004.

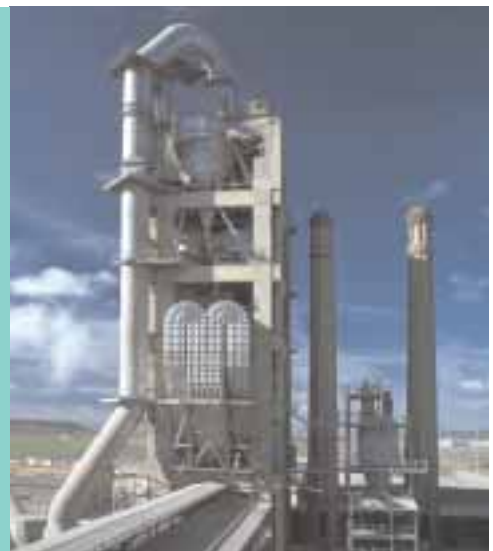
The commitment of Cementos Portland Valderrivas to the environment and the application of continuous improvement in its activities requires that the company must continue forward in the application of increasingly stringent regulations intended to guarantee environmental protection and contribute to sustainable development. Cementos Portland Valderrivas is therefore planning to comply with Regulation 761/2001 of the European Parliament and of the Council, known as the Eco-management and Audit Scheme, which is accepted by all as the quintessential guarantee of good environmental conduct.

In addition, these efforts to improve are supplemented and consolidated with voluntary agreements and sector-specific agreements establishing clear environmental objectives, such as preventing, reducing, and controlling the pollution caused by cement-making activities and the use of alternative fuels to partly replace conventional fossil fuels.

In this regard, a voluntary agreement was signed with the Community of Madrid in 2003, followed by voluntary agreements with the Comunidad Foral Navarra and the Junta de Andalucía, signed in January and February 2004, respectively, to prevent, reduce, and control the pollution caused by the cement factories in Olazagutía (Navarra) and Alcalá de Guadaira (Sevilla).

In a display of its natural leadership, Cementos Portland Valderrivas has complied early with the requirements for mandatory adaptation to Law 16/2002, known as IPPC. It has got an early start at its cement factories and begun its application for Integrated Environmental Authorisation by submitting the necessary documents for the Alcalá de Guadaira factory to the Department of the Environment at the Junta de Andalucía in December 2004. It is expected that the application for the rest of the factories will be submitted in the first quarter of 2005. The company is therefore moving the application process up two years ahead of the legal deadline.

The Council of Ministers definitively approved the National Carbon Dioxide Assignment Plan for the 2005-2007 period, assigning to all the factories of Cementos Portland Valderrivas, CO<sub>2</sub> emission rights for 2005 that were 8% lower than originally requested. Based on the Group's own estimates, the possible effect on the 2005 income statement will be practically nil in view of the efficiency of the Group's installations.



## Personnel



As of 31<sup>st</sup> December of last year, there were 63,602 employees on the FCC Group's payroll, which means there has been a net workforce increase of 1,812, or 2.93%. The Group's personnel is distributed as follows:

### By function

Office and business personnel: 3,193  
Production personnel: 60,409

### By category

Executive, technical and clerical: 11,173  
Foremen and supervisors: 4,223  
Other personnel: 48,206

### By employer/employee relationship

Permanent payroll: 11,191  
Temporary: 8,026  
Subcontracted: 44,385

The number of Group employees holding university degrees rose to 3,983 last year, which represents an annual increase of 6.07%.

The FCC Group is particularly concerned with **safety in the workplace** and considers prevention one of the most important activities in all of its production areas. Each year it increases the human and material resources dedicated to this function.

### Accident rates in the construction sector

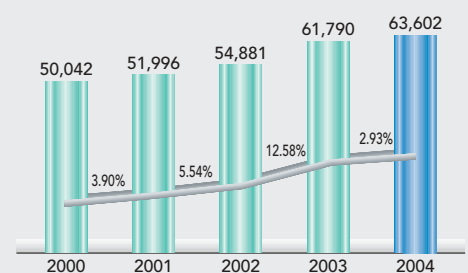
In this regard, the following is worth noting:

- In the Construction area, and continuing what had been started the year before, safety workshops were held in Santa Cruz de Tenerife and attended by more than 100 company technicians and technicians from collaborating companies that work in the Autonomous Community of the Canary Islands. The workshops were closed by the Director General of Labour of the Canary Island Government and by the Deputy Corporate Manager of FCC Construcción, S.A. Furthermore, the internal regulations on prevention were revised and updated. To facilitate the dissemination of these rules, a page devoted to occupational risk prevention has been set up on the company's Intranet where the rules can be consulted. Efforts have also been made to facilitate collaboration between the safety officers of the different companies that work with the Group.
- In the Services area, the Occupational Risk Prevention System has been adapted, updated and improved.



### Staff

Data as at 31 December



|                | Construction sector | Seopan companies | FCC   |
|----------------|---------------------|------------------|-------|
| Frequency rate | 97.4                | 39.21            | 27.51 |
| Seriousness    | 2.18                | 1.05             | 0.72  |

Frequency rate: No. of accidents with leave x 1,000,000 hours worked.  
 Seriousness: No. of workdays lost due to accident x 1,000 hours worked

Separate prevention guides and manuals have been drafted and published on waste collection, treatment plants, street cleaning, park and garden maintenance, etc., for distribution to the employees in an effort to create safe working habits.

- The Group has continued its educational efforts in all of these areas through courses, seminars and talks designed to minimise as far as possible the risks involved in the company's production activities.

Continuing its magnificent therapeutic and preventive work with the Group's staff, the **Medical Services** attended 36,652 times, conducted 17,202 medical check-ups, performed 32,251 clinical analyses and gave 23,482 hearing and other tests.

With regard to **labour relations**, 302 collective agreements were negotiated and signed regulating the working conditions of 37,520 employees, and there was also active participation in the negotiation of other provincial and nationwide agreements and accords.

In fiscal 2004 the Group maintained a lively interest in **employee training**, especially aimed at acquiring new skills and techniques, adjusting and updating present skills, and improving accident prevention and occupational safety. In this regard, 3,313 training activities were held, attended by 37,387 employees, with a total of 492,230 instructional hours. These activities, which touched on all areas of the Group, focused fundamentally on:

- Occupational risk prevention and occupational safety courses.

- Courses for Construction technicians.
- Courses for Environmental technicians.
- Technical and professional specialisation in urban services.
- Hydraulic engineering and water treatment.
- Quality assurance.
- Urban and industrial waste treatment techniques.
- Airport handling techniques.
- Languages.
- Computers.
- Communications.

The Group continued working with universities whose students aspire to professions related with the Group's businesses, so that, through scholarships and the Group's sponsorship of courses and seminars, students can gain a better grasp of how companies work and thus facilitate their incorporation as employees later on.





## Social and cultural activities

The FCC Group's sponsorship and patronage activities have always been part of the idea known today as corporate social responsibility.

We will attempt to give no quantitative estimate of the volume of the contributions made by the Group until the concepts, often overlapping and therefore impossible to itemise, are clarified.

In Europe there is no standardised legislation applicable to EU countries, not even in the terminology used.

The social and cultural activities FCC engages in may be grouped as follows:

- 78.8% Culture.
- 17.7% Sports.
- 1.4% Social development.
- 1.3% Sickness, disabilities, health care.
- 0.8% Rehabilitation.

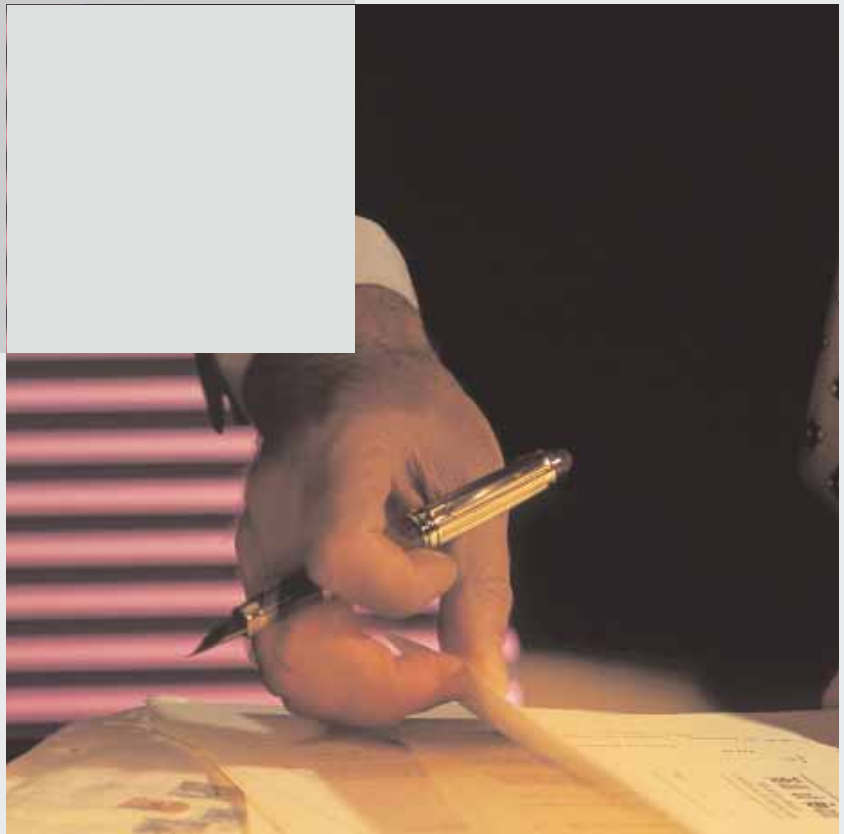
Some examples of cultural sponsorship in 2004 include the sponsorship of the Prince of Asturias Foundation, the Festival de Peralada, the Palau de la Música Catalana de Barcelona and the Teatro Real de Madrid.

There were numerous sponsorships of sport-related events and teams: Copa del Rey in handball, Alcalá de Guadaira (Sevilla) football team, Pórtland San Antonio (Pamplona) handball team, Fuenlabrada (Madrid) Basketball Club, Fundación Madrid 2012, etc, and numerous smaller teams located in different parts of the country.

Other noteworthy sponsorship and patronage activities included the Programa Catalunya Hoy and the Spanish Federation of Municipalities and Provinces, which held a conference in Vitoria to celebrate the 25<sup>th</sup> anniversary of democratic city councils. The Group sponsored a wide variety of other activities that are not itemised here.



# Corporate governance





Fomento de Construcciones y Contratas, S.A.

#### Issuer identification

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Fiscal year: : 2004

#### Company name

Fomento de Construcciones y Contratas, S.A.

#### Registered offices

Balmes, 36  
08007 Barcelona

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#### Clarification

This document is a replication 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. for fiscal year 2004 approved at the Board of Directors meeting held on 30 March 2005. 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 |
|--------------------------------------------|-------------------------|-------------------------------|--------------------------|
| B 1998, S.L.                               | 59,871,785              | 8,816,310                     | 52.607                   |
| Acciona, S.A.                              | 19,657,500              | 0                             | 15.055                   |

(\*) Through:

| Name or company name of the direct shareholder | Number of direct shares | % Of total share capital |
|------------------------------------------------|-------------------------|--------------------------|
| Azate, S.A.                                    | 8,653,815               | 6.628                    |
| Esther Koplowitz Romero de Juseu               | 123,313                 | 0.094                    |
| Dominium Desga, S.A.                           | 4,132                   | 0.003                    |
| Dominium Dirección y Gestión, S.A.             | 10                      | 0.000                    |
| Ejecución Organización de Recursos, S.L.       | 35,040                  | 0.027                    |
| <b>Total</b>                                   | <b>8,816,310</b>        |                          |

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

| Name or company name of shareholder | Date of transaction | Description of operation      |
|-------------------------------------|---------------------|-------------------------------|
| Acciona, S.A.                       | 02-04-2004          | Exceeded 10% of share capital |
| Acciona, S.A.                       | 22-06-2004          | Exceeded 15% of share capital |

**Note:** the company B1998, S.L., which owns 59,871,785 direct shares in FCC and 8,653,815 indirect shares in FCC through its affiliate Azate, S.A. sociedad unipersonal, is directly owned in the amount of 81.97% by Esther Koplowitz (EK) (54.6107%) and indirectly by Dominium Desga, S.A. (0.0001%) and Dominium Dirección y Gestión, S.A. (27.3592%), and in the amount of 18.03% by an investment group composed directly of Ibersuizas Holdings, S.L. (7.83%), Cartera Deva, S.A. (4.47%) and Simante, S.L. (5.73%), hereinafter referred to as the Investors.

Furthermore, EK owns 123,313 direct shares in FCC and 39,172 indirect shares in FCC through the companies Dominium Desga, S.A. (4,132) and Ejecución Organización de Recursos, S.L. (35,040). The political rights attached to these shares directly or indirectly owned by EK (through companies owned by EK) are exercised by B 1998, S.L.

A.3. Complete the following table on the members of the Board of Directors who own shares in the company:

| Name or company<br>name of Director   | Date of first<br>appointment | Date of latest<br>appointment | Number of<br>direct shares | Number of<br>indirect shares (*) | % of total<br>share capital |
|---------------------------------------|------------------------------|-------------------------------|----------------------------|----------------------------------|-----------------------------|
| Gonzalo Anes y Álvarez de Castrillón  | 30-06-1991                   | 21-06-2000                    | 7,200                      | 0                                | 0.006                       |
| B 1998, S.L.                          | 17-12-1996                   | 28-06-2002                    | 59,871,785                 | 8,816,310                        | 52.607                      |
| Juan Castells Masana                  | 21-06-2000                   | 21-06-2000                    | 7,629                      | 0                                | 0.006                       |
| Dominum Desga, S.A.                   | 27-09-2000                   | 20-06-2001                    | 4,132                      | 0                                | 0.003                       |
| Robert Peugeot                        | 15-09-2004                   | 15-09-2004                    | 10                         | 0                                | 0.000                       |
| EAC Inversiones Corporativas, S.L.    | 23-06-1999                   | 23-06-2004                    | 32                         | 0                                | 0.000                       |
| Fernando Falcó y Fernández de Córdova | 18-12-2003                   | 15-09-2004                    | 4,390                      | 0                                | 0.003                       |
| Ibersuizas Holdings, S.L.             | 15-09-2004                   | 15-09-2004                    | 1                          | 0                                | 0.000                       |
| Felipe Bernabé García Pérez           | 23-06-1999                   | 15-09-2004                    | 5,243                      | 0                                | 0.004                       |
| Ibersuizas Alfa, S.L.                 | 15-09-2004                   | 15-09-2004                    | 1                          | 0                                | 0.000                       |
| Francisco Mas Sardá Casanelles        | 30-06-1991                   | 28-06-2002                    | 32,000                     | 0                                | 0.025                       |
| Cartera Deva, S.A.                    | 15-09-2004                   | 15-09-2004                    | 100                        | 0                                | 0.000                       |
| Dominum Dirección y Gestión, S.A.     | 26-10-2004                   | 26-10-2004                    | 10                         | 0                                | 0.000                       |
| Rafael Montes Sánchez                 | 30-06-1991                   | 23-06-2004                    | 9,200                      | 0                                | 0.007                       |
| Marcelino Oreja Aguirre               | 21-12-1999                   | 21-06-2000                    | 10,162                     | 0                                | 0.008                       |

(\*) Through:

| Name or company<br>name of the direct holder | Number of direct shares |
|----------------------------------------------|-------------------------|
| Azate, S.A.                                  | 8,653,815               |
| Ejecución Organización de Recursos, S.L.     | 35,040                  |
| Dominum Desga, S.A.                          | 4,132                   |
| Esther Koplowitz Romero de Juseu             | 123,313                 |
| Dominum Dirección y Gestión, S.A.            | 10                      |
| <b>Total</b>                                 | <b>8,816,310</b>        |

See the Note in part A.2. above.

|                                                              |               |
|--------------------------------------------------------------|---------------|
| <b>% Total share capital owned by the Board of Directors</b> | <b>52.669</b> |
|--------------------------------------------------------------|---------------|

Complete the following table on members of the Board of Directors who own share rights in the company:

| Name or company<br>name of Director | Number of direct<br>option rights | Number of indirect<br>option rights | Equivalent number<br>of shares | % of total<br>share capital |
|-------------------------------------|-----------------------------------|-------------------------------------|--------------------------------|-----------------------------|
| —                                   | —                                 | —                                   | —                              | —                           |

- 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                                                                                                                                                                                                                                                                                  |
|------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Esther Koplowitz Romero de Juseu         | Business             | Direct owner of 54.6107% of B 1998, S.L.                                                                                                                                                                                                                                                           |
| B 1998, S.L.                             | Business             | Company Owned by EK, Cartera Deva, S.A., Ibersuizas Holdings, S.L. and Simante, S.L., hereinafter, the Investors; exercises the political rights pertaining to of EK, those of Azate, S.A., Dominum Desga, S.A., Dominum Dirección y Gestión, S.A. and of Ejecución Organización de Recursos, S.L. |
| Azate, S.A.                              | Business             | Wholly-owned by B 1998, S.L.                                                                                                                                                                                                                                                                       |
| Ejecución Organización de Recursos, S.L. | Business             | 99,99% Owned by EK                                                                                                                                                                                                                                                                                 |
| Dominum Desga, S.A.                      | Business             | Company wholly-owned by EK and with 0.0001% held by B 1998, S.L.                                                                                                                                                                                                                                   |
| EAC Inversiones Corporativas S.L.        | Family               | Company owned by the daughters of EK                                                                                                                                                                                                                                                               |
| Fernando Falcó y Fernández de Córdova    | Family               | Husband of EK                                                                                                                                                                                                                                                                                      |
| Dominum Dirección y Gestión, S.A.        | Business             | Company wholly-owned by EK and with 27.3592% held by B 1998, S.L.                                                                                                                                                                                                                                  |
| Ibersuizas Holdings, S.L.                | Business             | Direct owner of 7.83% of B 1998, S.L.                                                                                                                                                                                                                                                              |
| Cartera Deva, S.A.                       | Business             | Direct owner of 4.47% of B 1998, S.L.                                                                                                                                                                                                                                                              |
| Simante, S.L.                            | Business             | Direct owner of 5.73% of B 1998, S.L.                                                                                                                                                                                                                                                              |

- 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: Esther Koplowitz and investors

% of capital stock affected: 52,607

Brief description of the agreement: There are shareholders' agreements signed on 28 July 2004 by EK and the Investors relative to the acquisition by the Investors of part of EK's stock in the company B 1998, S.L.

**Note:** these agreements are described below in this part A.6.

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 |
|--------------------------------------|-----------------------------|-------------------------------------------|
| —                                    | —                           | —                                         |

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

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

The information reported on the relevant highlights the main agreements relative to the control of the companies (FCC and B 1998, S.L.) reached by EK and the Investors for a period of twelve years following the acquisition:

- 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 four 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 may appoint a total of four members 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 B 1998, S.L. as minority shareholders. They are described below:

**a) With regard to B 1998, S.L.:**

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

- Amendments of the Articles of Association which involve moving the registered offices abroad, changing the business objective or increasing or reducing share capital, except when such transactions are imposed by legal imperative or when capital reductions are carried out through the acquisition of shares in B 1998, S.L., owned directly or indirectly by EK or Dominum Dirección y Gestión, S.A., by B 1998, S.L. for subsequent amortisation or when they are carried out by means of the amortization of the shares in B 1998, S.L. owned directly or indirectly by EK or Dominum Dirección y Gestión, S.A., and charged to the reserves which are only accessible to EK.
- Transformations, mergers and spin-offs in any of their forms or the overall assignment of assets and liabilities.
- The dissolution or winding up of B 1998, S.L.
- The suppression of preferential rights in capital increases and the exclusion of shareholders.
- Any change to the administration system of B 1998, S.L.
- The establishment or modification of the dividend policy agreed by the Investors in respect of the statutory or extrastatutory rights attached to the shares owned by the Investors.
- Any encumbrance of any relevant assets of B 1998, S.L. and specifically of FCC shares or shares in any other company in which B 1998, S.L. may hold an interest now or in the future.
- Any increase in the annual overhead costs which exceeds those shown on the company's balance sheet ending 31 December 2003, plus the annual increase in the Consumer Price Index, plus two percentage points. For calculation purposes, the remuneration received by B 1998, S.L., as a consequence of being part of the Board of Directors of FCC (hereinafter, "FCC Board Remuneration") will be excluded as will the remuneration received by members of the Board of Directors of B 1998, S.L. to the extent that it does not exceed the remuneration of the Board of Directors of FCC.
- The granting or maintenance of powers which could entail the use of FCC stocks.
- The indebtedness of B 1998 S.L. and the giving or receiving of guarantees totalling more than 500,000 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.

**b) 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 operations and project financing) which exceed 2.5 times the amount of the gross operating results shown on the last consolidated balance sheet of FCC.

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

For further information, please see the full contents of the shareholders' agreements which are available on the website of the Spanish Stock Exchange Commission under the heading of Relevant Events reported by the company on 30 July 2004.

The company has no knowledge of the existence of concerted actions.

**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 |
|----------------------|----------------------------------|

**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 |
|-------------------------|-------------------------------|--------------------------|
| 434,322                 | 316,098                       | 0.575                    |

(\*) Through:

| Name or company name of the direct shareholder             | Number of direct shares |
|------------------------------------------------------------|-------------------------|
| Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal | 316,098                 |
| <b>Total</b>                                               | <b>316,098</b>          |

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) | — |
|---------------------------------------------------------------------------------------------------|---|

**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 23.06.04:

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42.1 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 Chairman, may acquire the treasury stock provided that at the time of purchase the total treasury stock, including that purchased, does not exceed 5% of the capital stock pursuant to the terms of article 75.2 of the Revised Text of the Public Corporations Act.

The term of the authorisation shall be 18 months from today's date.

The acquisition of treasury stock, which must be fully paid up, must allow the company to record the provision stipulated in part 3 of article 79 of the Public Corporations Act, without decreasing the capital or the legal or unavailable reserves.

The authorisation to buy treasury stock granted to the Board by resolution of the General Meeting of Shareholders held on 17.06.03 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.**

The restrictions are those established in article 18 of the Articles of Association:

Shareholders possessing four thousand or more shares, including those without voting rights, shall be entitled to attend the General Meeting, provided that the ownership of the shares is registered in the ledger of account entries at least five days in advance of the Meeting date and the shareholder accredits such ownership at the company's registered offices or any other location indicated by the company, by exhibiting the pertinent certificate.

Shareholders possessing fewer than four thousand shares may group together for the purpose of meeting attendance, choosing one shareholder to represent the group.

## 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 |
|---------------------------------------|------------------------------------|-----------------------|---------------------------|----------------------------|--------------------|
| Marcelino Oreja Aguirre               |                                    | Chairman              | 21-12-1999                | 21-06-2000                 | General meeting    |
| Rafael Montes Sánchez                 | Esther Koplowitz Romero de Juseu   | Managing Director     | 06-03-1992                | 23-06-2004                 | General meeting    |
| B 1998, S.L.                          |                                    | Director              | 17-12-1996                | 28-06-2002                 | General meeting    |
| Fernando Falcó y Fernandez de Cordova | Esther Alcocer Koplowitz           | Director              | 18-12-2003                | 15-09-2004                 | Co-optation        |
| Dominum Desga, S.A.                   |                                    | Director              | 27-09-2000                | 20-06-2001                 | General meeting    |
| Dominum Dirección y Gestión, S.A.     | Alicia Alcocer Koplowitz           | Director              | 26-10-2004                | 26-10-2004                 | Co-optation        |
| EAC Inversiones Corporativas, S.L.    | Carmen Alcocer Koplowitz           | Director              | 30-03-1999                | 23-06-2004                 | General meeting    |
| Francisco Mas Sardá Casanelles        |                                    | Director              | 06-03-1992                | 28-06-2002                 | General meeting    |
| Gonzalo Anes y Álvarez de Castrillón  |                                    | Director              | 21-06-2000                | 21-06-2000                 | General meeting    |
| Juan Castells Masana                  |                                    | Director              | 21-06-2000                | 21-06-2000                 | General meeting    |
| Felipe Bernabé García Pérez           |                                    | Director              | 30-03-1999                | 15-09-2004                 | Co-optation        |
| Ibersuizas Holdings, S.L.             | Pedro Agustín del Castillo Machado | Director              | 15-09-2004                | 15-09-2004                 | Co-optation        |
| Cartera Deva, S.A.                    | José Aguinaga Cárdenas             | Director              | 15-09-2004                | 15-09-2004                 | Co-optation        |
| Robert Peugeot                        |                                    | Director              | 15-09-2004                | 15-09-2004                 | Co-optation        |
| Ibersuizas Alfa, S.L.                 | Luis Chicharro Ortega              | Director              | 15-09-2004                | 15-09-2004                 | Co-optation        |

|                           |    |
|---------------------------|----|
| Total number of directors | 15 |
|---------------------------|----|

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 |
|----------------------------------|---------------------|
| Marc Louis Reneaume              | 26-10-2004          |
| Jérôme M. Contamine              | 15-09-2004          |
| Jean François Dubos              | 15-09-2004          |
| Paul-Louis Girardot              | 26-10-2004          |
| Jean Marie Messier               | 15-09-2004          |
| Serge Michel                     | 26-10-2004          |
| Olivier Orsini                   | 15-09-2004          |
| Henri Proglio                    | 15-09-2004          |
| Jean François-Poncet             | 15-09-2004          |
| Daniel Caille                    | 15-09-2004          |

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      |                                     | Secretary General                      |

#### 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. See part A.6.                                                                        |
| Dominum Desga, S.A.                   |                                     | B 1998, S.L. See part A.6.                                                                        |
| EAC Inversiones Corporativas, S.L.    |                                     | B 1998, S.L. See part A.6.                                                                        |
| Fernando Falcó y Fernández de Córdova |                                     | B 1998, S.L. See part A.6.                                                                        |
| Marcelino Oreja Aguirre               |                                     | B 1998, S.L. See part A.6.                                                                        |
| Dominum Dirección y Gestión, S.A.     |                                     | B 1998, S.L. See part A.6.                                                                        |
| Juan Castells Masana                  |                                     | B 1998, S.L. See part A.6.                                                                        |
| Robert Peugeot                        |                                     | B 1998, S.L. See part A.6.                                                                        |
| Cartera Deva, S.A.                    |                                     | B 1998, S.L. See part A.6.                                                                        |
| Ibersuizas Alfa, S.L.                 |                                     | B 1998, S.L. See part A.6.                                                                        |
| Ibersuizas Holdings, S.L.             |                                     | B 1998, S.L. See part A.6.                                                                        |

#### EXTERNAL INDEPENDENT DIRECTORS

| Name or company name of Director     | Committee that proposed appointment | Profile                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gonzalo Anes y Álvarez de Castrillón |                                     | Ph.D. in Economics, Professor of History and Economic Institutions at the School of Economic Science at the University Complutense de Madrid; Director of the Royal Academy of History; Director of Repsol YPF, S.A.; Director of the Bank of Spain from 1980-1988; former Director of the magazine "Moneda y Crédito"                                                                                          |
| Francisco Mas Sardá Casanelles       |                                     | Law Degree from the University of Barcelona; member of the Business Council of the Catalan 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 Autopistas de Catalunya, S.A. and member of the advisory board of Cataluña Olímpica. |

#### 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              |
|----------------------------------|----------------|--------------------|---------------------------|
| Marcelino Oreja Aguirre          | 26-10-2004     | Executive director | External nominee director |

**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, if any:**

Name of Director: Rafael Montes Sánchez.

Brief description: The managing director has broad powers, with two limits:

1. Indelegable powers under the Public Corporations Act.
- 2 The powers which, according to the Articles of Association (Article 35) may only be delegated to the Executive Committee (basically affecting the constitution, purchase-sale, or dissolution of companies, the disposal of land and blocks of real estate).

*Article 35.2 of the Regulations of the Board establishes that "the Board of Directors may permanent delegate the powers of the Board in one or more of its members, with the exception of those which are indelegable under the law, the Articles of Association or the Regulations.*

*In order to be valid, the permanent delegation of the powers of the Board of Directors and the appointment of the Director or Directors to whom such powers are delegated, regardless of the office they hold, shall require the favourable vote of at least two-thirds of the components of the Board of Directors.*

*The Managing Director is responsible for representing and directing the company's business, always in keeping with the decisions and criteria established by the General Meeting of Shareholders and the Board of Directors, within the scope of their respective authorities.*

*The effective representation and direction of the company's business includes but is not limited to:*

- Supporting the Board of Directors in the definition of the Group's strategy.
- Preparing the Business Plan and Annual Budgets to be submitted to the Board of Directors for its approval.
- Preparing and submitting to the Board of Directors or to the Executive Committee for approval, depending on whether the individual amount is higher or lower than eighteen million euros, respectively, proposals for investments, disinvestments, credits, loans, guarantees, bonds and other types of financial facilities.
- Hiring and firing of company personnel with the exception of the appointments to be made by the Board of Directors pursuant to the terms of these Regulations.

*Once a year, at the first Board meeting of the year, the Managing Director will report to the Executive Committee on the actual level of compliance with the forecasts in terms of the proposed investments submitted to the Committee and to the Board of Directors."*

Furthermore, article 8.2 (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. The fact that the Board may empower certain members of the Board within the limits allowed by the law does not deprive the Board of those powers.

**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<br>name of Director                                           | Name of company<br>of the Group     | Title    |
|-------------------------------------------------------------------------------|-------------------------------------|----------|
| EAC Inversiones Corporativas, S.L.<br>Represented by Alicia Alcocer Koplowitz | Cementos Portland Valderrivas, S.A. | Director |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz | FCC Construcción, S.A.              | Director |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz | Grucysa, S.A.                       | Director |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz | Realia Business, S.A.               | Director |
| Fernando Falcó y Fernández de Córdova                                         | Realia Business, S.A.               | Director |
| Fernando Falcó y Fernández de Córdova                                         | Cementos Portland Valderrivas, S.A. | Director |
| Fernando Falcó y Fernández de Córdova                                         | FCC Construcción, S.A.              | Director |
| Fernando Falcó y Fernández de Córdova                                         | Grucysa, S.A.                       | Director |

Continued on the next page

| Name of Director            | Name of Company or Group                                | Title    |
|-----------------------------|---------------------------------------------------------|----------|
| Rafael Montes Sánchez       | FCC Construcción, S.A.                                  | Director |
| Rafael Montes Sánchez       | FCC Medio Ambiente, S.A.                                | Director |
| Rafael Montes Sánchez       | Corporación Española de Transporte, S.A.                | Chairman |
| Rafael Montes Sánchez       | Detren Compañía General de Servicios Ferroviarios, S.L. | Director |
| Rafael Montes Sánchez       | FCC Connex Corporación, S.L.                            | Director |
| Rafael Montes Sánchez       | FCC Versia, S.A.                                        | Chairman |
| Felipe Bernabé García Pérez | Proactiva Medio Ambiente, S.A.                          | Director |
| Ibersuizas Alfa, S.L.       | Cementos Portland Valderrivas, S.A.                     | Director |
| Robert Peugeot              | FCC Construcción, S.A.                                  | 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          |
|---------------------------------------|------------------|----------------|
| Marcelino Oreja Aguirre               | Repsol YPF, S.A. | Director       |
| Marcelino Oreja Aguirre               | Acerinox, S.A.   | Director       |
| Fernando Falcó y Fernández de Córdova | Sogecable, S.A.  | Vice president |
| Gonzalo Anes y Álvarez de Castrillón  | Repsol YPF, 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                                            | 2,748                      |
| Variable                                         | 435                        |
| Allowances                                       | 6                          |
| Allowances for meeting attendance                | 1,548                      |
| Stock options and/or other financial instruments | 0                          |
| Other                                            | 39                         |
| <b>Total</b>                                     | <b>4,776</b>               |

| 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                                       | 60                         |
| Allowances for meeting attendance                | 682                        |
| Stock options and/or other financial instruments | 0                          |
| Other                                            | 0                          |
| <b>Total</b>                                     | <b>742</b>                 |

| 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            | 1,675        | 0          |
| External nominees    | 2,972        | 742        |
| External independent | 129          | 0          |
| Other external       | 0            | 0          |
| <b>Total</b>         | <b>4,776</b> | <b>742</b> |

d) Percentage on profits earned by the parent company:

|                                                                                            |        |
|--------------------------------------------------------------------------------------------|--------|
| Total remuneration paid to directors (thousands of euros)                                  | 5,518  |
| Total remuneration paid to directors/profits earned by the parent company (expressed in %) | 1.421% |

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, Realia Business, S.A.                |
| José Ignacio Martínez-Ynzenga Cánovas del Castillo | CEO, Cementos P.V.                             |
| José Mayor Oreja                                   | Chairman, FCC Construcción, S.A.               |
| Antonio Pérez Colmenero                            | Corporate Human Resources Manager              |
| José Eugenio Trueba Gutiérrez                      | Corporate Administration and Financial Manager |
| José Luis Vasco Hernando                           | Corporate Administration Manager               |
| José Luis de La Torre Sánchez                      | Chairman of FCC Servicios                      |

|                                                                 |          |
|-----------------------------------------------------------------|----------|
| Total remuneration paid to executive staff (thousands of euros) | 4,386.75 |
|-----------------------------------------------------------------|----------|

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:

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 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 extinction of the labour relationship for any of the following reasons:

- Unilateral decision of the company.
- Dissolution or disappearance of the parent company for any reasons, including merger or spin-off.
- Death or permanent disability.
- Other causes of physical or legal disability.
- A substantial change in professional conditions.
- Resignation at the age of 60 at the director's request and with the company's approval.
- Resignation at the age of 65 years by unilateral decision of the director.

|                         |   |
|-------------------------|---|
| Number of beneficiaries | 9 |
|-------------------------|---|

|                                  | Board of Directors | General Meeting |
|----------------------------------|--------------------|-----------------|
| Body that authorises the clauses | X                  |                 |

|                                                 | YES | NO |
|-------------------------------------------------|-----|----|
| Is the General Meeting informed of the clauses? | X   |    |

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 36 of the Articles of Association states that:

The post of board member is remunerated. The remuneration shall consist of a share of the liquid profits which shall not be less than two percent (2%) of the financial year results attributed to Fomento de Construcciones y Contratas, S.A. on the Group's consolidated annual accounts. This amount will be paid to the Board of Directors once all legal reserves have been covered and a minimum dividend of four percent (4%) has been paid to shareholders. The remuneration for each financial year will be decided by the General Meeting of Shareholders.

The remuneration will be paid to the board members in such a way that each member who sits on the Executive Committee will receive 75% more than members who do not sit on the Committee.

Article 42 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      |
|------------------------------------------------------------------------------------|-------------------------------------------------|------------|
| Esther Koplowitz Romero de Juseu<br>In representation of the director B 1998, S.L. | B 1998, S.L.                                    | Chairwoman |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz      | B 1998, S.L.                                    | Director   |
| Rafael Montes Sánchez                                                              | B 1998, S.L.                                    | Director   |
| Ibersuizas Holdings, S.L.                                                          | B 1998, S.L.                                    | Director   |
| Juan Castells Masana                                                               | B 1998, S.L.                                    | Director   |
| Ibersuizas Alfa, S.L.                                                              | B 1998, S.L.                                    | Director   |
| Fernando Falcó y Fernández de Córdova                                              | B 1998, S.L.                                    | Director   |
| Cartera Deva, S.A.                                                                 | B 1998, S.L.                                    | Director   |
| Robert Peugeot                                                                     | B 1998, S.L.                                    | Director   |
| Dominum Dirección y Gestión, S.A.                                                  | B 1998, S.L.                                    | Director   |

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                        |
|---------------------------------------|-------------------------------------------------|----------------------------------------------------|
| Dominum Desga, S.A.                   | Esther Koplowitz (Shareholder in B 1998, S.L.)  | Company owned by Esther Koplowitz                  |
| Fernando Falcó y Fernández de Córdova | Esther Koplowitz (Shareholder in B 1998, S.L.)  | Spouse of Esther Koplowitz                         |
| EAC Inversiones Corporativas, S.L.    | Esther Koplowitz (Shareholder in B 1998, S.L.)  | Company owned by the daughters of Esther Koplowitz |
| Dominum Dirección y Gestión, S.A.     | Esther Koplowitz (Shareholder in B 1998, S.L.)  | Company owned by Esther Koplowitz                  |
| Ibersuizas Alfa, S.L.                 | B 1998, S.L.                                    | shareholders' agreement B 1998, S.L.               |
| Ibersuizas Holdings, S.L.             | B 1998, S.L.                                    | shareholders' agreement B 1998, S.L.               |
| Robert Peugeot                        | B 1998, S.L.                                    | shareholders' agreement B 1998, S.L.               |
| Cartera Deva, S.A.                    | B 1998, S.L.                                    | shareholders' agreement B 1998, S.L.               |

**B.1.13. Please list any changes made to the Board of Directors Regulations during the fiscal year.**

The Regulations of the Board was approved by the Board of Directors on 14 June 2004.

Following the new configuration of the majority shareholder, B 1998, S.L. and with the creation of the figure of a Managing Director, on 26 October 2004 the Board of Directors proceeded to amend the following articles:

Article 2 "Scope of Application", article "Specific Functions relative to the Annual Accounts and Directors' Report", article 34 "The Chairman's Functions", article 35 "Vice Presidents. Managing Directors", article 40 "Executive Committee".

On 22 December 2004, the Board of Directors agreed to the amend the following articles in order to adapt the Regulations of the Board to the changes made to the composition of the Board of Directors and to the resolutions of the Board of 26 October 2004:

Article 2 "Scope of Application", article 3 "Interpretation", article 4 "Modification", article 7 "Powers of the Board of Directors. List of non-transferable functions", article 8. "General functions. Equilibrium in the performance of functions", article 10 "Specific functions relative to the annual income statements and Directors' Report", article 13 "Information to Shareholders relative to General Meetings", article 18 "Term of Office", article 22 "General Obligations of the Board", article 23 "Confidentiality Obligations of Directors", article 24 "Non-competition Obligation", article 25 "Conflict of Interest", article 29 "Confidentiality Obligations of Directors", article 35 "Vice Presidents. Managing Directors", article 38 "Board Meetings", article 39 "Committees of the Board of Directors", article 40 "The Executive Committee", article 41 "Audit & Control Committee", article 42 "Appointments and Retributions Committee" and article 43 "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 of 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. Resignation 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 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                                                                                                                                         | Quorum                                                                        | Type of Majority                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------|
| Permanent delegation of powers to the Executive Committee, the Chairman or the Managing Directors, and the appointment of the directors who will hold such posts. | Two-thirds of the board members must be present or represented at the meeting | Two-thirds of the board members |

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 ☒

B.1.19. Indicate whether the Chairman casts the deciding vote:

YES ☐ NO ☒

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 ☒

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 meeting held during the fiscal year. Also state how many times the Board of Directors met without the Chairman in attendance:

|                                                      |   |
|------------------------------------------------------|---|
| Number of Board meetings                             | 8 |
| Number of meeting without the Chairman in attendance | 0 |

State the number of meetings held by the different Board committees during the fiscal year:

|                                                                  |    |
|------------------------------------------------------------------|----|
| Number of meetings of the Executive or Delegated Committee       | 12 |
| Number of meetings of the Audit Committee                        | 3  |
| Number of meeting of the Appointment and Remunerations Committee | 0  |
| Number of meetings of the Strategy and Investment Committee      | 0  |
| Number of committee meetings                                     | 0  |

The Audit and Control Committee met three (3) times in fiscal year 2004 (23/2/2004, 30/03/2004, 10/05/2004). Following the resignation of Mr. Contamine and Mr. Girardot in September, the Committee was reduced to 2 members. It was therefore not possible to hold any meetings during the second half of 2004. In December, Mr. Anes resigned as a Committee member. On 22/12/2004, Mr. Falcó and Mr. Castells were appointed to the Committee along with Ibersuizas Holdings, S.L. represented by Mr. del Castillo Machado.

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 E. Trueba Gutiérrez | Corporate Administration and Financial Manager |

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 equity, 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 Financial Manager with the Chairman's approval, if he 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.**

The Board of Directors, at its meeting held on 17 June 2003, approved the creation of an Audit and Control Committee whose functions include reviewing the process for preparing the economic and financial information published periodically by the FCC Group. Since this function is particularly crucial inasmuch as the annual information is concerned, prior to the annual income statements for 2004 being drafted by the Board of Directors, the Audit Committee, on 29.03.05, held a meeting with the external auditors to examine the accounts. Consequently, when formulated by the Board on 30.03.05, 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 the FCC rules of governance, currently composed of the Articles of Association, the General Meeting Rules, 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.

General 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 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 mandated by law.

Furthermore, these people 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.

The Corporate Administration and Finance Manager 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 Administration and Finance Manager, reason to believe that such fluctuations were caused as a consequence of a the transaction being leaked prematurely, he 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 operations to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the operations 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 37 and 38 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 ☐

Data relative to the main auditor and other auditors participating in the audits of the different companies of the Group:

|                                                                                                                           | Company | Group   | Total   |
|---------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|
| Fees paid for work other than auditing work performed (thousands of euros)                                                | 147     | 391     | 538     |
| Fees paid for work other than auditing work performed as a percent of the total fees invoiced by the auditing firm (en %) | 46.965% | 19.185% | 22.884% |

B.1.30. State how many years in a row the current auditors have been auditing the company's annual income statements and/or those of the Group. Also state the percentage which the number of years audited by the current firm represents compared to the total number of years for which the income statements have been audited:

|                          | Company | Group |
|--------------------------|---------|-------|
| Number of years in a row | 15      | 15    |

|                                                                                                                    | Company | Group   |
|--------------------------------------------------------------------------------------------------------------------|---------|---------|
| 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 |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------|--------------------|
| Marcelino Oreja Aguirre                                                                        | Metrovacesa, S.A.                                   | 0.00044%            | –                  |
| Alicia Alcocer Koplowitz<br>directly (Representative of Dominum Dirección y Gestión, S.A.)     | Actividades de Construcción y Servicios, S.A. (ACS) | 0.000016%           | –                  |
| Alicia Alcocer Koplowitz<br>directly (Representative of Dominum Dirección y Gestión, S.A.)     | Obrascón Huarte Lain, S.A.(OHL)                     | 0.00050%            | –                  |
| Pedro Agustín del Castillo Machado<br>indirectly (Representative of Ibersuizas Holdings, S.L.) | Elmasa Patrimonial, S.A.                            | 7.46%<br>indirectly | Director           |
| Pedro Agustín del Castillo Machado<br>directly (Representative of Ibersuizas Holdings, S.L.)   | Eléctrica Maspalomas, S.A.                          | 7.46%               | Chairman and CEO   |

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 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.

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."

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:** Composed of five members. Article 40 of the Regulations of the Board states that all of the functions and powers necessary to conduct the company's business are permanently delegated in the Executive Committee. Consequently, this Committee is vested with the broadest powers to direct, administer and dispose of the company's assets; to represent the company in and out of court; to sign contracts and other instruments; and to perform any and all functions and faculties entrusted by law and by the articles of association to the Board of Directors, with the sole exception of those which are indelegable pursuant to the provisions of article 141, part 1 of the Public Corporations Act. Article 40.1 of the Rules of the Board of Directors states that 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 18 million euros.

**Audit and Control Committee:** Composed of four members. Article 41.2 of the Rules establish that 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.

**Appointments and Retributions Committee:** composed of five members. Its responsibilities include reporting to the Board of Directors on appointments and resignations and on the remuneration paid to Board Members as well as the company's general remuneration and incentive plan policies.

**Strategy Committee:** its members are appointed by the Board of Directors. Its responsibilities include reporting to the Board of Directors on appointments and resignations and on the remuneration paid to Board Members as well as the company's general remuneration and incentive plan policies.

#### B.2.2. List the committees of the Board of Directors and their members:

##### EXECUTIVE COMMITTEE

| Name                                                        | Title    |
|-------------------------------------------------------------|----------|
| Dominum Desga, S.A. Represented by Esther Alcocer Koplowitz | Member   |
| Fernando Falcó y Fernández de Córdova                       | Member   |
| Cartera Deva, S.A. Represented by José Aguinaga Cárdenas    | Member   |
| Rafael Montes Sánchez                                       | Chairman |
| Juan Castells Masana                                        | Member   |

##### AUDIT COMMITTEE

| Name                                                                        | Title    |
|-----------------------------------------------------------------------------|----------|
| Francisco Mas Sardá Casanelles                                              | Chairman |
| Fernando Falcó y Fernández de Córdova                                       | Member   |
| Juan Castells Masana                                                        | Member   |
| Ibersuizas Holdings, S.L. Represented by Pedro Agustín del Castillo Machado | Member   |

##### APPOINTMENTS AND RETRIBUTIONS COMMITTEE

| Name                                                        | Title    |
|-------------------------------------------------------------|----------|
| Fernando Falcó y Fernández de Córdova                       | Member   |
| Dominum Desga, S.A. Represented by Esther Alcocer Koplowitz | Member   |
| Rafael Montes Sánchez                                       | Chairman |
| Cartera Deva, S.A. Represented by José Aguinaga Cárdenas    | Member   |
| Robert Peugeot                                              | Member   |

##### STRATEGY AND INVESTMENT COMMITTEE

Pending appointment of members

#### 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 35 of the Articles of Association of FCC, part of which is transcribed below:

"...The Executive Committee will be convened by the Chairman himself or upon the request of two Committee members. The notice will be sent by letter, telegram or fax to each Committee members at least 48 hours in advance of the meeting date.

The meetings shall be held at the company's registered offices or other located designated by the Chairman and indicated in the announcement.

In order for the Executive Committee to be validly convened, there must be a majority of members present or represented.

Absent members may be represented by another member of the Executive Committee by notifying the Chairman in writing.

The deliberations will be directed by the Chairman. If the Chairman is absent, the meeting will be chaired by a committee member chosen by majority vote of those in attendance.

The Chairman will give the floor to those attendees who wish to speak.

Resolutions will be passed by absolute majority of the Committee members.

In the event of a tie, the matter will be forwarded to the Board of Directors. In this case, the members of the Executive Committee will request that a meeting be convened as provided for in article 30 herein..."

Furthermore, article 40 of the Regulations of the Board establishes that:

"... 2. The Board of Directors will appoint the members of the Executive Committee.

3. The Executive Committee will be composed of a minimum of five and a maximum of ten members.

4. The members of the Executive Committee will step down from the Committee when they are no longer Directors or when decided by the Board.

5. Any vacancies arising will be filled as quickly as possible by the Board of Directors.

6. In the absence of the Chairman of the Executive Committee, his functions will be performed by the Committee member chosen to replace him.

7. The Executive Committee will meet on a monthly basis, 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

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Its rules of operation are established in article 41 of the Regulations of the Board and in article 37. It 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 non-executive 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 once year after 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

---

Regulated in article 42 of the Regulations of the Board, its members are 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. 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 operation 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.

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.

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.

The Appointments and Retributions Committee shall regulate its own operations to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the operations of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.

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.

The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.

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 Appointments and Retributions Committee shall have access to all of the documentation and information needed to perform its functions.

## STRATEGY COMMITTEE

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It is regulated in article 43 of the Regulations of the Board.

Its members are 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.

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 operation of the Committee, duly reflecting the contents of the sessions and the deliberations in the meeting minutes.

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.

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.

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.

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.

The minutes of each committee meeting will be drafted and signed by the Committee members in attendance.

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 Strategy Committee shall have access to all of the documentation and information needed to perform its functions.

The Strategy Committee shall regulate its own operations to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the operations 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

---

Regulated in article 40 of the Regulations of the Board and article 35 of the Articles of Association. The Executive Committee is permanently vested with all of the functions and powers necessary to conduct the company's business, with the sole exception of those which are undelegable 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 34 and 35 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.
- Approving interim dividends.
- Supervising delegated committees.
- Buying and selling stocks, except treasury stock.
- Adding or eliminating part or all of the business objectives through companies.
- Disposing of land of real estate in blocks or before completion.
- Disposing of or encumbering any company business.
- Any actions that fall outside of the business objective.

Article 40, part 1 of the Regulations of the Board establishes that the Board may permanently delegate all of the powers of the Board in the Executive Committee with the exception of those which are undelegable under the law, the Articles of Association or these Regulations. Unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than eighteen million euros.

##### AUDIT AND CONTROL COMMITTEE

---

Regulated in article 41 of the Regulations of the Board and article 38 of the Articles of Association.

Parts 2 and 3 of article 41 of the Regulations of the Board establish that 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.

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.
- Taking decisions in relation to the information rights of the Directors who come to the Committee as established in article 30 of these Regulations. Requesting the inclusion of agenda items on the Board's agenda under the conditions and by the deadlines set out 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

---

Article 42 of the Regulations of the Board. Its responsibilities include reporting to the Board of Directors on appointments and resignations and on the remuneration paid to Board Members as well as the company's general remuneration and incentive plan policies.

Parts 3, 5 and 10 of article 42 of the Regulations of the Board establish that:

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. Informing 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. Informing on the fundamental aspects of the general compensation policy of the FCC Group and the remunerations and types of contracts of FCC executives.
- f. Informing 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 filing in the record of situations referred to in letter h. the personal information provided by the Directors as established in Article 29 of these Regulations.
- l. 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.

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.

The Appointments and Retributions Committee shall have access to all of the documentation and information needed to perform its functions.

#### STRATEGY COMMITTEE

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It 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 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.

In particular, the Strategy Committee will inform the Board on the proposed investments, third-party agreements, new activity lines and financial operations 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.

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 approved on 14 June 2004 contain provisions for the Executive Committee (article 40), the Audit and Control Committee (article 41), the Appointments and Retributions Committee (article 42) and the Strategy Committee (article 43).

On 26 January 2005, meeting of the Board of Directors was held to evaluate the performance of the Board and its committees during fiscal year 2004.

The evaluation concluded that the Board of Directors of FCC had worked very hard and performed very well in terms of its own meetings and those of its committees during fiscal year 2004, having approved the new instruments for corporate governance transparency (Regulations of the Board, Regulations of the General Meeting, amendment of the Articles of Association, overhaul of the governing bodies and remodelling of all Committees). It has consistently adapted its rules of operation to the company's changing situation in order to ensure that the company's best interest is always the priority.

All of the regulations approved during the fiscal year are available for consultation on the corporate website, [www.fcc.es](http://www.fcc.es) and on the website of the CNMV, [www.cnmv.es](http://www.cnmv.es) under the Corporate Governance section on the company's page.

**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.**

With the passage 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 undelegable under the law, the Articles of Association of the Regulations of the Board (article 40.1).

Notwithstanding the above, there are a number of undelegable powers 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 to 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.

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 operations, 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.

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 ☒

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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 86.67% external directors and 13.33 % executive directors.

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B.2.8. If there is an Appointments Committee, state whether its members are external directors:

YES ☒ NO ☐

## 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 of the Group company              | Type of transaction | Type of relationship         | Amount (thousands of euros) |
|-------------------------------------------------|----------------------------------------|---------------------|------------------------------|-----------------------------|
| Esther Koplowitz Romero de Juseu                | FCC Construcción, S.A.                 | Contractual         | Directly (Construction)      | 55                          |
| Esther Koplowitz Romero de Juseu                | FCC Construcción, S.A.                 | Contractual         | Directly (Construction)      | 1,706                       |
| Esther Koplowitz Romero de Juseu                | FCC Construcción, S.A.                 | Contractual         | Directly (Construction)      | 1,772                       |
| Esther Koplowitz Romero de Juseu                | Servicios Especiales de Limpieza, S.A. | Contractual         | Directly (Cleaning Services) | 18<br>683                   |
| Esther Koplowitz Romero de Juseu                | Falcon Contratas y Seguridad, S.A.     | Contractual         | Directly (Security Services) |                             |

- 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:

None.

| Name or company name of the director or administrator | Name of the Group company | Type of transaction | Type of relationship | Amount (thousands of euros) |
|-------------------------------------------------------|---------------------------|---------------------|----------------------|-----------------------------|
| -                                                     | -                         | -                   | -                    | -                           |

- 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 operations in terms of its object and conditions:

| Name of company or Group | Brief description of the transaction | Amount (thousands of euros) |
|--------------------------|--------------------------------------|-----------------------------|
| -                        | -                                    | -                           |

There are multiple transactions between companies of the group that are part of the Group's normal business operations, all of which are eliminated in the process of preparing the consolidated financial statements.

- C.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 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 interests held by the members of the Board of Directors in the share capital of companies with identical, analogous or similar types of activities as those making up the business objectives of Fomento de Construcciones y Contratas, S.A. which have been notified to the company are as follows:

| Name or company name of Director | Name of company                                      | % owner-ship. | Title or functions |
|----------------------------------|------------------------------------------------------|---------------|--------------------|
| Marcelino Oreja Aguirre          | Metrovacesa, S.A.                                    | <0.01         |                    |
| Alicia Alcocer Koplowitz         | A.C.S. Actividades de Construcción y Servicios, S.A. | <0.01         |                    |
|                                  | Obrascón Huarte Lain, S.A.                           | <0.01         |                    |
| Pedro A. del Castillo Machado    | Eléctrica Maspalomas, S.A.                           | 7.46          | Chairman and CEO   |
|                                  | Elmasa Medio Ambiente, S.L.                          | 7.46          | Director           |

During the fiscal year, Elmasa Patrimonial, S.A. sold to Aqualia Gestión Integral del Agua, S.A. a 51% share of Gestión de Aguas del Norte, S.A. The transaction was authorised by resolution of the Board of Directors of Fomento de Construcciones y Contratas, S.A. pursuant to article 25.4 of the Regulations of the Board. The seller (a family business) is owned by Pedro Agustín Del Castillo, who acts as the representative of Ibersuizas Holdings, S.A., which is in turn a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

Except as outlined in the preceding paragraph, 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.

The members of the Board of Directors of FCC who occupy administrative positions or sit on the boards of other companies of the Group are as follows:

| Name or company name of Director                                              | Name of company or Group                                | Title    |
|-------------------------------------------------------------------------------|---------------------------------------------------------|----------|
| EAC Inversiones Corporativas, S.L.<br>Represented by Alicia Alcocer Koplowitz | Cementos Portland Valderrivas, S.A.                     | Director |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz | FCC Construcción, S.A.                                  | Director |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz | Grucysa, S.A.                                           | Director |
| EAC Inversiones Corporativas, S.L.<br>Represented by Esther Alcocer Koplowitz | Realia Business, S.A.                                   | Director |
| Fernando Falcó y Fernández de Córdova                                         | Realia Business, S.A.                                   | Director |
| Fernando Falcó y Fernández de Córdova                                         | Cementos Portland Valderrivas, S.A.                     | Director |
| Fernando Falcó y Fernández de Córdova                                         | FCC Construcción, S.A.                                  | Director |
| Fernando Falcó y Fernández de Córdova                                         | Grucysa, S.A.                                           | Director |
| Rafael Montes Sánchez                                                         | FCC Construcción, S.A.                                  | Director |
| Rafael Montes Sánchez                                                         | FCC Medio Ambiente, S.A.                                | Director |
| Rafael Montes Sánchez                                                         | Corporación Española de Transporte, S.A.                | Chairman |
| Rafael Montes Sánchez                                                         | Detren Compañía General de Servicios Ferroviarios, S.L. | Director |
| Rafael Montes Sánchez                                                         | FCC Connex Corporación, S.L.                            | Director |
| Rafael Montes Sánchez                                                         | FCC Versia, S.A.                                        | Chairman |
| Felipe Bernabé García Pérez                                                   | Proactiva Medio Ambiente, S.A.                          | Director |
| Ibersuizas Alfa, S.L.                                                         | Cementos Portland Valderrivas, S.A.                     | Director |
| Robert Peugeot                                                                | FCC Construcción, S.A.                                  | Director |

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. 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.

In the case of ordinary transactions with the company, the Board of Directors may approve the generic line of transactions. 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.

A possible conflict of interest is considered to exist as a result of stock ownership in any company in which the person, either by him or herself or jointly with family members as defined in article 25.2 of the Regulations of the Board, 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.

This information must be kept up to date by reporting any change in the situation previously reported and any possible new conflicts of interest as they arise.

This information must be reported within fifteen days and always before taking any decision which could be affected by a conflict of interest.

The Internal Code of Conduct approved by the Board of Directors at its meeting on 17 July 2003, 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. **Operational 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 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 Rules 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 operational risks.

### 2.1. Management of contracting risks.

For the FCC Group, the risks and opportunities that arise during the contracting process are one of the main challenges faced by the organisation. To deal with these challenges, the organisation has established formal policies and procedures that focus on:

- a) Keeping technological capacity up to date at all times.  
The FCC Group is aware that doing business in a highly competitive market such as the one it operates in makes it necessary to offer the client added value through technical and economic capabilities. In this regard, the FCC Group is active in the area of technological research and innovation and places a great deal of emphasis on continuous personnel training.
- b) The technical quality, economic viability and competitiveness of proposals.  
The process of preparing, presenting and monitoring proposals is subject to different levels of authorisation within the organisation, assigning the principal tasks in this area to specific departments with highly qualified technical staffs.

### 2.2. Management of production risks.

The formal policies and procedures designed by the FCC Group to control the risks associated with its construction and service provision activities focus on:

- a) Quality systems.  
The different activities of the FCC Group are subject to formal quality control systems that are well-rooted within the organisation which have enabled it to obtain ISO 9000 certification and to pass the periodic evaluations by external professionals.  
  
Based on general principles and basic criteria, the quality control systems are based on the assignment of responsibilities, the definition and documentation of processes and guidelines for detecting and correcting deviations.  
  
The quality committees are the maximum executive bodies in this area and are responsible for establishing guidelines, monitoring compliance and system review. One of the responsibilities of the quality assurance departments is to conduct quality assurance audits of the different operating units.
- b) Ongoing personnel training.  
The FCC Group has a training program in place based on specific training plans which offer both basic training and recycling, as well as training programs to cover specific needs as they arise. The quality assurance committees are responsible for establishing training plans, approving the implementation of training plans and ensuring that they are properly applied.
- c) Ongoing support of operating units by technical departments with highly qualified staff.
- d) The design and documentation of purchasing and subcontracting processes which guarantee the quality of the supplies and the efficacy and efficiency of the contracting system.
- e) Economic and budget control systems for each operating unit that serve as the basis for economic planning: measuring, recording and evaluating production costs; analysing and monitoring deviations and quantifying and controlling the resources invested.

### 2.3. Management of environmental risks.

The FCC Group has an ISO 14001 certified environmental management system based on:

- a) Compliance with all environmental regulations and the achievement of environmental targets that surpass external requirements.
- b) A decrease in environmental impact through proper planning.
- c) 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.
- d) A system for measuring the objectives achieved.

### 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) Procedures integrated in the production process for evaluating risks and implementing prevention plans (safety plans).
- c) Ongoing training supported by specialists in the field.
- d) Regular reviews of the safety plans 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.

Because of the position it currently occupies in international markets, the concept of exchange rate risk within the global context of the FCC Group is of moderate importance. However, regardless of the extent of the risk, the policy of FCC is to reduce the negative effects that such risks can have on the financial statements, to the extent possible. In practice, the effect of exchange rate risks on transactions is mitigated, when the volume of the transaction merits it, by contracting the appropriate hedging instrument. As far as balance sheet transactions are concerned, the company's policy, depending on the situation and provided that financial markets offer liquidity, is to try to obtain coverage by contracting financing transactions in the same currency in which the asset is denominated.

#### 4.2. Management of interest rate risks.

Given the nature of our activities, in which the management of current assets plays a crucial role, it is a generalised policy of the Group to use as a reference for our financial debt the index that most faithfully reflects inflation. It is therefore the policy of our company to ensure, to the extent possible, that both the working capital, which to a large extent covers our current liabilities, as well as the Group's indebtedness, is referenced to floating interest rates. In the case of transactions with long-term horizons, and depending on the financial structure, the debt is reference to a fixed interest rate for a term that coincides with the maturity cycle of the transaction in question, all contingent upon the options available on the market.

#### 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. In this regard, the preparations for implementing the International Financing Reporting Standards were concluded in 2004, in accordance with the project approved by the Steering Committee and with the approval of the Audit Committee. The procedures and standards were implemented and the staff were trained on a company-wide level in order to minimise the potential risks associated with the implementation of the International Financial Standards in fiscal year 2005.
- 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.**

In fiscal year 2004, no risks materialised which had a significant effect on the company's net worth or the normal conduct of its business.

**D.4. Indicate whether there 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 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.**

Within the FCC Group there are departments which specialise in the different regulations that affect the company and its Group (mercantile, labour, fiscal, environmental...).

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 (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.

The shareholders' rights as set forth in the Articles of Association are as follows:

- **Attendance rights:** Shareholders possessing at least four thousand shares registered in their name at least five days in advance of the Meeting date are entitled to attend the General Meeting.
- **Grouping Rights:** Shareholders possessing fewer than four thousand shares may form groups to reach the required minimum for the purposes of attending and voting at the Meeting. Any one of the shareholders forming part of the group may represent them.

- E.4. Indicate the measures adopted, if any, to encourage the participation of shareholders in General Meetings.

On 23 June 2004, the Ordinary General Meeting of Shareholders approved the Regulations of the General Meeting of Shareholders.

These Regulations include a series of measures designed to encourage the participation of shareholders at General Meetings. These measures are defined in the shareholders' information rights regulated in the following articles:

**Article 6. Information available once the meeting is announced**

"The company will make available to the shareholders, once the General Meeting is announced, at its headquarters, at the office of the CNMV and the stock exchanges where its shares are traded and on its corporate website.

- a) The full text of the meeting announcement.
- b) The text of the resolutions proposed by the Board of Directors in relation to the agenda items.
- 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 23 of the Articles of Association, shareholders may request, either prior to the meeting in writing 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.

Furthermore, Article 7, "Information prior to the General Meeting" of the Regulations of the General Meeting states that 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.

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.

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.

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.

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.

- E.6. Indicate any changes made to the General Meeting Regulations during the fiscal year.

The General Meeting Regulations were approved at the Ordinary General Meeting of Shareholders held on 23 June 2004. There were no amendments subsequent to that date.

- 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 % |
|--------------|----------------------|---------------|------------------|---------|
| 23-06-2004   | 72.860               | 27.140        | 0.000            | 100     |

The table above reflects the breakdown of shareholders present and represented at the General Meeting.

The table below reflects the percentage of share capital present and represented at the General Meeting.

| Meeting date | % physically present | % represented | % distance votes | Total % |
|--------------|----------------------|---------------|------------------|---------|
| 23-06-2004   | 53.07%               | 19.77%        | 0.000            | 72.84   |

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 2004 there was one General Meeting held on 23.06.04 in which the following resolutions were passed:

1. *Examination and approval of the 2003 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.*

Approval of the balance sheet, profit and loss account, notes to the financial statements and directors' report for fiscal year 2003 for Fomento de Construcciones y Contratas S.A., and the Consolidated Group. These documents were checked by the company's auditors.

Approval of the performance of the Board of Directors for fiscal year 2003.

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 0             | 20,462,464  | 74,639,531      |

2. *Examination and approval of the proposed distribution of fiscal year 2003 profits.*

To approve the following proposed distribution of profits earned by Fomento de Construcciones y Contratas, S.A., in fiscal year 2003:

| Profits              | Voluntary reserves  | Dividends            |
|----------------------|---------------------|----------------------|
| 149,825,804.57 euros | 10,973,721.78 euros | 138,852,082.79 euros |

| Interim dividend    | Complementary       |
|---------------------|---------------------|
| 47,889,003.25 euros | 90,963,079.54 euros |

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 0             | 19,662,310  | 75,439,685      |

3. *Amendment of Articles 12 (General Meeting), 19 (Representation), 23 (Information Rights), 24 (Deliberations. Resolutions. Minutes), 33 (Organisation) and 34 (Powers of the Board) of the Articles of Association.*

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 4,327         | 730,962     | 94,366,706      |

4. *Examination and approval of the "Rules of the General Meeting of Shareholders of Fomento de Construcciones y Contratas, S.A.".*

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 240           | 167,392     | 94,934,363      |

5. *Ratification, Appointment and Re-election of Directors.*

On 17 June 2004, Acciona, S.A. notified the Board of its intention to form three groups, each one holding 6,528,375 shares in FCC and each one equivalent to 5% of the share capital, for the purpose of exercising its right to appoint three Directors (one per group) pursuant to article 137 of the Public Corporations Act. The General Meeting ratified the right to proceed with the appointments, wherefore Acciona, S.A. appointed the following Directors:

- Mr. Claudio Aguirre Pemán.
- Mr. Jaime Castellanos Borrego.
- Mr. Alejandro Fernández de Araoz y Gómez-Acebo.

As a consequence of the Directors appointed by Acciona, S.A., the original proposal of the Board of Directors was reduced to six. The following Directors were appointed by the General Meeting.

- Mr. Olivier Orsini.
- Mr. Henri Proglio.
- Mr. Rafael Montes Sánchez.
- Mr. Jean-François Dubos.
- EAC Inversiones Corporativas, S.L.
- Mr. Jean-Marie Messier.

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 453,830       | 19,750,052  | 74,898,113      |

Following the preceding appointments, a minority shareholder made use of the right conferred under part 2 of article 132 of the Public Corporations Act and asked for a vote on the following proposal:

"To declare the persons designated as Directors by ACCIONA, S.A. incompatible for holding office as Directors of FCC and consequently:

To disregard, as running contrary to the company's interests, the directors appointed by the shareholder ACCIONA, S.A. using the proportional system, invoking article 137 of the Public Corporations Act and to relieve the said directors of their duties, as provided for in article 132 and others of the Public Corporations Act, since ACCIONA, S.A. is a competitor and the said persons have opposing interests to those of the company".

To cover the three vacancies which occurred during the session of the General Meeting, the Board proposed the following as Directors:

- Mr. Fernando Falcó y Fernández de Córdova.
- Mr. Daniel Caille.
- Mr. Felipe Bernabé García Pérez.

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 530,485       | 19,673,397  | 74,898,113      |

*6. 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.*

Fomento de Construcciones y Contratas, S.A., and the companies of the Group meeting any of the circumstances contained in article 42.1 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 |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 19,661,780    | 30,154      | 75,410,061      |

*7. Re-election of the Auditors of the Company and the Consolidated Group.*

Re-election of the firm "Deloitte&Touche España, S.L." as the auditors of the financial statements of the company and the Group for fiscal year 2005.

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 0             | 19,701,672  | 75,400,323      |

8. Authorisation of directors to develop, notarise, register, correct and execute the resolutions passed.

| Total votes | Votes against | Abstentions | Votes in favour |
|-------------|---------------|-------------|-----------------|
| 95,101,995  | 0             | 128,030     | 94,973,965      |

9. Approval, where applicable, of the meeting minutes.

Not voted on as the minutes are notarised.

**E.9. State how many shares a shareholder must possess to attend the General Meeting and whether there are any statutory restrictions.**

Article 18 of the Articles of Association establish that shareholders possessing four thousand or more shares, including those without voting rights, shall be entitled to attend the General Meeting, provided that the ownership of the shares is registered in the ledger of account entries at least five days in advance of the Meeting date and the shareholder accredits such ownership at the company's registered offices or any other location indicated by the company, by exhibiting the pertinent certificate.

**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 ☒

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](http://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 Commission.

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.

Includes a link to the data notified by Fomento de Construcciones y Contratas, S.A. to the website of the National Securities Market Committee.

## F. LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's level of compliance with the 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 ECO/3722/2003 ORDER 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.

The most relevant aspects of compliance with the corporate governance recommendations contained in the Corporate Governance Code ("Olivencia Code"), which have been updated and in some cases modified by the "Aldama Report", are described below:

### 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 indelegable 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 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 four (13.33%), 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.

The number of independent directors has decreased compared to the number indicated in the 2003 Corporate Governance Report. With the sale by Veolia Environnement of its interest in B 1998, S.L., the number of Directors decreased by ten. Two of them were independent directors whose vacancies have not been filled.

### 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 86.67% of the Board members are external nominee directors and the remaining 13.33% 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 2004 there were fifteen 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 that the Board opts 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 Secretary of the Board is independent and oversees the formal and material legality of the Board's conduct.

### 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.

## 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 external directors.
- 80% of the members of the Appointments and Retributions Committee are external directors.
- As of 31 December 2004, no members had been appointed to the Strategy Committee.

## 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 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 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.

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 in January 2005, will devote the first meeting each year to an assessment of its own operations during the preceding year, evaluating the quality of its work, the efficacy of its rules and correcting those aspects which have been shown to be dysfunctional, if any.

## 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".*

During fiscal year 2004, the Board appointed the members of this Committee at its session held on 22 December. Consequently, the selection and re-election of members will adhere from that date on to the formal procedures set out in the Regulations, the Public Corporations Act and the Articles of Association. For successive appointments, it will report on the proposed directors and executive staff.

## 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 operations 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".*

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 approved in the first half of 2004 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 2004.

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 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. A personal interest on the part of the Director is likewise considered to exist when it affects:

- a. The Director's spouse or relative up to and including the 4th degree of consanguinity or affinity 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.

Directors shall inform the Board 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.

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.

In the case of ordinary transactions with the company, the Board of Directors may approve the generic line of transactions.

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 put in place 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 publication of the formal announcement of the General Meetings (announced in a daily newspaper, stock market bulletins and the BORME) is exceeded as the company publishes the announcements (in eight to ten national daily newspapers). 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 Regulations of the General Meeting were approved on 23 June 2004 with a triple purpose: 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 operation 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](http://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, operations 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, operations of particular relevance with related parties, or treasury stock.

## 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.

Starting in 2003, when the Audit Committee was set up, this information is analysed by the Committee before being distributed.

## 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”.*

Starting in 2003, 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.

Until June of 2003, this function was handled by another committee (not a Board Committee), also called the Audit Committee, supported by the Corporate Finance Department.

The percentage of the fees paid by the Group in proportion to the auditor's total income in Spain is 0.7%.

## 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.

### 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".*

This Corporate Governance Report for 2004 is the second one drawn up by the Board of Directors.

## 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.

The directors who have drafted this report would like to express the fact that with the approval of the Regulations of the Board of Directors and the General Meeting, the company has attained a high level of compliance with the recommendations of the Olivencia Code and the Aldama Report.



This Annual Corporate Governance Report was approved by the Board of Directors at its meeting held on 30 March 2005. It was unanimously approved by all of the Directors present or represented at the meeting.

# Financial Statements Management reports Auditor's reports





# Contents

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

### ■ Consolidated Financial Statements

---

Consolidated balance sheet

---

Consolidated statements of income

---

Notes

### ■ Management report

### ■ Auditor's report

---

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

### ■ Financial Statements

---

Balance sheet

---

Statements of income

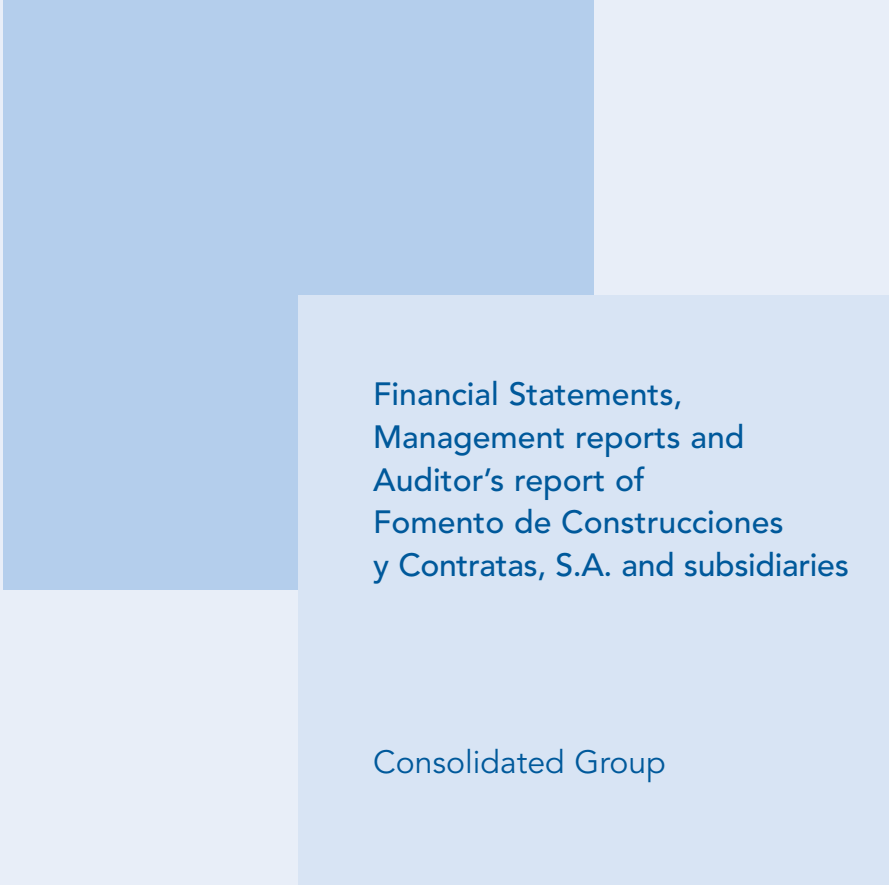
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Notes

### ■ Management report

### ■ Auditor's report

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Financial Statements,  
Management reports and  
Auditor's report of  
Fomento de Construcciones  
y Contratas, S.A. and subsidiaries

Consolidated Group



**Financial  
Statements**

Consolidated  
Group



## CONSOLIDATED BALANCE SHEET

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

| ASSETS                                                  | 12.31.2004       | 12.31.2003       |
|---------------------------------------------------------|------------------|------------------|
| Due from shareholders for uncalled capital              | 196              | 230              |
| <b>Fixed and other noncurrent assets</b>                | <b>3,192,359</b> | <b>2,977,018</b> |
| Start-up expenses                                       | 12,681           | 11,490           |
| Intangible assets                                       | 585,485          | 584,636          |
| - Research and development expenses                     | 3,096            | 3,439            |
| - Concessions, patents, licenses, trademarks and other  | 437,478          | 369,973          |
| - Goodwill                                              | 228,726          | 229,600          |
| - Computer software                                     | 19,183           | 16,813           |
| - Rights on leased assets                               | 174,380          | 204,883          |
| - Allowances                                            | (62)             | (182)            |
| - Amortization                                          | (277,316)        | (239,890)        |
| Tangible fixed assets                                   | 1,869,023        | 1,731,524        |
| - Land and structures                                   | 768,508          | 699,716          |
| - Plant and machinery                                   | 2,058,814        | 1,882,433        |
| - Other fixtures, tools and furniture                   | 400,742          | 358,872          |
| - Advances and construction in progress                 | 251,794          | 240,633          |
| - Other tangible fixed assets                           | 151,729          | 138,997          |
| - Allowances                                            | (30,840)         | (33,079)         |
| - Accumulated depreciation                              | (1,731,724)      | (1,556,048)      |
| Long-term investments                                   | 714,631          | 638,829          |
| - Investments in Group and associated companies         | —                | 1,808            |
| - Investments accounted for by the equity method        | 516,945          | 496,932          |
| - Loans to companies accounted for by the equity method | 38,089           | 28,817           |
| - Long-term investment securities                       | 88,915           | 114,705          |
| - Other loans                                           | 68,329           | 51,917           |
| - Long-term deposits and guarantees given               | 29,791           | 37,525           |
| - Allowances                                            | (27,438)         | (92,875)         |
| Parent Company shares                                   | 10,539           | 10,539           |
| Consolidation goodwill                                  | 184,603          | 191,365          |
| Deferred charges                                        | 35,056           | 38,570           |
| <b>Current assets</b>                                   | <b>4,218,472</b> | <b>3,832,570</b> |
| Inventories                                             | 372,439          | 429,352          |
| - Merchandise                                           | 95,657           | 132,828          |
| - Raw materials and other supplies                      | 160,038          | 170,947          |
| - Work-in-process and semifinished goods                | 83,360           | 94,485           |
| - Finished goods                                        | 25,578           | 25,484           |
| - Advances                                              | 14,133           | 12,222           |
| - Allowances                                            | (6,327)          | (6,614)          |
| Accounts receivable                                     | 2,959,616        | 2,704,968        |
| - Trade receivables for sales and services              | 2,575,704        | 2,269,375        |
| - Receivable from associated companies                  | 61,834           | 73,257           |
| - Sundry accounts receivable                            | 95,757           | 170,873          |
| - Employee receivables                                  | 2,903            | 2,899            |
| - Tax receivables                                       | 367,438          | 319,492          |
| - Allowances                                            | (144,020)        | (130,928)        |
| Short-term investments                                  | 612,212          | 390,329          |
| - Loans to companies accounted for by the equity method | 23,255           | 16,321           |
| - Short-term investment securities                      | 222,909          | 148,729          |
| - Other loans                                           | 362,772          | 217,569          |
| - Short-term deposits and guarantees given              | 6,658            | 11,390           |
| - Allowances                                            | (3,382)          | (3,680)          |
| Cash                                                    | 255,482          | 293,008          |
| Accrual accounts                                        | 18,723           | 14,913           |
| <b>TOTAL ASSETS</b>                                     | <b>7,630,686</b> | <b>7,039,753</b> |

as of December 31, 2004

Thousands of euros

| <b>SAHAREHOLDERS' EQUITY AND LIABILITIES</b>      | <b>12.31.2004</b> | <b>12.31.2003</b> |
|---------------------------------------------------|-------------------|-------------------|
| <b>Shareholders' equity</b>                       | <b>2,040,259</b>  | <b>1,845,506</b>  |
| Capital stock                                     | 130,567           | 130,567           |
| Additional paid-in capital                        | 242,133           | 242,133           |
| Reserves of the Parent Company                    | 440,177           | 429,203           |
| Consolidation reserves                            | 999,632           | 846,158           |
| Translation differences                           | (72,056)          | (63,085)          |
| Income attributable to the Parent Company         | 388,297           | 308,579           |
| - Consolidated                                    | 444,220           | 369,994           |
| - Attributed to minority interests                | (55,923)          | (61,415)          |
| Interim dividend                                  | (88,491)          | (48,049)          |
| <b>Minority interests</b>                         | <b>411,763</b>    | <b>387,774</b>    |
| <b>Negative consolidation differences</b>         | <b>36,103</b>     | <b>36,103</b>     |
| <b>Deferred revenues</b>                          | <b>58,109</b>     | <b>46,885</b>     |
| - Capital subsidies                               | 51,184            | 38,762            |
| - Other deferred revenues                         | 6,925             | 8,123             |
| <b>Provisions for contingencies and expenses</b>  | <b>313,815</b>    | <b>238,364</b>    |
| - Provisions                                      | 272,542           | 202,315           |
| - Reversion reserve                               | 41,273            | 36,049            |
| <b>Long-term debt</b>                             | <b>606,590</b>    | <b>748,767</b>    |
| Debentures and other marketable debt securities   | 43,274            | 46,256            |
| - Nonconvertible debentures                       | 43,274            | 46,256            |
| Payable to credit institutions                    | 325,887           | 444,218           |
| - Loans and other payables                        | 289,608           | 406,987           |
| - Long-term lease payments payable                | 36,279            | 37,231            |
| Other payables                                    | 196,117           | 232,116           |
| - Long-term taxes payable                         | 67,203            | 74,064            |
| - Limited recourse project financing loans        | 57,684            | 61,057            |
| - Other payables                                  | 54,364            | 81,848            |
| - Long-term guarantees and deposits received      | 16,866            | 15,147            |
| Uncalled capital payments payable                 | 41,312            | 26,177            |
| <b>Current liabilities</b>                        | <b>4,164,047</b>  | <b>3,736,354</b>  |
| Payable to credit institutions                    | 629,400           | 589,783           |
| - Loans and other payables                        | 586,199           | 533,233           |
| - Interest payable                                | 8,085             | 7,332             |
| - Short-term lease payments payable               | 35,116            | 49,218            |
| Payable to associated companies                   | 38,488            | 13,671            |
| Trade accounts payable                            | 2,599,606         | 2,379,438         |
| - Advances received on orders                     | 417,130           | 362,947           |
| - Accounts payable for purchases and services     | 1,409,854         | 1,175,430         |
| - Notes payable                                   | 772,622           | 841,061           |
| Other nontrade payables                           | 797,775           | 666,695           |
| - Taxes payable                                   | 445,130           | 376,861           |
| - Notes payable                                   | 22,786            | 25,304            |
| - Limited recourse project financing loans        | 10,787            | 9,850             |
| - Other payables                                  | 232,286           | 174,273           |
| - Compensation payable                            | 78,255            | 74,586            |
| - Short-term guarantees and deposits received     | 8,531             | 5,821             |
| Operating allowances                              | 95,834            | 85,710            |
| Accrual accounts                                  | 2,944             | 1,057             |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>7,630,686</b>  | <b>7,039,753</b>  |



## CONSOLIDATED STATEMENT OF INCOME

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

| DEBIT                                                             | 12.31.2004       | 12.31.2003       |
|-------------------------------------------------------------------|------------------|------------------|
| <b>Total operating expenses</b>                                   | <b>5,878,400</b> | <b>5,683,701</b> |
| Decrease in finished goods and work-in-process inventories        | 21,272           | –                |
| Cost of materials used and other external expenses                | 2,873,646        | 2,843,293        |
| Personnel expenses                                                | 1,714,741        | 1,625,850        |
| - Wages, salaries and similar expenses                            | 1,313,762        | 1,245,275        |
| - Employee welfare expenses                                       | 400,979          | 380,575          |
| Depreciation and amortization expense                             | 281,260          | 263,729          |
| Variation in operating allowances                                 | 20,768           | 16,412           |
| Other operating expenses                                          | 966,713          | 934,417          |
| <b>Operating income</b>                                           | <b>543,585</b>   | <b>518,932</b>   |
| Financial expenses                                                | 74,590           | 79,684           |
| Variation in investment valuation allowances                      | 7,570            | 5,332            |
| Exchange losses                                                   | 12,214           | 25,117           |
| <b>Amortization of consolidation goodwill</b>                     | <b>20,167</b>    | <b>18,950</b>    |
| <b>Income from ordinary activities</b>                            | <b>570,178</b>   | <b>521,051</b>   |
| Variation in tangible fixed asset and intangible asset allowances | 364              | 21,637           |
| Losses on fixed assets and control portfolio                      | 2,957            | –                |
| Extraordinary expenses and losses                                 | 41,613           | 122,106          |
| <b>Extraordinary income</b>                                       | <b>33,114</b>    | <b>–</b>         |
| <b>Consolidated income before taxes</b>                           | <b>603,292</b>   | <b>496,272</b>   |
| Corporate income tax                                              | 159,072          | 126,278          |
| <b>Consolidated income for the year</b>                           | <b>444,220</b>   | <b>369,994</b>   |
| Income attributed to minority interests                           | (55,923)         | (61,415)         |
| <b>Income for the year attributed to the parent company</b>       | <b>388,297</b>   | <b>308,579</b>   |

as of December 31, 2004  
Thousands of euros

| <b>CREDIT</b>                                                       | <b>12.31.2004</b> | <b>12.31.2003</b> |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>Total operating revenues</b>                                     | <b>6,421,985</b>  | <b>6,202,633</b>  |
| Net sales                                                           | 6,285,882         | 6,050,472         |
| Increase in finished goods and work-in-process inventories          | –                 | 8,020             |
| Capitalized expenses of Group work on fixed assets                  | 50,917            | 70,618            |
| Other operating revenues                                            | 85,186            | 73,523            |
|                                                                     |                   |                   |
|                                                                     |                   |                   |
| Revenues from equity investments                                    | 4,171             | 56                |
| Revenues from other marketable securities<br>and noncurrent loans   | 5,807             | 6,133             |
| Other financial revenues                                            | 48,872            | 41,942            |
| Exchange gains                                                      | 6,679             | 16,665            |
|                                                                     |                   |                   |
| <b>Financial loss</b>                                               | <b>28,845</b>     | <b>45,337</b>     |
| Share in the income of companies accounted for by the equity method | 75,605            | 66,406            |
|                                                                     |                   |                   |
|                                                                     |                   |                   |
| Gains on fixed assets and control portfolio                         | –                 | 91,729            |
| Capital subsidies transferred to income for the year                | 2,765             | 3,030             |
| Extraordinary revenues and income                                   | 75,283            | 24,205            |
|                                                                     |                   |                   |
| <b>Extraordinary loss</b>                                           | <b>–</b>          | <b>24,779</b>     |



# Contents

Fomento de Construcciones y Contratas, S.A. and subsidiaries  
(consolidated Group) as of december 31, 2004.

|     |                                                                         |     |
|-----|-------------------------------------------------------------------------|-----|
| 1.  | Companies' Business Activities                                          | 159 |
| 2.  | Basis of Presentation of the Consolidated Financial Statements          | 159 |
| 3.  | Valuation Standards                                                     | 160 |
| 4.  | Start-up Expenses                                                       | 164 |
| 5.  | Intangible Assets                                                       | 164 |
| 6.  | Tangible Fixed Assets                                                   | 165 |
| 7.  | Consolidation Goodwill                                                  | 166 |
| 8.  | Negative Consolidation Difference                                       | 167 |
| 9.  | Investments Accounted for by the Equity Method                          | 167 |
| 10. | Marketable Securities and Nontrade Loans                                | 168 |
| 11. | Deferred Charges                                                        | 169 |
| 12. | Inventories                                                             | 169 |
| 13. | Trade Receivables for Sales and Services                                | 170 |
| 14. | Shareholders' Equity                                                    | 171 |
| 15. | Minority Interests                                                      | 173 |
| 16. | Subsidies                                                               | 173 |
| 17. | Provisions for Contingencies and Expenses                               | 173 |
| 18. | Nontrade Payables                                                       | 174 |
| 19. | Operating Allowances                                                    | 175 |
| 20. | Tax Matters                                                             | 175 |
| 21. | Guarantee Commitments to Third Parties and Other Contingent Liabilities | 176 |
| 22. | Revenues and Expenses                                                   | 177 |
| 23. | Environmental Information                                               | 179 |
| 24. | Fees Paid to Auditors                                                   | 180 |
| 25. | Information on the Board of Directors                                   | 180 |
| 26. | Transition to International Financial Reporting Standards (IFRSs)       | 181 |
| 27. | Cost Accounting Consolidated Statement of Income                        | 182 |
| 28. | Explanation Added for Translation to English                            | 182 |

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Exhibit I . Consolidable Subsidiaries

Exhibit II. Multigroup Companies

Exhibit III. Companies Accounted for by the Equity Method

Exhibit IV. Changes in the Composition of the Consolidated Group

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## 1. COMPANIES' BUSINESS ACTIVITIES



The FCC Group's activity is carried on mainly through the following three strategic business areas:

- **Services:** this unit groups together the areas specializing 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 parking lots and ground aircraft and passenger handling, etc.
- **Construction:** this area specializes in infrastructure construction projects, building construction and related activities, such as highways, freeways, roads, tunnels, bridges, waterworks, ports, airports, residential property developments, housing units, nonresidential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc. The Construction area also encompasses the concession-holder companies (highways, tunnels, marinas, railways, trams and multiuse buildings).
- **Cement:** this unit engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related premanufactured products and the production of concrete..

The FCC Group is also highly active in the **Real Estate** industry, both through its 49.17% holding in Realia Business, S.A., with a presence in housing development and in the office and commercial premises lease market, and through the operation of the Torre Picasso building, which is 80%-owned by the Parent Company.

Operations abroad, which represent 10% of the FCC Group's net sales, are carried on mainly in European Union, U.S. and Latin-American markets.

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS



### a) Basis of presentation

The consolidated financial statements, which were prepared from the accounting records as of December 31, 2004, of Fomento de Construcciones y Contratas, S.A. and of its investees, are presented in accordance with current legislation and are expressed in thousands of euros.

The financial statements of Fomento de Construcciones y Contratas, S.A. and of its investees, which were prepared by their respective directors, have not yet been approved by the related Shareholders' Meetings. However, no changes are expected to be made to the financial statements as a result of compliance with this requirement.

### b) Consolidation principles

The subsidiaries listed in Exhibit I, which Fomento de Construcciones y Contratas, S.A. controls by virtue of ownership of a majority of the voting rights, either directly or through other companies controlled by it, were fully consolidated.

The equity of minority interests in the net worth and results of the consolidated companies is presented under the "Minority Interests" caption on the liability side of the consolidated balance sheet and under the "Income Attributed to Minority Interests" caption in the consolidated statement of income, respectively.

Exhibit II details the companies which were proportionally consolidated because one or several FCC Group companies have ownership interests in them and manage them jointly with one or more non-Group companies.

The companies listed in Exhibit III, in which Fomento de Construcciones y Contratas, S.A. does not have majority direct or indirect holdings but does exercise significant influence, are presented in the accompanying consolidated balance sheet under the "Long-Term Investments - Investments Accounted for by the Equity Method" caption at the underlying book value of the holding. The share in the after-tax income for the year of these companies is reflected in the accompanying consolidated statement of income as "Share in the Income of Companies Accounted for by the Equity Method".

### c) Changes in the consolidated Group

Exhibit IV shows the changes in 2004 in the consolidated companies and in the companies accounted for by the equity method.

The effects of the inclusion of companies in, and their exclusion from, the consolidated Group, where material, are shown in the related notes to these consolidated financial statements under the "Variation in Consolidated Group" heading.

Law 62/2003 on Tax, Administrative, Labor and Social Security Measures repealed (for the years beginning on or after January 1, 2004) Article 43.2.e) of the Commercial Code, which stipulated that the performance of activities differing significantly from those of the Group could result in the exclusion of a subsidiary from the scope of consolidation. Consequently, Abies Re Anstalt and Fir Re Société, which engage in reinsurance and had therefore been excluded from consolidation in prior years, were included as consolidable companies in 2004. Also in 2004, the FCC Group commenced a restructuring process which included the partial liquidation of this reinsurance activity, leading, inter alia, to the distribution of dividends to the Parent Company. The accompanying consolidated statement of income includes €60,311 thousand of extraordinary income that arose in connection with this process.

### d) Joint ventures and owners' associations

The FCC Group companies which participate in joint ventures included in their respective financial statements the proportional part, based on the percentage of participation, of the joint ventures' assets and liabilities and transactions, after elimination of the reciprocal assets and liabilities and revenues and expenses. Also, the Parent Company Fomento de Construcciones y Contratas, S.A. has an 80% ownership interest in the Torre Picasso building, which is being operated through an owners' association, and includes in the relevant captions its equity in the assets, liabilities, revenues and expenses based on its percentage of ownership.

## 3. VALUATION STANDARDS



### a) Goodwill and negative consolidation difference

The goodwill arising in the acquisition of holdings in companies was calculated as the difference between the book value of the Parent Company's direct or indirect holding in the capital stock of each subsidiary and the proportional amount of the net worth of the subsidiary based on the percentage of ownership at the acquisition date. The resulting difference is allocated, as far as possible and solely for the purpose of consolidation, to the subsidiary's asset and liability accounts when the book value of these items differs significantly from their market value.

The difference remaining after the aforementioned allocation is recorded, if positive, under the "Consolidation Goodwill" caption and, if negative, under the "Negative Consolidation Difference" caption on the asset and liability sides, respectively, of the accompanying consolidated balance sheet.

Consolidation goodwill is amortized systematically over the estimated period in which the investment will be recovered, up to a limit of 20 years, and is adjusted to market value as required in the event of impairment.

The negative consolidation difference is charged to income for the year in which the capital gains represented by it are deemed to be realized or, where applicable, when the events covered by this negative difference occur.

### b) Transactions between consolidated companies

Material gains or losses on intercompany transactions in the Group are eliminated in consolidation and deferred until they are realized with third parties outside the Group. Intercompany results on in-house work on fixed assets are eliminated in consolidation and are recognized as the related assets are depreciated or when they are disposed of to third parties. Intercompany receivables and payables and revenues and expenses were eliminated from the consolidated financial statements.

### c) Uniformity of presentation

The necessary unification procedures were applied to the Group companies to ensure that their financial statements are presented in accordance with the Parent Company's general and uniform valuation principles and standards.

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

### d) Translation of financial statements of foreign companies

The financial statements of foreign companies were generally translated to euros at the year-end exchange rates, except for:

- Capital stock and reserves, which were translated at historical exchange rates.
- The income-statement items of the foreign subsidiaries and associated companies, which were translated at the average exchange rates in the period.

Translation differences arising at the consolidated foreign companies which applied the year-end exchange rates are shown net of taxes under the "Shareholders' Equity - Translation Differences" caption in the accompanying consolidated balance sheet, net of the portion relating to minority interests, which is reflected in the related caption.

At the companies that apply the monetary-nonmonetary method, the nonmonetary items are translated at historical exchange rates and the monetary items at year-end rates, the effect of translation being reflected in the statement of income.

#### e) Start-up expenses

Start-up expenses are valued at the cost of the related goods and services and are amortized over the maximum legally stipulated period of five years.

#### f) Intangible assets

Intangible assets are recorded at cost.

Administrative concessions are amortized over the concession period, which ranges on average from 25 to 50 years.

Leased assets are amortized by the straight-line method over the years of useful life, which are the same as those for tangible fixed assets.

The goodwill arising on intra-Group mergers, which was acquired for valuable consideration, is amortized systematically over the period during which it contributes to the obtainment of revenues, up to a maximum of 20 years, and is adjusted to market value as required in the event of impairment.

#### g) Tangible fixed assets

Tangible fixed assets acquired prior to 1983 are carried at cost revalued pursuant to Law 9/1983. Prior to 1983 the companies had revalued their balance sheets and the carrying values of their tangible fixed assets pursuant to the applicable enabling legislation. Tangible fixed assets acquired subsequent to 1983 are carried at cost, except in the case of certain subsidiaries operating in the cement business, which revalued their tangible fixed assets pursuant to Royal Decree-Law 7/1996, Navarre Regulation 23/1966 and Vizcaya Regulation 6/1996. The effect of these revaluations on the consolidated statement of income is not material.

Group work on fixed assets is valued at production cost.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increased production capacity of the related assets are expensed currently.

Tangible fixed assets 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 | 7 – 12                         |
| Computer hardware                   | 4                              |
| Other tangible fixed assets         | 5 – 10                         |

Tangible fixed assets assigned exclusively to certain specific contracts are depreciated over the shorter of the years of useful life indicated above or the contract term.

#### h) Deferred financial expenses relating to the financing of fixed assets

The acquisition price of tangible fixed assets and intangible assets does not usually include the interest on loans used to finance them, which is generally expensed currently. However, in the industrial waste and parking lot business divisions, in view of the extended construction period for certain facilities, the accrued interest incurred on the financing of these facilities through the date on which they come into service is included in the acquisition price. The amount of this interest is in no case material. In addition, in 2004 financial expenses were capitalized at certain foreign companies in the Cement area in relation to the investments made by them to modernize their plants and facilities.

Additionally, in accordance with the regulations adapting the Spanish Chart of Accounts to the water supply/treatment and toll road, tunnel, bridge and other tollway concession businesses, the interest on the loans financing the fixed assets required to carry on these activities is deferred over the concession term, provided that there is evidence that the capitalized expenses will be recovered in future years' rates.

Also, interest arising from the financing of fixed assets through financial leases is deferred and charged to income over the contract term on the basis of the principal outstanding.

The interest capitalized as described in the preceding paragraphs is included under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the balance sheet, depending on whether the related amounts are to be taken to income in the long or short term.

**i) Long-term investments. Marketable securities and nontrade loans**

In accordance with current legislation, investments in listed and unlisted marketable securities are valued at cost, revalued where appropriate pursuant to Law 9/1983, net of the required allowance for decline in value. The effect of applying this method is that all unrealized losses on investment securities are recorded, whereas unrealized gains are not, 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 necessary value adjustments are made by recording allowances for loans with possible recovery problems.

Securities and loans maturing in under 12 months from the balance-sheet date are classified as short-term (current assets) and those maturing at over 12 months as long-term (noncurrent assets). Other investments of a permanent nature are classified as noncurrent assets.

**j) Inventories**

Inventories are valued at average acquisition price or average production cost and the necessary value adjustments are made to mark the carrying values to market, if this is lower. Allowances are also recorded for the decline in value of obsolete inventories.

The assets received in payment of loans are carried at the lowest of the following three values: the amount at which the loan relating to the asset received is recorded, production cost or market.

**k) Parent Company shares held by the Group**

Parent Company shares are valued at the lowest of average cost, market or underlying book value. Any gains or losses on intercompany transactions involving these shares are eliminated in consolidation.

**l) Subsidies**

Nonrefundable capital subsidies are allocated to income in proportion to the period depreciation on the subsidized assets.

**m) Provisions for pensions 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 revised Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalize their pension and other similar commitments to employees.

Also, for certain employees, including some executives and directors, in the past an insurance policy was arranged and the related premium paid to cover the payment of contingent liabilities relating to death and permanent occupational disability and to retirement bonuses and other benefits.

The companies have recorded the required provisions for terminations of permanent site personnel, which are included, together with other items, under the "Operating Allowances" caption in the accompanying consolidated balance sheet. The effect on the consolidated statement of income for 2004 was not material.

The cement company Giant Cement Holding Inc., based in the U.S.A., has assumed the commitment to supplement its employees' retirement pension benefits. The valuation of the assets assigned to this commitment and of the related accrued obligations was conducted by independent actuaries, and €12,488 thousand and €5,678 thousand were recorded in this connection in the accompanying consolidated financial statements under the "Long-Term Deposits and Guarantees Given" and "Provisions for Contingencies and Expenses" captions, respectively. In addition, Giant Cement Holding, Inc. has undertaken to maintain its medical and life insurance commitments to certain of its employees after they have left the company's employ. The commitments thus accrued, which amount to €12,238 thousand, were recorded under the "Provisions for Contingencies and Expenses" caption.

**n) Provisions for contingencies and expenses**

The Group companies, in addition to the provisions mentioned in Note 3-m) above, have recorded other provisions for contingencies and expenses 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 fulfillment of certain conditions. These provisions are recorded when the related liability or obligation arises.

#### o) Reversion reserve

The companies generally record a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession period. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession period the net book value (after deduction of the related accumulated depreciation) is zero. The period provision to the reversion reserve amounted to €5,656 thousand.

Additionally, the companies consider that the periodic maintenance plans for their facilities, the cost of which is expensed currently, are sufficient to ensure delivery of the revertible assets in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of the reversion.

#### p) Classification of debt

Debts maturing in under 12 months from the balance sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

Debts are valued at the amounts drawn plus the unmatured accrued interest. Nontrade debts are carried at their repayment value and the interest on the transaction is recorded under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the consolidated balance sheet, depending on whether it is expected to be taken to income at long or short term, respectively. The balances of these captions are allocated to income on the basis of the principal amount outstanding.

In certain cases the exchange rate or interest rate risk relating to the debt is hedged through futures and derivatives. The transaction expenses and the differences arising due to market price fluctuations are charged to income by the same timing of recognition method as that used for the costs of the main debt hedged.

#### q) Corporate income tax

The expense for corporate income tax included in the accompanying consolidated statement of income is calculated on the basis of consolidated income before taxes, increased or decreased, as appropriate, by the permanent differences between taxable income and book income. The tax rate stipulated by the legislation applicable to each company is applied to this adjusted book income, net of the tax relief and tax credits earned in the year, adding in turn, 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.

#### r) Foreign currency transactions

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 as stipulated by current regulations.

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 taken to period income.

#### s) Recognition of revenues and expenses

In construction and urban cleaning activities, the companies recognize as the period result on their construction and service contracts the difference between production (valued at the sale price of the construction work performed or services provided during the period, as specified in the principal contract entered into with the owners or in amendments or addenda thereto approved by the owners, or at the sale price of completed projects or services with respect to which, although no such approval has been given, there is reasonable assurance of recovery) and the costs incurred during the year, since the revenues and costs of projects and services in these business areas are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Also, late-payment interest is recognized as a revenue at the date of the approval and/or definitive collection thereof.

The difference between the amount of production recorded from inception of each project and the amount certified for each project through the date of the consolidated financial statements is recorded as "Completed Production Pending Certification" under the "Trade Receivables for Sales and Services" caption. Certificate prebillings for various items are recorded under the "Advances Received on Orders" caption on the liability side of the consolidated balance sheet.

The operating costs incurred in construction work and services, which include the interest accrued at market rates during the customary payment period in these business areas, are allocated as they arise. Site-clearance costs and any expenses which may arise from project completion through definitive settlement thereof are accrued over the execution period and the related provisions are recorded under the "Operating Allowances" caption in the consolidated balance sheet.

The revenues and expenses of the remaining activities are recognized 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.

In accordance with the accounting principle of prudence, the Group companies only record realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known by means of the related provisions (see Notes 3-n, 17 and 19).

#### t) Environmental information

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 the analysis and minimization of the environmental impact of the activities performed by the Group.

In the Services area, in view of the nature of the activities carried on, particular attention must be paid to controlling the impact on the environment; for example, companies holding concessions to operate landfills are, in general, responsible for the sealing, control and reforestation thereof at the end of the concession period.

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

The Construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects: reduction of atmospheric dust emissions, noise and vibration control, treatment of effluents generated by construction projects, maximum reduction of waste generation, and safeguarding of biological diversity through the protection of animal or plant species.

The acquisition costs of the fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" and "Intangible Assets" captions based on the nature of the investment, and are depreciated or amortized over their useful lives. Also, in accordance with current accounting regulations, the companies record the expenses and provisions arising from their environmental commitments.

#### 4. START-UP EXPENSES



The variations in 2004 in the balance of this caption in the consolidated balance sheet were as follows:

|                                                             |         |
|-------------------------------------------------------------|---------|
| Balance at 12.31.03                                         | 11,490  |
| Additions                                                   | 4,078   |
| Translation differences and variation in consolidated Group | (14)    |
| Amortization                                                | (2,873) |
| Balance at 12.31.04                                         | 12,681  |

#### 5. INTANGIBLE ASSETS



The detail of intangible assets and of the related accumulated amortization as of December 31, 2004, is as follows:

|                                                      | Cost    | Accumulated depreciation | Allowances | Net     |
|------------------------------------------------------|---------|--------------------------|------------|---------|
| Research and development expenses                    | 3,096   | (390)                    | –          | 2,706   |
| Concessions, patents, licenses, trademarks and other | 437,478 | (116,715)                | (62)       | 320,701 |
| Goodwill                                             | 228,726 | (99,642)                 | –          | 129,084 |
| Computer software                                    | 19,183  | (15,053)                 | –          | 4,130   |
| Rights on leased assets                              | 174,380 | (45,516)                 | –          | 128,864 |
|                                                      | 862,863 | (277,316)                | (62)       | 585,485 |

The variations in 2004 in the balance of this caption in the consolidated balance sheet were as follows:

|                                                         | Balance at<br>12.31.03 | Translation differences<br>and variation<br>in consolidated<br>Group | Additions<br>or Provisions | Retirements or<br>reductions | Transfers       | Balance at<br>12.31.04 |
|---------------------------------------------------------|------------------------|----------------------------------------------------------------------|----------------------------|------------------------------|-----------------|------------------------|
| Research and development expenses                       | 3,439                  | 395                                                                  | 15                         | (753)                        | –               | 3,096                  |
| Concessions, patents, licenses,<br>trademarks and other | 369,973                | 9,922                                                                | 62,894                     | (5,311)                      | –               | 437,478                |
| Goodwill                                                | 229,600                | (976)                                                                | 102                        | –                            | –               | 228,726                |
| Computer software                                       | 16,813                 | 657                                                                  | 2,286                      | (573)                        | –               | 19,183                 |
| Rights on leased assets                                 | 204,883                | 1,396                                                                | 46,459                     | (74)                         | (78,284)        | 174,380                |
| Allowances                                              | (182)                  | 120                                                                  | –                          | –                            | –               | (62)                   |
| Amortization                                            | (239,890)              | (2,903)                                                              | (57,620)                   | 990                          | 22,107          | (277,316)              |
|                                                         | <b>584,636</b>         | <b>8,611</b>                                                         | <b>54,136</b>              | <b>(5,721)</b>               | <b>(56,177)</b> | <b>585,485</b>         |

The "Concessions, Patents, Licenses, Trademarks and Other" account includes most notably the amounts paid for the concessions held by the Group in order to carry on its business activities (water supply services, passenger transport, operation of landfills, etc.). These amounts are being amortized on a straight-line basis over the concession period. The main additions in 2004 relate to investments in water activities and ground aircraft and passenger handling.

The balance of the "Goodwill" caption includes mainly €104,388 thousand and €17,325 thousand relating to the goodwill, net of amortization, that arose from the mergers in prior years of Cementos Atlántico, S.A. with Cementos Portland Valderrivas, S.A. and of Automóviles Portillo, S.A. with Corporación Española de Transporte, S.A., respectively.

The features of the financial lease contracts in force at 2004 year-end were as follows:

|                                                          | Movable property | Real estate | Total   |
|----------------------------------------------------------|------------------|-------------|---------|
| Original cost of the assets                              | 173,117          | 1,263       | 174,380 |
| Value of purchase options                                | 1,877            | 11          | 1,888   |
| Contract term (years)                                    | 2 to 5           | 10          | –       |
| Lease payments paid in the year                          | 57,998           | 102         | 58,100  |
| Lease payments paid in prior years                       | 51,663           | 729         | 52,392  |
| Lease payments outstanding,<br>including purchase option | 70,961           | 434         | 71,395  |

The detail of leased assets as of December 31, 2004, is as follows:

|                                     |                |
|-------------------------------------|----------------|
| Land and structures                 | 1,263          |
| Plant and machinery                 | 136,359        |
| Other fixtures, tools and furniture | 25,074         |
| Other tangible fixed assets         | 11,684         |
|                                     | <b>174,380</b> |

## 6. TANGIBLE FIXED ASSETS

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2004, is as follows:

|                                       | Cost             | Accumulated depreciation | Allowances      | Net              |
|---------------------------------------|------------------|--------------------------|-----------------|------------------|
| Land and structures                   | 768,508          | (145,759)                | (30,504)        | 592,245          |
| Plant and machinery                   | 2,058,814        | (1,238,613)              | (336)           | 819,865          |
| Other fixtures, tools and furniture   | 400,742          | (242,974)                | –               | 157,768          |
| Advances and construction in progress | 251,794          | –                        | –               | 251,794          |
| Other tangible fixed assets           | 151,729          | (104,378)                | –               | 47,351           |
|                                       | <b>3,631,587</b> | <b>(1,731,724)</b>       | <b>(30,840)</b> | <b>1,869,023</b> |

Los movimientos de las diversas partidas del inmovilizado habidas en el ejercicio, han sido los siguientes:

|                                          | Balance at<br>12.31.03 | Translation differences<br>and variation<br>in consolidated<br>Group | Additions<br>or provisions | Retirements<br>or reductions | Transfers     | Balance at<br>12.31.04 |
|------------------------------------------|------------------------|----------------------------------------------------------------------|----------------------------|------------------------------|---------------|------------------------|
| Land and structures                      | 699,716                | (7,622)                                                              | 17,700                     | (7,990)                      | 66,704        | 768,508                |
| Plant and machinery                      | 1,882,433              | 5,698                                                                | 70,415                     | (76,019)                     | 176,287       | 2,058,814              |
| Other fixtures, tools and furniture      | 358,872                | 7,162                                                                | 29,483                     | (15,669)                     | 20,894        | 400,742                |
| Advances and construction<br>in progress | 240,633                | (2,484)                                                              | 205,095                    | (3,760)                      | (187,690)     | 251,794                |
| Other tangible fixed assets              | 138,997                | 6,312                                                                | 12,822                     | (8,491)                      | 2,089         | 151,729                |
| Allowances                               | (33,079)               | 2,600                                                                | (361)                      | –                            | –             | (30,840)               |
| Amortization                             | (1,556,048)            | 1,037                                                                | (220,767)                  | 66,161                       | (22,107)      | (1,731,724)            |
|                                          | <b>1,731,524</b>       | <b>12,703</b>                                                        | <b>114,387</b>             | <b>(45,768)</b>              | <b>56,177</b> | <b>1,869,023</b>       |

All the tangible fixed assets were being used in production at 2004 year-end; however, €827,395 thousand of tangible fixed assets had been fully depreciated.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their tangible fixed assets are subject.

Tangible fixed assets located outside Spain and the accumulated depreciation thereof amounted to €634,199 thousand and €169,052 thousand, respectively.

## 7. CONSOLIDATION GOODWILL



The variations in the balance of this caption in the consolidated balance sheet in 2004 were as follows:

|                                                  |                |
|--------------------------------------------------|----------------|
| <b>Balance at 12.31.03</b>                       | <b>191,365</b> |
| <b>Additions:</b>                                |                |
| Gestió i Recuperació de Terrenys, S.A.           | 16,841         |
| Limpiezas Industriales Alfus, S.A.               | 9,162          |
| Corporación M&S Internacional C.A., S.A.         | 6,299          |
| Recuperació de Pedreres, S.L.                    | 1,605          |
| Other                                            | <u>3,961</u>   |
|                                                  | 37,868         |
| <b>Amortization:</b>                             |                |
| Grupo Ekonor                                     | (7,105)        |
| Tratamientos y Recuperaciones Industriales, S.A. | (1,972)        |
| Giant Cement Holding, Inc.                       | (1,637)        |
| Cementos Portland Valderrivas, S.A.              | (1,348)        |
| Pinturas Jaque, S.L.                             | (1,266)        |
| Limpiezas Industriales Alfus, S.A.               | (1,224)        |
| Other                                            | <u>(5,615)</u> |
|                                                  | (20,167)       |
| <b>Translation differences</b>                   | (18,313)       |
| <b>Extraordinary amortization</b>                | (6,150)        |
| <b>Balance at 12.31.04</b>                       | <b>184,603</b> |

The detail of the goodwill recorded in the accompanying consolidated balance sheet as of December 31, 2004, is as follows:

|                                                  |                |
|--------------------------------------------------|----------------|
| Grupo Ekonor                                     | 37,198         |
| Giant Cement Holding, Inc.                       | 23,402         |
| Cementos Portland Valderrivas, S.A.              | 17,864         |
| Gestió i Recuperació de Terrenys, S.A.           | 16,841         |
| Jaime Franquesa, S.A.                            | 15,677         |
| Recuperació de Pedreres, S.L.                    | 11,776         |
| Atlas Gestión Medioambiental, S.A.               | 10,292         |
| Limpiezas Industriales Alfus, S.A.               | 7,938          |
| Tratamientos y Recuperaciones Industriales, S.A. | 7,888          |
| Corporación M&S Internacional C.A., S.A.         | 6,299          |
| Montajes Gavisa, S.A.                            | 4,892          |
| Canteras de Aláiz, S.A.                          | 4,027          |
| Other                                            | 20,509         |
|                                                  | <b>184,603</b> |

The balance of this caption in the accompanying consolidated balance sheet includes €1,961 thousand of goodwill relating to companies accounted for by the equity method.

## 8. NEGATIVE CONSOLIDATION DIFFERENCE



The negative difference of €36,103 thousand recorded in the accompanying consolidated balance sheet arose as a result of the market valuations of the assets contributed to the Realía Business Group by its shareholders in 2000.

## 9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD



The detail, by company, of the balance of this caption is disclosed in Exhibit III (listing the companies accounted for by the equity method). The variations in 2004, by item, were as follows:

|                                                        |          |                |
|--------------------------------------------------------|----------|----------------|
| <b>Balance at 12.31.03</b>                             |          | <b>496,932</b> |
| <b>Purchases and subscriptions:</b>                    |          |                |
| Metro de Málaga, S.A.                                  | 20,546   |                |
| Autovía del Camino, S.A.                               | 14,280   |                |
| Autopista de la Costa Cálida C.E.A., S.A.              | 13,799   |                |
| Terminal Polivalente de Castellón, S.A.                | 4,005    |                |
| Other                                                  | 2,000    | 54,630         |
| <b>2004 income:</b>                                    |          |                |
| Grupo Realía Business                                  | 57,295   |                |
| Grupo Cementos Leona                                   | 5,196    |                |
| Participadas del Grupo Proactiva Medio Ambiente        | 2,853    |                |
| Grupo Eumex                                            | 1,594    |                |
| Other                                                  | 8,667    | 75,605         |
| <b>Change in consolidation method:</b>                 |          |                |
| Grupo Eumex                                            | 9,496    |                |
| Construcciones Olabarri, S.L.                          | (2,619)  | 6,877          |
| <b>Translation differences and capital reductions:</b> |          |                |
| Grupo Cementos Leona                                   | (5,524)  |                |
| Other                                                  | (560)    | (6,084)        |
| <b>Dividends distributed in the year:</b>              |          |                |
| Grupo Realía Business                                  | (27,637) |                |
| Concesiones de Madrid, S.A.                            | (1,210)  |                |
| Other                                                  | (3,774)  | (32,621)       |
| <b>Sales:</b>                                          |          |                |
| Grupo Grubar Hoteles                                   | (78,093) |                |
| Other                                                  | (301)    | (78,394)       |
| <b>Balance at 12.31.04</b>                             |          | <b>516,945</b> |

With respect to the "Change in Consolidation Method", as indicated in Exhibit IV, the Eumex Group ceased to be proportionally consolidated since, although FCC exercises significant influence over this group, it no longer jointly manages; also, Construcciones Olabarri, S.A. is now treated as a multigroup company and, accordingly, is proportionally consolidated.

In 2004 the 50% holding in the Grubar Hoteles Group was sold at a price determined on the basis of the market values of the hotels in which this group held ownership interests, giving rise to a loss of €23,264 thousand, which was included in the "Extraordinary Loss" caption in the accompanying consolidated statement of income.

## 10. MARKETABLE SECURITIES AND NONTRADE LOANS

The detail of the main accounts under the "Long-Term Investments" and "Short-Term Investments" captions in the accompanying consolidated balance sheet is as follows:

### a) Long-term investments

#### Investment securities

Breakdown of the balance as of December 31, 2004:

|                                               | % of Effective ownership | Asset value   | Allowances      | Net book value |
|-----------------------------------------------|--------------------------|---------------|-----------------|----------------|
| <b>Holdings of over 5%:</b>                   |                          |               |                 |                |
| Alazor Inversiones, S.A.                      | 15.75                    | 31,344        | (991)           | 30,353         |
| World Trade Center Barcelona, S.A.            | 16.52                    | 9,611         | (2,994)         | 6,617          |
| Xfera Móviles, S.A.                           | 8.26                     | 5,413         | (5,413)         | —              |
| Transportes Ferroviarios de Madrid, S.A.      | 12.19                    | 5,122         | (1,336)         | 3,786          |
| S.C.L. Terminal Aéreo de Santiago, S.A.       | 14.77                    | 5,048         | (2,625)         | 2,423          |
| Tacel Inversiones, S.A.                       | 13.32                    | 4,296         | (245)           | 4,051          |
| Artscapital Investment, S.A.                  | 10.83                    | 4,171         | (4,171)         | —              |
| Scutvias-Autoestradas Da Beira Interior, S.A. | 13.33                    | 4,098         | —               | 4,098          |
| Shopnet Brokers, S.A.                         | 15.54                    | 2,796         | (2,796)         | —              |
| Build2Edifica, S.A.                           | 15.45                    | 2,053         | (1,257)         | 796            |
| WTC Almeda Park, S.A.                         | 12.50                    | 1,875         | (592)           | 1,283          |
| Vertederos de Residuos, S.A.                  | 16.03                    | 1,107         | —               | 1,107          |
| Other                                         |                          | 6,903         | (1,227)         | 5,676          |
| <b>Holdings of less than 5%</b>               |                          |               |                 |                |
| Parque Temático de Madrid, S.A.               | 1.75                     | 3,516         | (1,758)         | 1,758          |
| Other                                         |                          | 1,562         | (1,447)         | 115            |
|                                               |                          | <b>88,915</b> | <b>(26,852)</b> | <b>62,063</b>  |

Most of these securities correspond to concession-holders in relation to which the Group companies were awarded tenders to perform the construction projects specified in the related concessions.

The Parent Company has provided guarantees amounting to €28,625 thousand in relation to the investment in Xfera Móviles, S.A.

The variations in the long-term investment securities in 2004 were as follows:

|                                                               | Cost           | Allowances      |
|---------------------------------------------------------------|----------------|-----------------|
| <b>Balance at 12.31.03</b>                                    | <b>114,705</b> | <b>(48,774)</b> |
| <b>Additions and provisions:</b>                              |                |                 |
| Xfera Móviles, S.A.                                           | 5,413          | (5,413)         |
| Alazor Inversiones, S.A.                                      | 1,340          | (991)           |
| Vertederos de Residuos, S.A.                                  | 1,107          | —               |
| Scutvias-Autoestradas Da Beira Interior, S.A.                 | 458            | —               |
| Parque Temático de Madrid, S.A.                               | —              | (889)           |
| Terra Mítica PTB, S.A.                                        | —              | (803)           |
| Other                                                         | 527            | (852)           |
| <b>Retirements, reductions and amount of allowances used:</b> |                |                 |
| Venditelecom España, S.L.                                     | (26,776)       | 26,776          |
| Grupo Inversiones y Estudios Financieros                      | (3,547)        | —               |
| Polux Capital, S.L.                                           | (2,344)        | 2,344           |
| Artscapital Investment, S.A.                                  | (1,298)        | 1,298           |
| Other                                                         | (670)          | 452             |
| <b>Balance at 12.31.04</b>                                    | <b>88,915</b>  | <b>(26,852)</b> |

In 2004, 10% of Inversiones y Estudios Financieros, S.A. (Safei) was transferred under the terms and conditions established in the sale option held by the FCC Group, giving rise to a gain of €21,738 thousand, which is recorded under the "Extraordinary Income" caption in the accompanying consolidated statement of income. Also, Venditelecom España, S.L. and Polux Capital, S.L. were liquidated in 2004; these investments had been provisioned in full in prior years.

#### b) Short-term investments

##### Short-term investment securities

Breakdown of the balance as of December 31, 2004:

| Issuers                              | Fixed-Income securities | Equity securities | Total          |
|--------------------------------------|-------------------------|-------------------|----------------|
| Government debt securities           | 54,229                  | –                 | 54,229         |
| Shares and other equity interests    | –                       | 40,521            | 40,521         |
| Corporate promissory notes and other | 128,159                 | –                 | 128,159        |
|                                      | <b>182,388</b>          | <b>40,521</b>     | <b>222,909</b> |

This caption includes the investments of cash surpluses in high-liquidity, high-rotation assets, which are valued at the lower of cost or market.

##### Other loans

The "Other Loans" account includes investments of cash surpluses in high-liquidity, high-rotation bank deposits of various different types.

The average rate of return obtained in 2004 on the investments in fixed-income securities and other loans was 2.06%.

## 11. DEFERRED CHARGES



The variations in the balance of this caption in 2004 were as follows:

|                                                              |         |
|--------------------------------------------------------------|---------|
| Balance at 12.31.03                                          | 38,570  |
| Financing of fixed assets assigned to concessions (Note 3-h) | 1,503   |
| Variation in the consolidated Group and other variations     | 4,519   |
| Amounts taken to income                                      | (9,536) |
| Balance at 12.31.04                                          | 35,056  |

The balance of this caption as of December 31, 2004, includes mainly €23,785 thousand of deferred financial expenses on the financing of fixed assets assigned to concessions and €6,538 thousand capitalized at the Cementos Portland Valderrivas Group originating from the subsidiary Giant Cement Holding Inc.

## 12. INVENTORIES



The "Inventories – Merchandise" account in the accompanying consolidated balance sheet relates mainly to the building lots acquired by the FCC Construcción Group and intended for sale, including most notably those amounting to €25,520 thousand relating to the Madrid Autonomous Community's Urban Development Plans, which were acquired in exchange for the construction work performed to implement these plans, and to the properties in Sant Joan Despí and Badalona in the province of Barcelona, amounting to €45,580 thousand and €16,670 thousand, respectively, acquired as a result of other construction projects performed.

The decrease in 2005 in this account was due mainly to the sale of building lots relating to the Madrid Autonomous Community's Urban Development Plans.

### 13. TRADE RECEIVABLE FOR SALES AND SERVICES

The breakdown of the balance of this caption in the accompanying consolidated balance sheet, which relates basically to the amounts receivable for construction work performed, for services provided and other activities, is as follows:

|                                                                      |                  |
|----------------------------------------------------------------------|------------------|
| Construction certificates receivable and trade receivables for sales | 1,862,964        |
| Completed production pending certification                           | 674,295          |
| Retentions                                                           | 38,445           |
| Trade receivables for sales and services                             | 2,575,704        |
| Advances received on orders                                          | (417,130)        |
| <b>Total trade receivables, net</b>                                  | <b>2,158,574</b> |

The foregoing total is the net balance of trade receivables after deduction of the balance of the "Advances Received on Orders" account on the liability side of the accompanying consolidated balance sheet which, as required by accounting regulations, includes collected and uncollected certificate prebillings for various items and the advances received (normally in cash) for future supplies.

The "Construction Certificates Receivable and Trade Receivables for Sales" account reflects mainly the amount of the certificate billings to customers for completed work and services provided pending collection as of December 31, 2004. Of the total balance, €15,194 thousand of notes receivable had been discounted and the related debt to credit institutions is shown on the liability side of the consolidated balance sheet.

As indicated in Note 3-s, the "Completed Production Pending Certification" account reflects the difference at year-end between the production recorded from inception of each project and contract in progress as of December 31, 2004, and the amount of the certificates issued therefor. Accordingly, the balance of this account represents the value at certificate price of the construction units completed and services rendered as of December 31, 2004, which will be certified in the next few months either because they are specified in the principal contract or in addenda or amendments thereto approved by the customer or because there is no doubt as to their immediate approval.

Since the revenues which may ultimately arise from the projects in progress are subject to certain factors whose final effect cannot be objectively determined at present (e.g. the final amounts receivable for settlement, amendments, additions, price revisions, etc.), the companies recognize the revenues from work units not supported by contracts entered into with the owners in the year in which they are approved by the owner or in which the companies consider that there is no doubt as to their recovery in order to proceed to certify them.

The Group companies assign trade receivables to financial institutions, without the possibility of recourse in the event of nonpayment. The amount deducted from the trade receivables balance at year-end in this connection amounted to €284,887 thousand. These transactions accrue interest under normal market conditions through the date on which the financial institution collects from our customers. Collection management in this period continues to be performed by the Group companies.

In 2004 certain future collection rights arising from construction project contracts awarded under the full payment of price method were sold. These rights, amounting to €116,784 thousand, were recorded as a reduction of the balance of the "Completed Production Pending Certification" caption.

The balance of trade receivables for construction activities, after deduction of the receivables assigned, amounted to €1,135,793 thousand, of which €106,342 thousand related to customers abroad. The detail of the accounts receivable from Spanish customers for construction activities, classified by public and private sector, is as follows:

|                                               |                  |
|-----------------------------------------------|------------------|
| <b>Entities</b>                               |                  |
| Central government                            | 152,272          |
| Autonomous Community governments              | 172,783          |
| City councils                                 | 62,477           |
| Autonomous agencies and State-owned companies | 243,440          |
| Public sector                                 | 630,972          |
| Private sector                                | 398,479          |
|                                               | <b>1,029,451</b> |

The average age of the public-sector construction activity balances is approximately 3.5 months.

In addition, it should be noted that the "Sundry Accounts Receivable" caption in the accompanying consolidated balance sheet includes the receivables relating to the trade loans granted to joint venturers in connection with the projects and services carried out through them and the receivables relating to other operating revenues, i.e. mainly the revenues from various different services provided on an as-needed basis which, since they do not relate to the Group companies' normal business activities, are not included as net sales.

## 14. SHAREHOLDERS' EQUITY

The variations in equity accounts in 2004 were as follows:

|                                              | Balance at<br>12.31.03 | 2003<br>retained<br>Earnings | Dividends<br>distributed | Translation<br>differences and other<br>Variations | Income for<br>the year | Balance at<br>12.31.04 |
|----------------------------------------------|------------------------|------------------------------|--------------------------|----------------------------------------------------|------------------------|------------------------|
| Capital stock                                | 130,567                | –                            | –                        | –                                                  | –                      | 130,567                |
| Additional paid-in capital                   | 242,133                | –                            | –                        | –                                                  | –                      | 242,133                |
| Legal reserve                                | 26,113                 | –                            | –                        | –                                                  | –                      | 26,113                 |
| Reserve for treasury stock                   | 9,422                  | –                            | –                        | –                                                  | –                      | 9,422                  |
| Reserve for retired capital                  | 2,770                  | –                            | –                        | –                                                  | –                      | 2,770                  |
| Voluntary reserves                           | 390,898                | 10,974                       | –                        | –                                                  | –                      | 401,872                |
| Reserves of the Parent Company               | 429,203                | 10,974                       | –                        | –                                                  | –                      | 440,177                |
| Consolidation reserves                       | 846,158                | 159,091                      | –                        | (5,617)                                            | –                      | 999,632                |
| Translation differences                      | (63,085)               | –                            | –                        | (8,971)                                            | –                      | (72,056)               |
| Income attributable to the<br>Parent Company | 308,579                | (170,065)                    | (138,514)                | –                                                  | 388,297                | 388,297                |
| Interim dividend                             | (48,049)               | –                            | 48,049                   | –                                                  | (88,491)               | (88,491)               |
| <b>Shareholders' equity</b>                  | <b>1,845,506</b>       | <b>–</b>                     | <b>(90,465)</b>          | <b>(14,588)</b>                                    | <b>299,806</b>         | <b>2,040,259</b>       |

On December 22, 2003, the Parent Company, Fomento de Construcciones y Contratas, S.A., resolved to distribute an interim dividend out of 2004 income equivalent to 68% gross of the par value of the shares (€0.68 per share), which was paid on and after January 10, 2005.

### a) Capital stock

The capital stock of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 common bearer shares of €1 par value each.

All the shares have identical rights and are fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerized trading system (Continuous Market).

With regard to the holdings owned directly or indirectly of 10% or more (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 capital stock. Also, per the data recorded at the Spanish National Securities Market Commission (CNMV), Acciona, S.A. owns a 15.055% holding in Fomento de Construcciones y Contratas, S.A.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, the Ibersuizas Group, Simante, S.L. and Larranza XXI, S.L. have ownership interests of 73.375%, 15.56%, 5.726% and 5.339%, respectively, has certain commitments to its shareholders, recorded and published by the CNMV, including most notably that relating to the distribution of a dividend of at least 50% of the consolidated net income attributed to the Parent Company, excluding extraordinary income or loss.

### b) Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use for other purposes.

### c) Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. 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 capital stock amount.

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

As of December 31, 2004, the Parent Company's legal reserve had reached the legally stipulated minimum.

#### d) Treasury stock

As of December 31, 2004, the Parent Company held 434,322 shares of treasury stock, representing 0.33% of its capital stock, with a net book value of €9,422.

Also, the subsidiaries Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A. held 316,008 and 475 shares, respectively, of the Parent Company, which represented 0.25% of the latter's capital stock and are recorded in these Group companies' accounting records at a net value of €1,117 thousand.

€10,539 thousand of the total reserves balance are considered to be restricted until such time as the treasury stock held by Fomento de Construcciones y Contratas, S.A. and the shares of the Parent Company held by the Group companies are sold or retired. This amount coincides with the amount at which the shares of the Parent Company held by the Group are valued on the asset side of the accompanying consolidated balance sheet.

No transactions involving shares of treasury stock were performed in 2004.

#### e) Reserve for retired capital

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

#### f) Consolidation reserves

This caption in the accompanying consolidated balance sheet includes the reserves at fully and proportionally consolidated companies and companies accounted for by the equity method. The amounts included under this caption for the major companies, including, where appropriate, their subsidiaries, are as follows:

|                                        |                |
|----------------------------------------|----------------|
| Grupo Cementos Portland Valderrivas    | 306,314        |
| Afigesa Group                          | 236,853        |
| FCC Construcción Group                 | 104,162        |
| Corporación Financiera Hispánica, S.A. | 102,109        |
| FCC Versia, S.A.                       | 42,230         |
| FCC Medio Ambiente, S.A.               | 40,127         |
| Realia Business Group                  | 30,522         |
| Other, and consolidation adjustments   | 137,315        |
| <b>Total consolidation reserves</b>    | <b>999,632</b> |

€20,164 thousand of the total consolidation reserves relate to the effect of the asset revaluations made as indicated in Note 3-g.

#### g) Translation differences

The amounts included under this caption for each of the major companies are as follows:

|                                      |              |               |
|--------------------------------------|--------------|---------------|
| USA:                                 |              |               |
| Giant Cement Holding, Inc.           | 24,882       |               |
| Other                                | <u>1,395</u> | 26,277        |
| Latin America:                       |              |               |
| Grupo Proactiva                      | 38,689       |               |
| Other                                | <u>6,798</u> | 45,487        |
| Other                                |              | <u>292</u>    |
| <b>Total translation differences</b> |              | <b>72,056</b> |

The negative trend in translation differences is due mainly to the appreciation of the euro against the U.S. dollar and certain South American currencies in 2004.

The net worth of the foreign companies accounts for 13% of the FCC Group's total equity. The detail, by geographical market, of this net worth, including the related translation differences, is as follows (in thousands of euros):

|               |                |
|---------------|----------------|
| USA           | 179,896        |
| Latin America | 73,941         |
| Other         | <u>14,417</u>  |
|               | <b>268,254</b> |

Particularly noteworthy in the U.S. market was the Giant Cement Holding Inc. Group, whose equity, following the 8% depreciation of the U.S. dollar against the euro in 2004, amounted to €147,478 thousand.

## 15. MINORITY INTERESTS



The balance of this caption in the accompanying consolidated balance sheet reflects the equity of minority shareholders in the net worth and income for the year after taxes of the Group companies in which they have ownership interests. The variations in this account in 2004 were as follows:

|                                                             |          |
|-------------------------------------------------------------|----------|
| Balance at 12.31.03                                         | 387,774  |
| Income for the year                                         | 55,923   |
| Distribution of dividends                                   | (25,921) |
| Translation differences and variation in consolidated Group | (6,013)  |
| Balance at 12.31.04                                         | 411,763  |

The 2004 year-end detail, by item, of the balances relating to the main companies with minority interests is as follows:

|                                                  | Net worth     |          | Income | Total   |
|--------------------------------------------------|---------------|----------|--------|---------|
|                                                  | Capital stock | Reserves |        |         |
| Cementos Portland Valderrivas Group              | 17,193        | 312,642  | 53,664 | 383,499 |
| Compañía Concesionaria del Túnel de Sóller, S.A. | 7,238         | 33       | 111    | 7,382   |
| Other                                            | 8,765         | 9,969    | 2,148  | 20,882  |
|                                                  | 33,196        | 322,644  | 55,923 | 411,763 |

€15,243 thousand of total reserves relate to the asset revaluation performed by the cement business companies, as indicated in Note 3-g.

## 16. SUBSIDIES



The accompanying consolidated balance sheet includes the subsidies that were received in the past for €64,821 thousand, €13,637 thousand of which have been taken to income, including €2,765 thousand in the year ended December 31, 2004.

## 17. PROVISIONS FOR CONTINGENCIES AND EXPENSES



This caption in the consolidated balance sheet includes the following liabilities:

- The reversion reserve for assets subject to administrative concessions which will revert to the grantor entity at the end of the concession period, as indicated in Note 3-o.
- The provisions for pensions recorded to cover the commitments described in Note 3-m.
- Provisions for litigation which, as indicated in Note 21, cover the contingencies of the FCC Group companies acting as defendants in certain disputes in relation to the liability inherent in the activities carried on by them.
- Reinsurance provisions. As indicated in Note 2-c to these consolidated financial statements, in 2004 Fir Re Société Anonyme was included in the scope of consolidation of the FCC Group, as a result of which the accompanying consolidated balance sheet includes the related equalization provisions and the provisions for unexpired risks to cover the contingencies arising from this company's reinsurance activity.
- Environmental risks (see Note 23).
- Other provisions for contingencies and expenses 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 fulfillment of certain conditions. In 2004 provisions were recorded amounting to €30,000 thousand to cover extraordinary contingencies arising from the Group's activity abroad, mainly in Latin America and North Africa. This amount is included as an extraordinary loss in the accompanying consolidated statement of income.

The balance as of December 31, 2004, of each of the foregoing items is as follows:

|                                                 |                |
|-------------------------------------------------|----------------|
| Reversion reserve                               | 41,273         |
| Provisions for pensions and similar obligations | 19,865         |
| Provisions for litigation                       | 119,121        |
| Reinsurance provisions                          | 15,594         |
| Environmental provisions                        | 17,947         |
| Other provisions for contingencies and expenses | 100,015        |
| <b>Total</b>                                    | <b>313,815</b> |

## 18. NONTRADE PAYABLES

a) The long-term payables in each of the related accounts in the accompanying consolidated balance sheet mature as follows:

|                                          | 2006           | 2007           | 2008          | 2009          | 2010 and<br>Subsequent<br>year | Total          |
|------------------------------------------|----------------|----------------|---------------|---------------|--------------------------------|----------------|
| Nonconvertible debentures                | 103            | 517            | 1,860         | 413           | 40,381                         | 43,274         |
| Payable to credit institutions           | 101,288        | 104,327        | 37,039        | 24,252        | 58,981                         | 325,887        |
| Limited recourse project financing loans | 7,734          | 8,790          | 9,912         | 6,141         | 25,107                         | 57,684         |
| Taxes payable                            | 3,782          | 3,136          | 3,045         | 3,002         | 54,238                         | 67,203         |
| Other payables                           | 6,851          | 2,409          | 1,339         | 1,997         | 58,634                         | 71,230         |
| Uncalled capital payments payable        | 41,140         | –              | –             | –             | 172                            | 41,312         |
|                                          | <b>160,898</b> | <b>119,179</b> | <b>53,195</b> | <b>35,805</b> | <b>237,513</b>                 | <b>606,590</b> |

The nonconvertible debentures relate mainly to Giant Cement Holding Inc., which in 2003 launched an issue comprising two tranches of US\$ 25 million and US\$ 30 million, maturing in 2010 and 2013 and with fixed interest rates of 4.95% and 5.63%, respectively.

The foreign currency payables under the "Payable to Credit Institutions" caption include most notably €67,901 thousand denominated in U.S. dollars relating mainly to the U.S. cement companies.

The average interest rates on the long-term payables to credit institutions are basically those of the various interbank markets, tied to Mibor, Euribor and Libor.

The balance of the "Limited Recourse Project Financing Loans" account relates to the payments outstanding in connection with the investments made in certain projects, mainly for operating the water supply in Vigo. The debt will be repaid using the revenues arising from operation of the services and, provided the contract terms and conditions are met, with no other liability for the Group companies 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 loans is tied to Euribor plus a spread based on market rates.

The detail of the balance of the "Taxes Payable" caption is disclosed in Note 20 ("Tax Matters").

The "Other Payables" account includes mainly payables for the acquisition of fixed assets. Of the total balance, €49,826 thousand bear interest at market rates.

- b) The short-term accounts payable to associated companies include trade payables and the current account and loan balances with these companies. The loans bear interest at market rates.
- c) The "Current Liabilities – Other Nontrade Payables – Other Payables" caption in the accompanying consolidated balance sheet includes, inter alia, various debt items which do not bear interest, such as the amounts forecast for the payment of the interim dividend (€88,275 thousand) and fixed asset suppliers (€68,511 thousand).
- d) As indicated in Note 13 ("Trade Receivables for Sales and Services"), certain bank loans have been secured by €15,194 thousand of notes receivable.

As of December 31, 2004, the Group had credit facilities with a limit of €2,679,609 thousand, of which €1,803,802 thousand had not been drawn down at that date.

## 19. OPERATING ALLOWANCES



The detail of this caption in the accompanying consolidated balance sheet is as follows:

|                                                 |               |
|-------------------------------------------------|---------------|
| Allowance for claims                            | 74,604        |
| Allowance for construction contract settlements | 21,230        |
|                                                 | <b>95,834</b> |

The allowance for claims covers the contingent liabilities which might arise from claims by third parties as a result of business operations.

The allowance for construction contract settlements includes the losses and expenses expected to arise from the date of completion through definitive settlement of the contracts.

## 20. TAX MATTERS



The detail of the balances of the "Tax Receivables" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying consolidated balance sheet is as follows:

### I) Long-term

The balance payable of €62,703 thousand relates to deferred corporate income tax which will be payable in years subsequent to 2005.

€46,498 thousand of this liability, which is interest-free, relate to the tax effect of the difference between the book value and the value for tax purposes of certain fixed assets of Giant Cement Holding Inc. The remaining €20,505 thousand relate to the accelerated depreciation of tangible fixed assets under various benefits provided for by tax legislation and include most notably €12,051 thousand relating to 35% of the early depreciation of the Torre Picasso building, which qualify for the tax incentives stipulated in Royal Decree-Law 2/1985 and Royal Decree-Law 3/1993. The due dates of the accrued taxes payable disclosed in Note 18 are based on the years of useful life of the related assets.

### II) Short-term

|                                                                                                        |                |
|--------------------------------------------------------------------------------------------------------|----------------|
| <b>Tax receivables:</b>                                                                                |                |
| Prepaid corporate income tax and tax assets                                                            | 257,340        |
| VAT refundable                                                                                         | 91,989         |
| Tax refunds and other items                                                                            | 18,109         |
|                                                                                                        | <b>367,438</b> |
| <b>Tax payables:</b>                                                                                   |                |
| Personal and corporate income tax withholdings<br>(from salary income and income from movable capital) | 24,262         |
| Deferred corporate income tax                                                                          | 94,669         |
| Corporate income tax payable                                                                           | 84,709         |
| VAT payable                                                                                            | 146,626        |
| Levies on construction certificates, services and other items                                          | 59,841         |
| Accrued social security taxes payable                                                                  | 35,023         |
|                                                                                                        | <b>445,130</b> |

Reconciliation of the consolidated income per books to the taxable income for corporate income tax purposes:

|                                                         |                 |                 |                |
|---------------------------------------------------------|-----------------|-----------------|----------------|
| Consolidated income for the year per books before taxes |                 |                 | 603,292        |
|                                                         | <u>Increase</u> | <u>Decrease</u> |                |
| Consolidation adjustments and eliminations              | –               | (45,871)        | (45,871)       |
| Adjusted consolidated income per books                  | 28,356          | (36,884)        | (8,528)        |
| <b>Adjusted consolidated income per books</b>           |                 |                 | <b>548,893</b> |
| Timing differences:                                     |                 |                 |                |
| Arising in the reporting year                           | 273,970         | (170,348)       | 103,622        |
| Arising in prior years                                  | 162,418         | (99,469)        | 62,949         |
| <b>Consolidated taxable income</b>                      |                 |                 | <b>715,464</b> |

|                                        |                |
|----------------------------------------|----------------|
| Adjusted consolidated income per books | 548,893        |
| Corporate income tax charge (35%)      | 192,113        |
| Tax credits and relief                 | (26,915)       |
| Other adjustments                      | (6,126)        |
| <b>Corporate income tax payable</b>    | <b>159,072</b> |

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

The variations due to timing differences arose mainly as follows:

- Items recorded as increases include mainly depreciation and amortization and provisions which will become tax deductible in subsequent years, and the allocation to taxable income of the income of joint ventures which had been deferred in 2003.
- Items recorded as decreases include the deferral due to the special amortization of lease contracts, the income of joint ventures that will be included in the corporate income tax base of the following year and the impact of certain expenses incurred in prior years which became tax deductible in 2004, since the conditions stipulated by tax legislation had been met.

The tax credits and tax relief include those provided for environmental protection, foreign investments, R&D and the reinvestment of gains on the sale of fixed assets.

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 inspection authorities for the taxes applicable to them. The criteria which the tax authorities might adopt for the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Parent Company's directors consider that the resulting liabilities would not have a material effect on the Group's net worth.

Under authorization 18/89, the FCC Group is taxed on a consolidated basis for corporate income tax purposes with all the other Group companies which meet the relevant requirements envisaged by tax legislation.

## 21. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES



As of December 31, 2004, the Group had provided €2,031,191 thousand of guarantees to third parties, mostly completion bonds provided to government agencies and private customers as security for the performance of construction projects and urban cleaning contracts.

The Group companies have guaranteed for their employees the investments made in 2000 for a five-year period in the collective investment fund set up by the Vivendi Universal Group. The possible payments and additional costs that may be incurred by the FCC Group companies, which in any case are not expected to be material, are counterguaranteed by the Vivendi Universal Group.

Fomento de Construcciones y Contratas, S.A. and the Group subsidiaries are acting as defendants in certain lawsuits in relation to the liabilities inherent in the various activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recorded (see Notes 3-n, 17 and 19). Accordingly, the resulting liabilities would not have a significant effect on the Group's net worth.

## 22. REVENUES AND EXPENSES



### a) Transactions with associated companies

The net sales figure in the accompanying consolidated statement of income includes €184,591 thousand of billings by Group companies to associated companies.

### b) Net sales

The breakdown of net sales, by Group activity, is as follows:

|                                                                       | 2004             | 2003             |
|-----------------------------------------------------------------------|------------------|------------------|
| Construction                                                          | 3,090,218        | 2,950,141        |
| Services                                                              | 1,819,182        | 1,708,897        |
| Versia                                                                | 514,478          | 380,987          |
| Cement                                                                | 881,523          | 865,626          |
| Other activities and eliminations<br>due to intercompany transactions | (19,519)         | 144,821          |
|                                                                       | <b>6,285,882</b> | <b>6,050,472</b> |

In 2004 certain changes were made to the Group's internal areas of activity, as a result of which the logistics and installations sectors were included in Versia and Construction, respectively. These sectors were included as "Other Activities" in 2003.

The breakdown, by market, of the net sales made abroad by the Group companies is as follows:

|                | 2004           | 2003           |
|----------------|----------------|----------------|
| European Union | 307,040        | 319,913        |
| United States  | 191,092        | 194,718        |
| Latin America  | 129,380        | 112,355        |
| Other          | 13,140         | 10,563         |
|                | <b>640,652</b> | <b>637,549</b> |

### Net sales in the Construction Area

In substantially all the net construction sales the Group acted as the general contractor.

The detail of net construction sales, by type of project, is as follows:

|                                      |                  |
|--------------------------------------|------------------|
| Civil engineering                    | 1,705,721        |
| Residential building construction    | 573,905          |
| Nonresidential building construction | 671,698          |
| Other activities                     | 138,894          |
|                                      | <b>3,090,218</b> |

The construction work carried out by subcontractors amounted to €1,332,259 thousand.

The detail of net construction sales, by type of customer, is as follows:

|                                               |                  |
|-----------------------------------------------|------------------|
| Central government                            | 632,455          |
| Autonomous Community governments              | 371,269          |
| City councils                                 | 122,527          |
| Autonomous agencies and State-owned companies | 716,395          |
| Public sector                                 | 1,842,646        |
| Private sector                                | 1,116,124        |
| Total Spain                                   | 2,958,770        |
| Abroad                                        | 131,448          |
|                                               | <b>3,090,218</b> |

The detail of the backlog for construction work at 2004 year-end is as follows:

|                                      | Contracts in progress | Contracts not yet commenced | Total backlog    |
|--------------------------------------|-----------------------|-----------------------------|------------------|
| Civil engineering                    | 2,455,724             | 148,123                     | 2,603,847        |
| Residential building construction    | 611,715               | 34,666                      | 646,381          |
| Nonresidential building construction | 1,088,179             | 12,787                      | 1,100,966        |
|                                      | <b>4,155,618</b>      | <b>195,576</b>              | <b>4,351,194</b> |

The breakdown of the backlog for construction work at 2004 year-end, by geographical area, is as follows:

|                                      | Andalucía      | Castilla y León | Cataluña       | Madrid           | Other Spain      | Abroad         |
|--------------------------------------|----------------|-----------------|----------------|------------------|------------------|----------------|
| Civil engineering                    | 161,408        | 421,918         | 677,780        | 470,478          | 779,187          | 93,076         |
| Residential building construction    | 68,040         | 13,992          | 18,903         | 402,608          | 123,817          | 19,021         |
| Nonresidential building construction | 160,798        | 37,665          | 258,641        | 240,743          | 401,523          | 1,596          |
|                                      | <b>390,246</b> | <b>473,575</b>  | <b>955,324</b> | <b>1,113,829</b> | <b>1,304,527</b> | <b>113,693</b> |

### c) Operating income by business line

Following is a breakdown, by business line, of operating income and the percentage it represents of net sales.

#### c.1) Gross operating income.

|              | 2004           |                         | 2003           |                         |
|--------------|----------------|-------------------------|----------------|-------------------------|
|              | Income         | Percentage of net sales | Income         | Percentage of net sales |
| Construction | 159,031        | 5.15                    | 140,001        | 4.75                    |
| Services     | 285,371        | 15.69                   | 254,999        | 14.92                   |
| Versia       | 91,840         | 17.85                   | 80,646         | 21.17                   |
| Cement       | 264,988        | 30.06                   | 276,218        | 31.91                   |
| Other        | 50,039         | —                       | 52,254         | —                       |
|              | <b>851,269</b> | <b>13.54</b>            | <b>804,118</b> | <b>13.29</b>            |

#### c.2) Net operating income.

|              | 2004           |                         | 2003           |                         |
|--------------|----------------|-------------------------|----------------|-------------------------|
|              | Income         | Percentage of net sales | Income         | Percentage of net sales |
| Construction | 120,691        | 3.91                    | 103,215        | 3.50                    |
| Services     | 149,568        | 8.22                    | 138,586        | 8.11                    |
| Versia       | 49,650         | 9.65                    | 45,220         | 11.87                   |
| Cement       | 172,327        | 19.55                   | 189,422        | 21.88                   |
| Other        | 51,349         | —                       | 42,489         | —                       |
|              | <b>543,585</b> | <b>8.65</b>             | <b>518,932</b> | <b>8.58</b>             |

### d) Financial loss

Financial loss improved significantly as a result of the combination of various factors: reduced indebtedness, lower average interest rates and lower exchange losses than in 2003, and increased revenues from dividends and from transactions involving short-term marketable securities.

### e) Extraordinary income / loss

The main items affecting the balance of the "Extraordinary Income/Loss" caption in the accompanying consolidated statement of income are indicated in Notes 2-c, 9 and 17-f above.

#### f) Labor force

The average number of employees at the companies in 2004 was as follows:

|                                                 |               |
|-------------------------------------------------|---------------|
| Managers and university graduate employees      | 2,781         |
| Other line personnel (junior college graduates) | 3,115         |
| Clerical and similar staff                      | 5,542         |
| Other salaried employees                        | 51,990        |
|                                                 | <b>63,428</b> |

Of the foregoing total, the headcount in the construction business was 10,561 employees, of whom 3,467 were permanent employees.

#### g) Consolidated income

The contribution of the main Group companies to the income attributable to the Parent Company, net of eliminations, adjustments and allocation of the amortization of consolidation goodwill, was as follows:

|                                                         |                |
|---------------------------------------------------------|----------------|
| Aqualia Gestión Integral del Agua, S.A.                 | 18,841         |
| Asesoría Financiera y de Gestión, S.A.                  | 7,927          |
| Cementos Alfa, S.A.                                     | 6,605          |
| Cementos Portland Valderrivas, S.A.                     | 53,144         |
| (Cemusa) Corporación Europea de Mobiliario Urbano, S.A. | 8,563          |
| Contratas y Ventas, S.A.                                | 8,907          |
| FCC Construcción, S.A.                                  | 62,709         |
| FCC Medio Ambiente, S.A.                                | 9,702          |
| Flightcare, S.L.                                        | 8,651          |
| Fomento de Construcciones y Contratas, S.A.             | 77,225         |
| General de Servicios ITV, S.A.                          | 5,733          |
| Ibérica de Servicios y Obras, S.A.                      | 6,044          |
| Realía Business, S.A.                                   | 56,701         |
| Other                                                   | 57,544         |
|                                                         | <b>388,297</b> |

## 23. ENVIRONMENTAL INFORMATION

As indicated in Note 3-t, the FCC Group's environmental policy is based not only on strict compliance with legislation in the area of environmental conservation and improvement, but also on the establishment of preventive planning and an environmental analysis of the various activities performed by the Group in order to minimize their impact on the surroundings. 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.

By their very nature, the 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 Services area requires the use of specialized structures, plant and machinery that are efficient in terms of environmental protection and conservation. As of December 31, 2004, the acquisition cost of the fixed assets assigned to production in the Services area totaled €1,645,883 thousand and the related accumulated depreciation amounted to €659,291 thousand. The provisions for landfill sealing and shutdown expenses totaled €15,551 thousand.

At year-end the Cementos Portland Valderrivas Group had fixed assets relating to environmental conservation and protection amounting to €46,733 thousand (net of depreciation).

The Construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimizes 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 the techniques involved in the environmental decision-making process. It has also implemented an "Environmental Behavior Code" which establishes the requirements for subcontractors and suppliers in the area of environmental conservation and protection.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement as of December 31, 2004, would not have a significant impact on the accompanying consolidated financial statements, which include provisions for contingencies and expenses to cover any environmental contingencies which may arise.

## 24. FEES PAID TO AUDITORS



The 2004 fees for financial audit services and for other professional services provided to the various Group and multigroup companies 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 are shown in the following table.

|                                           |       |              |
|-------------------------------------------|-------|--------------|
| <b>Fees for financial audit services:</b> |       | <b>2,782</b> |
| Principal auditor                         | 1,813 |              |
| Other auditors                            | 969   |              |
| <b>Fees for other services:</b>           |       | <b>1,002</b> |
| Principal auditor                         | 538   |              |
| Other auditors                            | 464   |              |
|                                           |       | <b>3,784</b> |

## 25. INFORMATION ON THE BOARD OF DIRECTORS



The compensation earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company or by any of the Group, multigroup or associated companies was as follows (in thousands of euros):

|                                 |              |
|---------------------------------|--------------|
| Bylaw-stipulated profit sharing | 2,230        |
| Salaries                        | 2,748        |
| Attendance fees                 | 66           |
| Other compensation              | 474          |
| <b>Total</b>                    | <b>5,518</b> |

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death and permanent occupational disability, and to retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. In 2004 no additional payment was made in this connection.

Except as indicated in the foregoing paragraphs, no other compensation, advances, loans or guarantees of any kind were granted to the directors, and there were no pension or life insurance obligations to former or current directors.

Following is a detail of the equity interests owned by the directors of Fomento de Construcciones y Contratas, S.A., or by persons representing them, in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of the FCC Group, and of the positions they hold and the functions they discharge thereat. This information was provided by the directors themselves.

| Director's name or corporate name       | Investee company                                     | Percentage of ownership | Position held or functions discharged |
|-----------------------------------------|------------------------------------------------------|-------------------------|---------------------------------------|
| D. Marcelino Oreja Aguirre              | Metrovacesa, S.A.                                    | <0.01                   |                                       |
| D <sup>a</sup> Alicia Alcocer Koplowitz | A.C.S. Actividades de Construcción y Servicios, S.A. | <0.01                   |                                       |
|                                         | Obrascon Huarte Lain, S.A.                           | <0.01                   |                                       |
| D. Pedro A. del Castillo Machado        | Eléctrica Maspalomas, S.A.                           | 7.46                    | Chairman and Chief Executive          |
|                                         | Elmasa Medio Ambiente, S.L.                          | 7.46                    | Officer Director                      |

The 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 corporate purpose of the Company.

In 2004 Elmasa Patrimonial, S.A. sold to Aqualia Gestión Integral del Agua, S.A. 51% of the capital stock of Gestión de Aguas del Norte, S.A. for €1 million. This transaction was authorized by resolution of the Board of Directors of Fomento de Construcciones, S.A. in conformity with Article 25.4 of the Board's Regulations. Pedro Agustín del Castillo, who together with his family owns the selling company, acts as representative of Ibersuizas Holdings, S.L., which in turn is a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

Except as indicated in the preceding paragraph, during the business year the 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 of the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on normal market conditions.

## 26. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated July 19, 2002, all companies governed by the laws of a European Union Member State and whose securities are listed on a regulated market of any EU Member State must present their consolidated financial statements for the years beginning on or after January 1, 2005, in accordance with the International Financial Reporting Standards (IFRSs) ratified by the European Union. In conformity with IFRS 1, for comparison purposes it will be necessary to include in the 2005 consolidated financial statements, the figures for 2004, also prepared in accordance with IFRSs.

In order to comply with the obligation imposed by Regulation (EC) no. 1606/2002 and the provisions of Law 62/2003, the FCC Group has established a plan for the transition to IFRSs that includes, inter alia, the following steps:

1. Analysis of the differences between the methods provided for in the National Chart of Accounts in force in Spain and in IFRSs, and of the effects that such differences might have on the calculation of the estimates required to prepare the financial statements.
2. Selection of the methods to be used in cases or areas for which IFRSs permit alternative treatment.
3. Adaptation of the internal and employee training standards.
4. Assessment, determination and implementation of the appropriate changes to or adaptations of the operating procedures and systems used for compiling and providing the information required in order to prepare the financial statements.
5. Assessment, determination and implementation of the changes that have to be made to the planning and organization of the process involved in the compilation of information and the conversion and consolidation of the information of Group and associated companies.
6. Preparation of the opening consolidated financial statements as of the transition date and of the quarterly financial statements for 2004, both in accordance with IFRSs.

The plan is currently being implemented and will finally be completed during 2005. The analysis performed, taking into account the alternatives being examined by Management, disclosed that the application of IFRSs will not foreseeably have a significant effect on the Group's net worth as of December 31, 2004. However, it is considered that in the future the most significant possible effects may result from the changes in the treatment of business combinations, the valuation of financial instruments, assets and liabilities, and the interpretations to be adopted by the IFRIC on the recording of administrative concessions.

In any case, the final determination of the possible impacts will be subject to the IFRSs and interpretations thereof (IFRIC) that are ultimately in force as of December 31, 2005.

## 27. CONSOLIDATED COST ACCOUNTING STATEMENTS OF INCOME



|                                                                            | 12.31.2004       |               | 12.31.2003       |               |
|----------------------------------------------------------------------------|------------------|---------------|------------------|---------------|
|                                                                            | Amount           | %             | Amount           | %             |
| Net sales                                                                  | 6,285,882        | 100.00        | 6,050,472        | 100.00        |
| + Other operating revenues                                                 | 85,186           | 1.36          | 73,523           | 1.22          |
| - Variation in finished goods and work-in-process inventories              | 21,272           | 0.34          | (8,020)          | (0.13)        |
| + Capitalized expenses of Group work on fixed assets                       | 50,917           | 0.81          | 70,618           | 1.17          |
| <b>Production value</b>                                                    | <b>6,400,713</b> | <b>101.83</b> | <b>6,202,633</b> | <b>102.51</b> |
| - Net purchases                                                            | 1,004,007        | 15.97         | 1,036,641        | 17.13         |
| - Variation in inventories of merchandise, materials and other consumables | 43,642           | 0.69          | (2,459)          | (0.04)        |
| - External and operating expenses                                          | 2,787,054        | 44.34         | 2,738,483        | 45.26         |
| - Personnel expenses                                                       | 1,714,741        | 27.28         | 1,625,850        | 26.87         |
| <b>Gross operating income</b>                                              | <b>851,269</b>   | <b>13.54</b>  | <b>804,118</b>   | <b>13.29</b>  |
| - Depreciation and amortization expense                                    | 281,260          | 4.47          | 263,729          | 4.36          |
| - Period provision to reversion reserve                                    | 5,656            | 0.09          | 5,045            | 0.08          |
| - Bad debts written off and variation in operating allowances              | 20,768           | 0.33          | 16,412           | 0.27          |
| <b>Net operating income</b>                                                | <b>543,585</b>   | <b>8.65</b>   | <b>518,932</b>   | <b>8.58</b>   |
| + Financial revenues                                                       | 65,529           | 1.04          | 64,796           | 1.07          |
| - Financial expenses                                                       | 86,804           | 1.38          | 104,801          | 1.73          |
| - Variations in investment valuation allowances                            | 7,570            | 0.12          | 5,332            | 0.09          |
| <b>Financial loss</b>                                                      | <b>(28,845)</b>  | <b>(0.46)</b> | <b>(45,337)</b>  | <b>(0.75)</b> |
| + Share in income of companies accounted for by the equity method          | 75,605           | 1.20          | 66,406           | 1.10          |
| - Amortization of consolidation goodwill                                   | 20,167           | 0.32          | 18,950           | 0.31          |
| <b>Income from ordinary activities</b>                                     | <b>570,178</b>   | <b>9.07</b>   | <b>521,051</b>   | <b>8.61</b>   |
| + Gains on fixed assets and extraordinary revenues                         | 78,048           | 1.24          | 118,964          | 1.97          |
| - Losses on fixed assets and extraordinary expenses                        | 44,570           | 0.71          | 122,106          | 2.02          |
| - Variation in tangible fixed asset and intangible asset allowances        | 364              | 0.01          | 21,637           | 0.36          |
| <b>Income before taxes</b>                                                 | <b>603,292</b>   | <b>9.60</b>   | <b>496,272</b>   | <b>8.20</b>   |
| - Corporate income tax                                                     | 159,072          | 2.53          | 126,278          | 2.09          |
| <b>Consolidated income for the year</b>                                    | <b>444,220</b>   | <b>7.07</b>   | <b>369,994</b>   | <b>6.12</b>   |
| - Income attributed to minority interests                                  | 55,923           | 0.89          | 61,415           | 1.02          |
| <b>Income for the year attributed to the parent company</b>                | <b>388,297</b>   | <b>6.18</b>   | <b>308,579</b>   | <b>5.10</b>   |

## 28. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH



These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

**EXHIBIT I. CONSOLIDABLE SUBSIDIARIES**

| Company                                                                                                                           | Net book values | %                                             | Nominal percentage of ownership and holder                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>■ CONSTRUCTION AREA</b>                                                                                                        |                 |                                               |                                                                                                                                                                                                                                             |
| FCC Construcción, S.A.<br>Balmes, 36. Barcelona (a)                                                                               | 275,551         | 99.99<br>0.01                                 | Fomento de Construcciones y Contratas, S.A.<br>Europea de Gestión, S.A. Sole-shareholder company                                                                                                                                            |
| Aremi Tecair, S.A.<br>Av. De les Corts Valencianes, 50. Valencia<br>-Air conditioning-                                            | 36              | 60.00                                         | Internacional Tecair, S.A.                                                                                                                                                                                                                  |
| Áridos de Melo, S.L.<br>Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)                                              | 60              | 99.99<br>0.01                                 | Ibervia Construcciones y Contratas, S.L.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                          |
| Auxiliar de Pipelines, S.A.<br>Ps. del Club Deportivo, 1. Pozuelo de Alarcón (Madrid) (e)                                         | 601             | 99.99<br>0.01                                 | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                                            |
| BBR Pretensados y Técnicas Especiales, S.L.<br>Retama, 5. Madrid                                                                  | 1,000           | 99.99<br>0.01                                 | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                                            |
| Binattec Al Maghreb, S.A.<br>213, Rond-Point de L'Europe. Casablanca (Morocco)                                                    | 88              | 99.40<br>0.10<br>0.10<br>0.10<br>0.10<br>0.10 | FCC Construction International B.V.<br>Contratas y Ventas, S.A.<br>Ibérica de Servicios y Obras, S.A.<br>Mantenimiento de Infraestructuras, S.A.<br>Megaplas, S.A.<br>Proyectos y Servicios, S.A.<br>Servicios y Procesos Ambientales, S.A. |
| Compañía Concesionaria del Túnel de Sóller, S.A.<br>Puerto Pi, 8. Palma de Mallorca (Balearic islands) (d)<br>-Concession-holder- | 8,735           | 56.53                                         | FCC Construcción, S.A.                                                                                                                                                                                                                      |
| Concesiones Viales de Costa Rica, S.A.<br>Av. 10 calles 33 y 35. San José (Costa Rica)                                            | –               | 100                                           | FCC Construcción, S.A.                                                                                                                                                                                                                      |
| Conservial, S.L.<br>Manuel Lasala, 36. Zaragoza                                                                                   | 276             | 99.99<br>0.01                                 | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                                              |
| Construcción y Filiales Mexicanas, S.A. de C.V.<br>Homero, 109. Colonia Chapultep-Morales. Mexico City (Mexico)                   | 180             | 99.98<br>0.01<br>0.01                         | FCC Construcción, S.A.<br>Proyectos y Servicios, S.A.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                             |
| Contratas y Ventas, S.A.<br>Asturias, 41. Oviedo (Asturias) (a)                                                                   | 1,516           | 99.99<br>0.01                                 | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                                            |
| Corporación M&S Internacional C.A., S.A.<br>Costa Rica (a)                                                                        | 9,601           | 50.00                                         | FCC Construcción, S.A.                                                                                                                                                                                                                      |
| Dezvoltare Infrastructura, S.A.<br>Strada Garboveni, 61. Bucharest (Rumania)                                                      | 5               | 51.03                                         | Sincler, S.A. Sole-shareholder company                                                                                                                                                                                                      |
| Dizara Inversión, S.L.<br>Avda. General Perón, 36. Madrid                                                                         | 6               | 99.98<br>0.02                                 | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                                            |
| Especialidades Eléctricas, S.A.<br>Acanto, 22. Madrid (b)<br>-Electrical installations-                                           | 10,953          | 99.99<br>0.01                                 | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                                                                                                                                                            |
| Espelsa-Luwat, S.A.<br>Acanto, 22. Madrid<br>-Electrical installations-                                                           | 36              | 60.00                                         | Especialidades Eléctricas, S.A.                                                                                                                                                                                                             |
| Eurman, S.A.<br>Valentín Beato, 24-26. Madrid<br>-Air conditioning-                                                               | 120             | 99.99<br>0.01                                 | Internacional Tecair, S.A.<br>Tack Inversiones, S.L. Sole-shareholder company                                                                                                                                                               |
| FCC Constructii Romania, S.A.<br>Str Sfantii Voievozi, 49. Bucharest (Rumania)                                                    | 50              | 96.00<br>1.00<br>1.00<br>1.00<br>1.00         | FCC Construction International B.V.<br>Dizara Inversión, S.A.<br>Nevasa Inversión, S.L.<br>Sincler, S.L. Sole-shareholder company<br>Tulsa Inversión, S.L.                                                                                  |

| Company                                                                                                                                                         | Net book values | %                     | Nominal percentage of ownership and holder                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-------------------------------------------------------------------------------------------------|
| FCC Construction International B.V.<br>Amsteldijk, 166 . Amsterdam (Netherlands)                                                                                | 4,190           | 99.76<br>0.24         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| FCC Construcción Puerto Rico Corp.<br>1225 Ponce de León Avenue. Santurce<br>San Juan de Puerto Rico (USA)                                                      | 1               | 100                   | FCC Construcción, S.A.                                                                          |
| Gavisa Portugal Montagens Eléctricas Lda.<br>Av. General Humberto Delgado, 1<br>Santa Comba Dao. Portugal                                                       | 10              | 97.00                 | Montajes Gavisa, S.A.                                                                           |
| Ibérica de Enclaves, S.A.<br>Arquitecto Gaudí, 4. Madrid                                                                                                        | 385             | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Ibérica de Servicios y Obras, S.A.<br>Federico Salmón, 13. Madrid (b)                                                                                           | 1,504           | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Ibervia Construcciones y Contratas, S.L.<br>Avda. General Perón, 36. Madrid                                                                                     | 20,006          | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Internacional Tecair, S.A.<br>Valentín Beato, 24-26. Madrid (b)<br>-Air conditioning-                                                                           | 4,196           | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Mantenimiento de Infraestructuras, S.A.<br>Avda. General Perón, 36. Madrid (b)                                                                                  | 3,602           | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Marcas Andaluzas, S.L.<br>Hilera, 10. Málaga                                                                                                                    | 246             | 99.98<br>0.02         | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                                  |
| Megaplas, S.A.<br>Hilanderas, 4-14. La Poveda. Arganda del Rey (Madrid) (b)                                                                                     | 2,642           | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Megaplas Italia, S.P.A.(*)<br>Vía Piamonte, 1. Borgaro (Italy)                                                                                                  | –               | 100                   | Megaplas, S.A.                                                                                  |
| Montajes Gavisa, S.A.<br>La Farga, 5-7 Pol. Ind. La Cerrería. Montcada i Reixac<br>(Barcelona) (b)                                                              | 7,176<br>14     | 99.98<br>0.02         | Contratas y Ventas, S.A.<br>Sincler, S.A. Sole-shareholder company                              |
| Motre, S.L.<br>Enginyer Algarra, 65. Pals (Girona)                                                                                                              | 2,519<br>1,431  | 63.77<br>36.23        | Servià Cantó, S.A.<br>Moviterra, S.A.                                                           |
| Moviterra, S.A.<br>Enginyer Algarra, 65. Pals (Girona) (e)                                                                                                      | 600             | 99.99<br>0.01         | Ibervia Construcciones y Contratas, S.L.<br>Sincler, S.A. Sole-shareholder company              |
| Naturaleza, Urbanismo y Medio Ambiente, S.A.<br>Autovía de Castilla N-620 Km 13. Simancas (Valladolid) (e)<br>-Development and maintenance of greenfield areas- | –               | 99.95<br>0.05         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Nevasa Inversión, S.L.<br>Avda. General Perón, 36. Madrid                                                                                                       | 6               | 99.98<br>0.02         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Norseñal, S.L.<br>Juan Flórez, 64. La Coruña                                                                                                                    | 31              | 99.99<br>0.01         | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                                  |
| Participaciones Teide, S.A.<br>Avda. General Perón, 36. Madrid<br>-Portfolio Company-                                                                           | 714             | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Pedra Les Gavarres, S.L.<br>Enginyer Algarra, 65. Pals (Girona)                                                                                                 | 6               | 99.98<br>0.02         | Ibervia Construcciones y Contratas, S.L.<br>Dizara Inversión, S.L.                              |
| Pinturas Jaque, S.L.<br>Pol. Ind. Oeste, Paraje Sangonera El Palmar. Murcia (b)                                                                                 | 704             | 99.99<br>0.01         | Mantenimiento de Infraestructuras, S.A.<br>Sincler, S.A. Sole-shareholder company               |
| Prefabricados Delta, S.A.<br>Arquitecto Gaudí, 4. Madrid (b)                                                                                                    | 16,914          | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Proyectos y Servicios, S.A.<br>Torregalindo, 1. Madrid (b)<br>-Engineering-                                                                                     | 522             | 99.99<br>0.01         | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                                |
| Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Rua Central Park, 2. Linda a Velha (Portugal) (a)                                                        | 6,645           | 99.98<br>0.01<br>0.01 | FCC Construcción, S.A.<br>Participaciones Teide, S.A.<br>Sincler, S.A. Sole-shareholder company |

| Company                                                                                            | Net book values | %              | Nominal percentage of ownership and holder                                         |
|----------------------------------------------------------------------------------------------------|-----------------|----------------|------------------------------------------------------------------------------------|
| Reparalia, S.A.<br>Parque Empresarial Cerro de los Gamos, 1<br>Pozuelo de Alarcón. Madrid (b)      | –               | 99.99<br>0.01  | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                   |
| Señalizaciones de Vías Públicas, S.L.<br>Avda. de Barber, 2. Toledo                                | 182             | 99.98<br>0.02  | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                     |
| Señalizaciones Levante, S.L.<br>Itálica, 25. Alicante                                              | 228             | 99.98<br>0.02  | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                     |
| Servià Cantó, S.A.<br>Enginyer Algarra, 65. Pals (Girona) (e)                                      | 2,400           | 99.98<br>0.02  | Ibervia Construcciones y Contratas, S.L.<br>Sincler, S.A. Sole-shareholder company |
| Servicios y Procesos Ambientales, S.A.<br>Avda. General Perón, 36. Madrid (c)                      | 1,108           | 99.99<br>0.01  | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                   |
| Sincler, S.A. Sole-shareholder company<br>Federico Salmón, 13. Madrid                              | 53              | 100            | FCC Construcción, S.A.                                                             |
| Tulsa Inversión, S.L.<br>Avda. General Perón, 36. Madrid                                           | 6               | 99.98<br>0.02  | FCC Construcción, S.A.<br>Sincler, S.A. Sole-shareholder company                   |
| Viales de Andalucía, S.L.<br>Avda. Kansas City, 9. Seville                                         | 313             | 99.98<br>0.02  | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                     |
| Valia Sociedad Gestora de Concesiones de Infraestructuras, S.L.<br>Avda. General Perón, 36. Madrid | 3<br>3          | 50.00<br>50.00 | FCC Construcción, S.A.<br>Ibervia Construcciones y Contratas, S.L.                 |
| Xequevia Sinalizaçao de Vias de Comunicaçao, Ltda.<br>Quinta da Mata-Sete-Casa. Loures (Portugal)  | –               | 80.00<br>20.00 | Pinturas Jaque, S.L.<br>Sincler, S.A. Sole-shareholder company                     |

## ■ SERVICES AREA

|                                                                                                                               |                         |                                       |                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FCC Medio Ambiente, S.A.<br>Federico Salmón, 13. Madrid (a)                                                                   | 35,102<br>442           | 98.98<br>1.02                         | Fomento de Construcciones y Contratas, S.A.<br>Corporación Financiera Hispánica, S.A.                                                                                                |
| ■■■■ Urban cleaning                                                                                                           |                         |                                       |                                                                                                                                                                                      |
| AEBA, Ambiente y Ecología de Buenos Aires, S.A.<br>Tucumán, 1321. 3°. Buenos Aires (Argentina)                                | 148                     | 50.00<br>5.00                         | Fomento de Construcciones y Contratas, S.A.<br>AESA, Aseo y Ecología, S.A                                                                                                            |
| Alfonso Benítez, S.A.<br>Federico Salmón, 13. Madrid (a)                                                                      | 374                     | 99.95<br>0.05                         | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                                               |
| Castellana de Servicios, S.A.<br>Federico Salmón, 13. Madrid (a)                                                              | 62                      | 99.98<br>0.02                         | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                                               |
| Compañía Catalana de Servicios, S.A.<br>Balmes, 36. Barcelona (b)                                                             | 29                      | 99.98<br>0.02                         | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                                               |
| Corporación Inmobiliaria Ibérica, S.A.<br>Ulises, 18. Madrid                                                                  | 6,442                   | 99.99<br>0.01                         | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                                               |
| Egypt Environmental Services, S.A.E.<br>El Cairo. Egypt                                                                       | 1,637<br>17<br>17<br>80 | 97.00<br>1.00<br>1.00<br>1.00         | Fomento de Construcciones y Contratas, S.A.<br>FCC Medio Ambiente, S.A.<br>Alfonso Benítez, S.A.<br>International Services Inc., S.A. Sole-shareholder company                       |
| Empresa Comarcal de Serveis Mediambientals del Baix Penedès<br>ECOBP, S.L.<br>Pza. del Centre, 3. El Vendrell (Tarragona) (e) | 204                     | 80.00                                 | Fomento de Construcciones y Contratas, S.A.                                                                                                                                          |
| Focsa Services, U.K. Ltd.<br>Brook House. Oldham Road-Middleton. Manchester<br>(United Kingdom)                               | 1,161                   | 100                                   | FCC Medio Ambiente, S.A.                                                                                                                                                             |
| Focsa Serviços de Saneamento Urbano de Portugal, S.A.<br>Rua Castilho, 75-1°. Lisbon (Portugal)                               | 641                     | 99.96<br>0.01<br>0.01<br>0.01<br>0.01 | FCC Medio Ambiente, S.A.<br>Alfonso Benítez, S.A.<br>FCC International, B.V.<br>International Services Inc., S.A. Sole-shareholder company<br>Servicios Especiales de Limpieza, S.A. |

| Company                                                                                                      | Net book values     | %                             | Nominal percentage of ownership and holder                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Giza Environmental Services, S.A.E.<br>El Cairo. Egypt                                                       | 225<br>2<br>2<br>78 | 97.00<br>1.00<br>1.00<br>1.00 | Fomento de Construcciones y Contratas, S.A.<br>FCC Medio Ambiente, S.A.<br>Alfonso Benítez, S.A.<br>International Services Inc., S.A. Sole-shareholder company |
| International Services Inc., S.A. Sole-shareholder company<br>Arquitecto Gaudí, 4. Madrid                    | 60                  | 100                           | FCC Medio Ambiente, S.A.                                                                                                                                       |
| Jaume Oro, S.L.<br>Avda. de Les Garrigues, 15. Bellpuig (Lleida) (e)                                         | 840<br>9            | 99.00<br>1.00                 | Compañía Catalana de Servicios, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                             |
| Limpieza e Higiene de Cartagena, S.A.<br>Sor Francisca Armendáriz, 6. Cartagena (Murcia) (a)                 | 270                 | 90.00                         | FCC Medio Ambiente, S.A.                                                                                                                                       |
| Limpiezas Urbanas de Mallorca, S.A.<br>Fusters, 18. Polígono Industrial. Manacor (Balearic islands) (e)      | 5,209               | 99.92<br>0.08                 | Fomento de Construcciones y Contratas, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                      |
| Municipal de Serveis, S.A.<br>Joan Torrà i Cabrosa, 7. Girona (e)                                            | 96                  | 80.00                         | FCC Medio Ambiente, S.A.                                                                                                                                       |
| Onyx Gibraltar, Ltd.<br>2° Floor, Imossi House, 1/5 Irish Town. Gibraltar<br>(United Kingdom)                | 4                   | 100                           | FCC Medio Ambiente, S.A.                                                                                                                                       |
| Recollida i Neteja Oro-Vila, S.L.<br>Avda. de Las Garrigas, 15. Bellpuig (Lleida) (e)                        | 173<br>1            | 99.90<br>0.10                 | Compañía Catalana de Servicios, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                             |
| Saneamiento y Servicios, S.A.<br>Ronda Vigilancia, s/n. Cádiz (a)                                            | 63                  | 99.98<br>0.02                 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                         |
| Serveis d'Escombreries i Neteja, S.A.<br>Pardinyes Altes, 13. Lleida (a)                                     | 21                  | 99.94<br>0.06                 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                         |
| Servicios de Levante, S.A.<br>Ctra. de Valencia, Km 3. Castellón de la Plana (a)                             | 63                  | 99.98<br>0.02                 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                         |
| Servicios Especiales de Limpieza, S.A.<br>Federico Salmón, 13. Madrid (a)                                    | 202                 | 99.99<br>0.01                 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                         |
| Telford & Wrekin Services, Ltd.<br>Granville House, St. Georges Road. Donnington Wood<br>(United Kingdom)    | 11                  | 100                           | Focsa Services, U.K. Ltd.                                                                                                                                      |
| Valorización y Tratamiento de Residuos, S.A.<br>Alameda de Mazarredo, 15-4° A. Bilbao (Vizcaya) (e)          | 6,927               | 99.00<br>1.00                 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                                                                         |
| <b>■■■■ Water treatment and distribution</b>                                                                 |                     |                               |                                                                                                                                                                |
| Abastecimientos y Saneamientos del Norte, S.A.<br>Sole-shareholder company<br>Uruguay, 11. Vigo (Pontevedra) | 601                 | 100                           | Aqualia Gestión Integral del Agua, S.A.                                                                                                                        |
| Adobs Orgànics, S.L.<br>Sant Benet, 21. Manresa (Barcelona)                                                  | 22                  | 60.00                         | Aqualia Gestión Integral del Agua, S.A.                                                                                                                        |
| Aguas Jaén, S.A.<br>Plaza de los Jardinillos, 6. Jaén (a)                                                    | 1,118               | 60.00                         | Aqualia Gestión Integral del Agua, S.A.                                                                                                                        |
| Aguas Torrelavega, S.A.<br>La Viña, 4. Torrelavega (Cantabria) (e)                                           | 307                 | 51.00                         | Aqualia Gestión Integral del Agua, S.A.                                                                                                                        |
| Aigües de l'Alt Empordà, S.A. (ADAMSA)<br>Lluís Companys, 43. Roses (Girona)                                 | 31                  | 51.40                         | Aqualia Gestión Integral del Agua, S.A.                                                                                                                        |
| Aqua Campiña, S.A.<br>Avda. Blas Infante, 6. Écija (Seville) (e)                                             | 541                 | 90.00                         | Aqualia Gestión Integral del Agua, S.A.                                                                                                                        |
| Aqualia Gestión Integral del Agua, S.A.<br>Federico Salmón, 13. Madrid (c)                                   | 254,768             | 99.99<br>0.01                 | Fomento de Construcciones y Contratas, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company                                           |
| Colaboración, Gestión y Asistencia, S.A.<br>Federico Salmón, 13. Madrid (e)                                  | 326                 | 99.99<br>0.01                 | Aqualia Gestión Integral del Agua, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company                                               |

| Company                                                                                                                                     | Net book values | %             | Nominal percentage of ownership and holder                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|------------------------------------------------------------------------------------------------------------------|
| Compañía Onubense de Aguas, S.A.<br>Avda. Martín Alonso Pinzón, 8. Huelva                                                                   | 27              | 60.00         | Aqualia Gestión Integral del Agua, S.A.                                                                          |
| Conservación de Infraestructuras Urbanas, S.A.<br>Federico Salmón, 13. Madrid (e)                                                           | 300             | 99.99<br>0.01 | Aqualia Gestión Integral del Agua, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company |
| Empresa Mixta de Conservación de la Estación Depuradora<br>de Aguas Residuales de Butarque, S.A.<br>Princesa, 3. Madrid                     | –               | 70.00         | Aqualia Gestión Integral del Agua, S.A.                                                                          |
| F.S. Colaboración y Asistencia, S.A.<br>Ulises, 18 Edificio H. Madrid (e)                                                                   | 273             | 65.00         | Colaboración, Gestión y Asistencia, S.A.                                                                         |
| Gestión de Aguas del Norte, S.A.<br>Av. de Tirajana, 39. San Bartolomé de Tirajana (Las Palmas)                                             | 1,000           | 51.00         | Aqualia Gestión Integral del Agua, S.A.                                                                          |
| Graver Española, S.A. Sole-shareholder company<br>Epalza, 8. Bilbao (Vizcaya)                                                               | 2,073           | 100           | Aqualia Gestión Integral del Agua, S.A.                                                                          |
| Inversora Riutort, S.L.<br>Alfonso XIII. Sabadell (Barcelona)                                                                               | 1               | 90.00         | Aqualia Gestión Integral del Agua, S.A.                                                                          |
| Sociedad Ibérica del Agua, S.I.A., S.A. Sole-shareholder company<br>Federico Salmón, 13. Madrid                                             | 57              | 100           | Aqualia Gestión Integral del Agua, S.A.                                                                          |
| Tratamiento Industrial de Aguas, S.A.<br>Federico Salmón, 13. Madrid (e)                                                                    | 652             | 99.99<br>0.01 | Aqualia Gestión Integral del Agua, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company |
| <b>■■■■ Waste treatment</b>                                                                                                                 |                 |               |                                                                                                                  |
| Aecosol, S.L.<br>Común de las Eras-Fustiñana (Navarra)                                                                                      | 156             | 99.99<br>0.01 | Ekonor, S.A.<br>FCC Medio Ambiente, S.A.                                                                         |
| Azuser, S.L.<br>Camí de la Rambla, 12. Onda (Castellón de la Plana)                                                                         | 2,383           | 99.95<br>0.05 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                           |
| Baltecma, Gestión de Residuos Industriales, S.L.<br>Conradors, parc. 34 P.I. Marratxi. Mallorca (Balearic islands)                          | 46              | 70.00         | Ekonor, S.A.                                                                                                     |
| Bistibieta, S.L.<br>Trinidad, 9. Algorta (Vizcaya)                                                                                          | 1,460<br>77     | 95.00<br>5.00 | Ekonor, S.A.<br>FCC Medio Ambiente, S.A.                                                                         |
| Compañía de Control de Residuos, S.L.<br>Peña Redonda, 27. Pol. Silvota. Llanera (Asturias)                                                 | 551             | 64.00         | Ekonor, S.A.                                                                                                     |
| Ecoactiva de Medio Ambiente, S.A. Sole-shareholder company (**)<br>Cr. Puebla Albortón a Zaragoza Km 25. Zaragoza                           | 2,904           | 100           | FCC Medio Ambiente, S.A.                                                                                         |
| Ecodeal-Gestao Integral de Residuos Industriais, S.A.<br>Rua General Pimenta de Castro, 14. Lisbon (Portugal)                               | 76              | 54.99<br>0.01 | FCC Medio Ambiente, S.A.<br>T.P.A. Técnicas de Protección Ambiental, S.A.                                        |
| Ecogenesis Societe Anonime Rendering of Cleansing<br>and Waste Management Services<br>Municipalidad de Atenas. Prefectura de Atica (Greece) |                 | 51.00         | FCC Medio Ambiente, S.A.                                                                                         |
| Ekonor, S.A.<br>Larras de San Juan. Iruña de Oca (Álava) (b)                                                                                | 53,511          | 99.99<br>0.01 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                           |
| Equipos de Protección Ambiental, S.L.<br>Trinidad, 9. Algorta (Vizcaya)                                                                     | 31              | 99.98<br>0.02 | Ekonor, S.A.<br>FCC Medio ambiente, S.A.                                                                         |
| Fepanor, S.L.<br>Ctra. Andalucía, Km 56. Ocaña (Toledo)                                                                                     | –               | 78.00         | Ekonor, S.A.                                                                                                     |
| Gamasur Campo de Gibraltar, S.L.<br>Pz. de la Iglesia, 1. Los Barrios (Cádiz)                                                               | 1,853           | 85.00         | Gestiones Medioambientales del Sur, S.L.                                                                         |
| Gestió i Recuperació de Terrenys, S.A.<br>Paratge Vacamorta. Cruïlles (Girona)                                                              | 15,897          | 100           | Recuperació de Pedreres, S.L.                                                                                    |
| Gestiones Medioambientales del Sur, S.L.<br>Polígono Industrial Las Quemadas, parc. 271. Córdoba (b)                                        | 1,688           | 99.50         | Ekonor, S.A.                                                                                                     |

| Company                                                                                                                             | Net book values | %             | Nominal percentage of ownership and holder                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|-----------------------------------------------------------------------------------------------------------|
| Hidrocen, S.L.<br>Camino del Valle, 12. Arganda del Rey (Madrid) (b)                                                                | 2,019           | 99.99<br>0.01 | Ekonor, S.A.<br>FCC Medio Ambiente, S.A.                                                                  |
| Ingetma, S.A.<br>Juan Bautista Zabala, 12. Guecho (Vizcaya)<br>-In liquidation-                                                     | 170             | 75.00         | T.P.A., Técnicas de Protección Ambiental, S.A.                                                            |
| Innovación y Gestión Medioambiental, S.A.<br>Camí de la Rambla. Onda (Castellón de la Plana)                                        | 825             | 99.33         | Ekonor, S.A.                                                                                              |
| Ipodec Riscop, S.A. Sole-shareholder company<br>Ctra. Sabadell a Mollet, Km 1 Molí d'en Gall.<br>Barberà del Vallès (Barcelona) (b) | 1,556           | 100           | FCC Medio Ambiente, S.A.                                                                                  |
| Jaime Franquesa, S.A.<br>Pol. Ind. Zona Franca Sector B Calle D49 (Barcelona)                                                       | 18,515          | 99.99<br>0.01 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                    |
| Ligete, S.L.<br>Trinidad, 9. Algorta (Vizcaya)                                                                                      | 691             | 99.98<br>0.02 | Ekonor, S.A.<br>FCC Medio Ambiente, S.A.                                                                  |
| Limpiezas Industriales Alfus, S.A.<br>Barrio Ibarra, 20. Bedia (Vizcaya) (e)                                                        | 11,271          | 70.00         | FCC Medio Ambiente, S.A.                                                                                  |
| Lizarreka, S.L.<br>Bº Elbarrena. Aduna (Guipúzcoa)                                                                                  | 4               | 99.97<br>0.03 | Ekonor, S.A.<br>FCC Medio Ambiente, S.A.                                                                  |
| Recitermia, S.A.<br>Cr. Andalucía Km 12. Políg. Indus. "Los Olivos".<br>Getafe. (Madrid)                                            | 1,031           | 100           | T.P.A., Técnicas de Protección Ambiental, S.A.                                                            |
| Recuperació de Pedreres, S.L.<br>Paratge Vacamorta. Cruïlles (Girona) (b)                                                           | 13,162          | 80.00         | FCC Medio Ambiente, S.A.                                                                                  |
| Técnicas de Descontaminación, S.A.<br>Polígono Guarnizo, parcela 97. El Astillero (Cantabria)                                       | 1,503           | 99.99<br>0.01 | Limpiezas Industriales Alfus, S.A.<br>FCC Medio Ambiente, S.A.                                            |
| Tratamiento y Reciclado Integral de Ocaña, S.A.<br>Federico Salmón, 13. Madrid                                                      | 57              | 99.90<br>0.10 | FCC Medio Ambiente, S.A.<br>T.P.A. Técnicas de Protección Ambiental, S.A.                                 |
| Tratamientos y Recuperaciones Industriales, S.A.<br>Angli, 31. Barcelona (b)                                                        | 21,455<br>14    | 74.92<br>0.08 | Fomento de Construcciones y Contratas, S.A.<br>International Services Inc., S.A. Sole-shareholder company |
| T.P.A. Fugro, S.A.<br>Federico Salmón, 13. Madrid                                                                                   | 214             | 60.00         | T.P.A., Técnicas de Protección Ambiental, S.A.                                                            |
| T.P.A., Técnicas de Protección Ambiental, S.A.<br>Federico Salmón, 13. Madrid (b)                                                   | 4,904           | 99.99<br>0.01 | FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company                    |

#### ■ VERSIA

|                                                                                                                              |        |               |                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------|--------|---------------|--------------------------------------------------------------------------------------------------|
| FCC Versia, S.A.<br>Federico Salmón, 13. Madrid (a)                                                                          | 62,624 | 99.99<br>0.01 | Fomento de Construcciones y Contratas, S.A.<br>Europea de Gestión, S.A. Sole-shareholder company |
| Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company<br>Federico Salmón, 13. Madrid (b)<br>-Portfolio Company- | 300    | 100           | FCC Versia, S.A.                                                                                 |

#### ■■■■ Logistics

|                                                                                                                                   |            |                |                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------|------------|----------------|---------------------------------------------------------------------------------------------------------|
| Aitena Portugal, Almacenage<br>Transporte e Distribuição de Mercaderias, S.A.<br>Cr. Nacional 1, km 33,4. Alenquer (Portugal) (e) | 1,754      | 99.99          | Aitena, Sociedad Anónima Inmobiliaria y de Transportes                                                  |
| Aitena, Sociedad Anónima Inmobiliaria y de Transportes<br>Avda. Fuentesmar, 19. Coslada (Madrid) (a)                              | 8,551      | 100            | Grucycsa, S.A.                                                                                          |
| Logística Navarra, S.A.<br>C/E Polígono Arazuri Orcoyen Parc 3.8. Pamplona<br>(Navarra) (a)                                       | 4,520      | 99.99<br>0.01  | Grucycsa, S.A.<br>T.A.C.K. Inversiones, S.L. Sole-shareholder company                                   |
| LNP-Logística, Lda.<br>Estrada Nacional nº 3 km 5,7<br>Vila Nova da Rainha. Azambuja (Portugal) (e)                               | 900<br>100 | 90.00<br>10.00 | Logística Navarra, S.A.<br>Aitena Portugal Almacenage Transporte e Distribuição<br>de Mercaderias, S.A. |

| Company                                                                                                             | Net book values | %                             | Nominal percentage of ownership and holder                                                                                      |
|---------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>■■■■ Street furniture</b>                                                                                        |                 |                               |                                                                                                                                 |
| Beta de Administración, S.A.<br>Federico Salmón, 13. Madrid (b)                                                     | 7,302           | 99.99<br>0.01                 | FCC Versia, S.A.<br>Aragonesa de Servicios I.T.V., S.A.                                                                         |
| Camusa Corporación Americana de Mobiliario Urbano, S.A.<br>Arenales, 1123. Buenos Aires (Argentina)                 | 4               | 99.00<br>1.00                 | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>General de Servicios, I.T.V., S.A.                                    |
| Cemusa Amazonia, S.A.<br>Rua Comendador Clementino, 566<br>Manaus. Estado do Amazonas (Brazil) (b)                  | 853             | 100                           | Cemusa Do Brasil Ltda.                                                                                                          |
| Cemusa Brasília, S.A.<br>SAA/Norte Quadra, 02,25. Brasília (Brasília DF. Brazil) (b)                                | 1,734           | 100                           | Cemusa Do Brasil Ltda.                                                                                                          |
| Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>Francisco Sancha, 24. Madrid (b)                          | 51,502          | 99.99<br>0.01                 | FCC Versia, S.A.<br>Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company                                          |
| Cemusa Do Brasil Ltda.<br>Rua Funchal, 263. Sao Paolo (Brazil) (b)                                                  | 7,837           | 99.99<br>0.01                 | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company    |
| Cemusa Inc.<br>City of Dover. County Kent. Delaware (USA)                                                           | 5               | 100                           | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.                                                                          |
| Cemusa Italia, S.R.L.<br>Via Vincenzo Monti, 8. Milan (Italy)                                                       | 10              | 99.95<br>0.05                 | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company |
| Cemusa Miami, Ltd.<br>Florida. USA                                                                                  | 4,427           | 79.00<br>21.00                | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>Cemusa Inc..                                                          |
| Cemusa Portugal, Companhia de Mobiliario Urbano<br>e Publicidade, S.A.<br>Avda. de Pádua, 14. Lisbon (Portugal) (b) | 7,569           | 100                           | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.                                                                          |
| Cemusa Rio, S.A.<br>Avda. Atlántica, 1130. Copacabana. Río de Janeiro (Brazil) (b)                                  | 6,666<br>345    | 95.00<br>5.00                 | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>Cemusa Do Brasil, Ltda.                                               |
| Cemusa Salvador, S.A.<br>Rua Dr. Altino Teixeira, 302. Loteamento Porto Seco Piraja.<br>Salvador Bahía (Brazil) (b) | —               | 60.00<br>5.00                 | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.<br>Cemusa Do Brasil, Ltda.                                               |
| Cemusa San Antonio, Ltd.<br>645 N. Michigan Ave Ste. 800 Chicago. Illinois (USA)                                    | 206             | 99.00<br>1.00                 | Cemusa Texas, LLC.<br>Cemusa San Antonio GP, LLC.                                                                               |
| Cemusa San Antonio GP, LLC.<br>645 N. Michigan Ave Ste. 800 Chicago. Illinois (USA)                                 | 65              | 100                           | Cemusa Inc.                                                                                                                     |
| Cemusa Texas, LLC.<br>645 N. Michigan Ave Ste. 800 Chicago. Illinois (USA)                                          | 215             | 100                           | Cemusa Inc.                                                                                                                     |
| Servicios de Publicidad Urbanos, S.A.<br>Atenas, Nave 46 Pol. Ind. San Luís. Málaga                                 | 451             | 75.00                         | Cemusa, Corporación Europea de Mobiliario Urbano, S.A.                                                                          |
| Zona Verde Promoção e Marketing Lim.<br>R. Cândido dos Reis, 90. Vera Cruz (Portugal)                               | 1,027           | 100                           | Cemusa Portugal, Companhia de Mobiliario Urbano e<br>Publicidade, S.A.                                                          |
| <b>■■■■ Parking lots and traffic services</b>                                                                       |                 |                               |                                                                                                                                 |
| Aparcamientos Concertados, S.A.<br>Arquitecto Gaudí, 4. Madrid (a)                                                  | 1,188           | 99.99<br>0.01                 | Estacionamientos y Servicios, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company                     |
| Casa Park, S.A.<br>27 Rue Bapaume. Casablanca (Morocco)                                                             | 48              | 97.87<br>0.01<br>0.01<br>0.01 | Estacionamientos y Servicios, S.A.<br>Aparcamientos Concertados, S.A.<br>FCC Versia, S.A.<br>Beta de Administración, S.A.       |
| Casa Park Moulay Youseff, S.A.R.L.<br>27 Rue Bapaume. Casablanca (Morocco)                                          | —               | 99.90                         | Estacionamientos y Servicios, S.A.                                                                                              |
| Conservación y Sistemas, S.A.<br>Federico Salmón, 13. Madrid (a)                                                    | 301             | 99.99<br>0.01                 | C.G.T. Corporación General de Transportes, S.A.<br>Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company           |

| Company                                                                                                         | Net book values   | %                       | Nominal percentage of ownership and holder                                                                                |
|-----------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Empresa Mixta de Tráfico de Gijón, S.A.<br>P. Ind. Promosa Nave 27. El Plano- Tremañes. Gijón<br>(Asturias) (a) | 513               | 60.00                   | Estacionamientos y Servicios, S.A.                                                                                        |
| Estacionamientos y Servicios, S.A.<br>Federico Salmón, 13. Madrid (a)                                           | 34,760            | 99.99<br>0.01           | FCC Versia, S.A.<br>Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company                                    |
| <b>■■■■ Passenger handling and transport</b>                                                                    |                   |                         |                                                                                                                           |
| Belgian Ground Services, S.A.<br>Avenue Louise, 149. Ixelles (Brussels). Belgium (a)                            | 15,000            | 99.99<br>0.01           | Flightcare, S.L.<br>Beta de Administración, S.A.                                                                          |
| C.G.T. Corporación General de Transportes, S.A.<br>Federico Salmón, 13. Madrid (a)                              | 13,373            | 99.99<br>0.01           | FCC Versia, S.A.<br>Industrial de Limpiezas y Servicios, S.A.<br>Sole-shareholder company                                 |
| Flightcare, S.L.<br>Federico Salmón, 13. Madrid (a)                                                             | 22,535            | 99.99<br>0.01           | FCC Versia, S.A.<br>Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company                                    |
| <b>■■■■ Vehicle roadworthiness testing</b>                                                                      |                   |                         |                                                                                                                           |
| Aragonesa de Servicios I.T.V., S.A.<br>Federico Salmón, 13. Madrid (e)                                          | 3,133             | 99.99<br>0.01           | General de Servicios I.T.V., S.A.<br>I.T.V. Insular, S.A.                                                                 |
| Argam, S.A.<br>Galileo, 2446. Buenos Aires (Argentina)                                                          | 121               | 99.99<br>0.01           | I.T.V. Insular, S.A.<br>Beta de Administración, S.A.                                                                      |
| Concesionaria Zona 5, S.A.<br>C/7 Número 374. La Plata. Buenos Aires (Argentina)                                | 532               | 50.00<br>50.00          | C.T.V., S.A.<br>General de Servicios I.T.V., S.A.                                                                         |
| C.T.V., S.A.<br>Coronel Esteban Bonorino, 277. Buenos Aires (Argentina)                                         | 177               | 99.99<br>0.01           | General de Servicios I.T.V., S.A.<br>Beta de Administración, S.A.                                                         |
| Ecovec, S.A.<br>Coronel Esteban Bonorino, 271. Buenos Aires (Argentina)                                         | 600               | 99.99<br>0.01           | I.T.V. Insular, S.A.<br>Beta de Administración, S.A.                                                                      |
| General de Servicios I.T.V., S.A.<br>Federico Salmón, 13. Madrid (e)                                            | 9,188             | 99.99<br>0.01           | Beta de Administración, S.A.<br>Aragonesa de Servicios I.T.V., S.A.                                                       |
| Geral I.S.V. Brasil Ltda.<br>Av. Rio Branco, 131, 10º Andar Parte Centro<br>Río de Janeiro (Brazil)             | 69                | 99.99<br>0.01           | FCC International, B.V.<br>Aragonesa de Servicios I.T.V., S.A.                                                            |
| I.T.V., S.A.<br>Luzuriaga, 345. Buenos Aires (Argentina)                                                        | 146               | 99.00<br>1.00           | General de Servicios I.T.V., S.A.<br>I.T.V. Insular, S.A.                                                                 |
| I.T.V. Insular, S.A.<br>Federico Salmón, 13. Madrid (e)                                                         | 6,512             | 99.99<br>0.01           | General de Servicios I.T.V., S.A.<br>Aragonesa de Servicios I.T.V., S.A.                                                  |
| Verauto La Plata, S.A.<br>Avda. Belgrano, 634. Buenos Aires (Argentina)                                         | 572<br>171<br>114 | 50.00<br>37.50<br>10.00 | Ecovec, S.A.<br>I.T.V. Insular, S.A.<br>Argam, S.A.                                                                       |
| VTV Verificaciones Técnicas Vehiculares de Argentina, S.A.<br>San Martín, 140. Buenos Aires (Argentina)         | 303               | 99.95<br>0.05           | Aragonesa de Servicios I.T.V., S.A.<br>Industrial de Limpieza y Servicios, S.A. Sole-shareholder company                  |
| <b>■ CEMENT AREA</b>                                                                                            |                   |                         |                                                                                                                           |
| Cementos Portland Valderrivas, S.A.<br>Estella, 6. Pamplona (Navarra) (a)                                       | 175,953<br>571    | 58.70<br>0.06           | Fomento de Construcciones y Contratas, S.A.<br>Compañía Auxiliar de Agencia y Mediación, S.A.<br>Sole-shareholder company |
|                                                                                                                 | 7                 | 0.01                    | Participaciones Estella 6, S.L. Sole-shareholder company                                                                  |
|                                                                                                                 | 3                 | 0.01                    | Hormigones y Morteros Preparados, S.A.<br>Sole-shareholder company                                                        |
|                                                                                                                 | 2                 | 0.01                    | Compañía Gral. de Servicios Empresariales, S.A.<br>Sole-shareholder company                                               |
|                                                                                                                 | 2                 | 0.01                    | Corporación Española de Servicios, S.A.                                                                                   |
|                                                                                                                 | 2                 | 0.01                    | Corporación Financiera Hispánica, S.A.                                                                                    |
|                                                                                                                 | 2                 | 0.01                    | Europea de Gestión, S.A. Sole-shareholder company                                                                         |

| Company                                                                                                                              | Net book values | %                     | Nominal percentage of ownership and holder                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Almacenes, Tránsitos y Reexpediciones, S.A.<br>Sole-shareholder company<br>Calderón de la Barca, 4. Santander (Cantabria)            | 1,164           | 100                   | Cementrade, S.A. Sole-shareholder company                                                                                                                                    |
| Áridos Andújar, S.L. Sole-shareholder company<br>Cr. de los Villares Km 7,5. Andújar (Jaén)                                          | 7,043           | 100                   | Áridos y Premezclados, S.A. Sole-shareholder company                                                                                                                         |
| Áridos de Navarra, S.A.<br>Estella, 6. Pamplona (Navarra)                                                                            | 1               | 66.00                 | Hormigones Arkaitza, S.A. Sole-shareholder company                                                                                                                           |
| Áridos y Premezclados, S.A. Sole-shareholder company<br>José Abascal, 59. Madrid (a)                                                 | 25,437          | 100                   | Cementos Portland Valderrivas, S.A.                                                                                                                                          |
| Atracem, S.A. Sole-shareholder company<br>José Abascal, 59. Madrid (a)<br>-Goods transportation and sale of construction materials-  | 1,000           | 100                   | Cementos Portland Valderrivas, S.A.                                                                                                                                          |
| Cántabra Industrial y Minera, S.A. Sole-shareholder company<br>Calderón de la Barca, 4. Santander (Cantabria)                        | 542             | 100                   | Cementos Alfa, S.A.                                                                                                                                                          |
| Canteras de Aláiz, S.A.<br>Estella, 6. Pamplona (Navarra) (c)                                                                        | 14,237          | 70.02                 | Cementos Portland Valderrivas, S.A.                                                                                                                                          |
| Canteras del Pirineo Occidental, S.A.<br>Estella, 6. Pamplona (Navarra)                                                              | 1,159           | 60.00<br>40.00        | Cementos Portland Valderrivas, S.A.<br>Cementos Lemona, S.A.                                                                                                                 |
| Canteras Villallano, S.L.<br>Poblado de Villallano. Palencia                                                                         | 3,481           | 100                   | Cementos Alfa, S.A.                                                                                                                                                          |
| Cemensilos, S.A.<br>Calderón de la Barca, 4. Santander (Cantabria)<br>-Wholesale of construction materials-                          | 674             | 100                   | Cementos Alfa, S.A.                                                                                                                                                          |
| Cementos Alfa, S.A.<br>Calderón de la Barca, 4. Santander (Cantabria) (b)                                                            | 26,403          | 76.56<br>0.01<br>0.01 | Cementos Portland Valderrivas, S.A.<br>Compañía Auxiliar de Bombeo de Hormigón, S.A.<br>Sole-shareholder company<br>Participaciones Estella 6, S.L. Sole-shareholder company |
| Cementrade, S.A. Sole-shareholder company<br>Calderón de la Barca, 4. Santander (Cantabria)<br>-Wholesale of construction materials- | 1,199           | 100                   | Cementos Alfa, S.A.                                                                                                                                                          |
| Compañía Auxiliar de Bombeo de Hormigón, S.A.<br>Sole-shareholder company<br>José Abascal, 59. Madrid (a)                            | 451             | 100                   | Hormigones y Morteros Preparados, S.A. Sole-shareholder company                                                                                                              |
| Explotaciones San Antonio, S.L. Sole-shareholder company<br>Calderón de la Barca, 4. Santander (Cantabria)<br>-Quartz mining-        | 1,941           | 100                   | Cementos Alfa, S.A.                                                                                                                                                          |
| Giant Cement Holding, Inc.<br>320-D Midland Parkway. Sumerville-South Carolina (USA) (a)                                             | 157,518         | 100                   | Cementos Portland Valderrivas, S.A.                                                                                                                                          |
| Hormigones Arkaitza, S.A. Sole-shareholder company<br>Estella, 6. Pamplona (Navarra) (c)                                             | 5,738           | 100                   | Cementos Portland Valderrivas, S.A.                                                                                                                                          |
| Hormigones de la Jacetania, S.A.<br>Llano de la Victoria, s/n. Jaca (Huesca)                                                         | 141<br>222      | 50.00<br>25.00        | Cementos Portland Valderrivas, S.A.<br>Hormigones y Áridos del Pirineo Aragonés, S.A.                                                                                        |
| Hormigones del Zadorra, S.A. Sole-shareholder company<br>Estella, 6. Pamplona (Navarra)                                              | 1,294           | 100                   | Canteras del Pirineo Occidental, S.A.                                                                                                                                        |
| Hormigones Reinosa, S.A. Sole-shareholder company<br>Calderón de la Barca, 4. Santander (Cantabria)                                  | 942             | 100                   | Cementos Alfa, S.A.                                                                                                                                                          |
| Hormigones y Morteros Preparados, S.A. Sole-shareholder company<br>José Abascal, 59. Madrid (a)                                      | 5,786           | 100                   | Cementos Portland Valderrivas, S.A.                                                                                                                                          |
| Participaciones Estella 6, S.L. Sole-shareholder company<br>Estella, 6. Pamplona (Navarra)<br>-Inactive-                             | 6               | 100                   | Cementos Portland Valderrivas, S.A.                                                                                                                                          |

| Company                                                                                                   | Net book values  | %                      | Nominal percentage of ownership and holder                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>■ OTHER ACTIVITIES</b>                                                                                 |                  |                        |                                                                                                                                                                                   |
| <b>■■■■ Portfolio and instrumentality companies</b>                                                       |                  |                        |                                                                                                                                                                                   |
| Afigesa Inversión, S.L. Sole-shareholder company<br>Federico Salmón, 13. Madrid (b)                       | 73,607           | 100                    | Asesoría Financiera y de Gestión, S.A.                                                                                                                                            |
| Asesoría Financiera y de Gestión, S.A.<br>Federico Salmón, 13. Madrid (b)                                 | 220,962<br>3,008 | 56.15<br>43.84<br>0.01 | Corporación Financiera Hispánica, S.A.<br>Fomento de Construcciones y Contratas, S.A.<br>Compañía General de Servicios Empresariales, S.A.<br>Sole-shareholder company            |
| Compañía Auxiliar de Agencia y Mediación, S.A.<br>Sole-shareholder company<br>Federico Salmón, 13. Madrid | 1,657            | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| Compañía General de Servicios Empresariales, S.A.<br>Federico Salmón, 13. Madrid                          | 60               | 100                    | Fomento de Construcciones y Contratas, S.A.<br>Sole-shareholder company                                                                                                           |
| Corporación Española de Servicios, S.A.<br>Federico Salmón, 13. Madrid                                    | 44               | 99.99<br>0.01          | Fomento de Construcciones y Contratas, S.A.<br>Europea de Gestión, S.A. Sole-shareholder company                                                                                  |
| Corporación Financiera Hispánica, S.A.<br>Federico Salmón, 13. Madrid                                     | 69,818           | 99.98<br>0.01<br>0.01  | Fomento de Construcciones y Contratas, S.A.<br>Compañía General de Servicios Empresariales, S.A.<br>Sole-shareholder company<br>Europea de Gestión, S.A. Sole-shareholder company |
| Europea de Gestión, S.A. Sole-shareholder company<br>Federico Salmón, 13. Madrid                          | 63               | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| Eusko Lanak, S.A.<br>Federico Salmón, 13. Madrid                                                          | 59               | 99.99<br>0.01          | Corporación Financiera Hispánica, S.A.<br>Compañía General de Servicios Empresariales, S.A.<br>Sole-shareholder company                                                           |
| FCC Construcciones y Contratas Internacional, S.L.<br>Federico Salmón, 13. Madrid                         | 3                | 100                    | Fomento de Construcciones y Contratas, S.A.<br>Sole-shareholder company                                                                                                           |
| FCC Finance, B.V.<br>Amsteldijk, 166. Amsterdam (Netherlands) (b)                                         | 38,246           | 100                    | FCC International, B.V.                                                                                                                                                           |
| FCC Fomento de Obras y Construcciones, S.L.<br>Federico Salmón, 13. Madrid                                | 3                | 100                    | Fomento de Construcciones y Contratas, S.A.<br>Sole-shareholder company                                                                                                           |
| FCC Inmobiliaria Conycon, S.L. Sole-shareholder company<br>Federico Salmón, 13. Madrid                    | 3                | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| FCC International, B.V.<br>Amsteldijk, 166. Amsterdam (Netherlands) (b)                                   | 40,718           | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| FCC 1, S.L. Sole-shareholder company<br>Federico Salmón, 13. Madrid                                       | 3                | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| Fomento Internacional, Focsa, S.A.<br>Federico Salmón, 13. Madrid                                         | 69               | 99.93<br>0.07          | Fomento de Construcciones y Contratas, S.A.<br>Europea de Gestión, S.A. Sole-shareholder company                                                                                  |
| F-C y C, S.L. Sole-shareholder company<br>Federico Salmón, 13. Madrid                                     | 3                | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| Grucycsa, S.A.<br>Plaza Pablo Ruiz Picasso, 1. Madrid (a)                                                 | 156,786          | 100                    | Fomento de Construcciones y Contratas, S.A.                                                                                                                                       |
| Puerto Cala Merced, S.A.<br>Arquitecto Gaudí, 4. Madrid                                                   | 56               | 99.99<br>0.01          | Corporación Financiera Hispánica, S.A.<br>Compañía General de Servicios Empresariales, S.A.<br>Sole-shareholder company                                                           |
| T.A.C.K. Inversiones, S.L. Sole-shareholder company<br>Arquitecto Gaudí, 4. Madrid                        | 6                | 100                    | Grucycsa, S.A.                                                                                                                                                                    |

| Company                                                                                               | Net book values | %              | Nominal percentage of ownership and holder                                                |
|-------------------------------------------------------------------------------------------------------|-----------------|----------------|-------------------------------------------------------------------------------------------|
| <b>Marketing of industrial equipment</b>                                                              |                 |                |                                                                                           |
| Equipos y Procesos, S.A.<br>Conde de Peñalver, 45. Madrid                                             | 150             | 80.73          | Sistemas y Vehículos de Alta Tecnología, S.A.                                             |
| High Technology Vehicles, Inc.<br>Centre Road, 1013 Wilmington. Delaware (USA)                        | 38              | 100            | Sistemas y Vehículos de Alta Tecnología, S.A.                                             |
| Sistemas y Vehículos de Alta Tecnología, S.A.<br>Conde de Peñalver, 45. Madrid (b)                    | 180             | 99.99<br>0.01  | Grucyca, S.A.<br>T.A.C.K. Inversiones, S.L. Sole-shareholder company                      |
| <b>Insurance and reinsurance brokerage</b>                                                            |                 |                |                                                                                           |
| Asiris, S.A. Correduría de Seguros<br>Pº de la Castellana, 111. Madrid (a)                            | 160<br>30       | 75.00<br>25.00 | Asesoría Financiera y de Gestión, S.A.<br>Fomento de Construcciones y Contratas, S.A.     |
| Fir Re Société Anonyme<br>19 Rue de Bitbourg. Luxembourg (b)                                          | 1,382<br>5      | 99.67<br>0.33  | FCC International, B.V.<br>Asesoría Financiera y de Gestión, S.A.                         |
| <b>Management of buildings</b>                                                                        |                 |                |                                                                                           |
| Fedemes, S.L.<br>Federico Salmón, 13. Madrid                                                          | 10,764<br>1,018 | 92.67<br>7.33  | Fomento de Construcciones y Contratas, S.A.<br>Corporación Financiera Hispánica, S.A.     |
| Per Gestora Inmobiliaria, S.L.<br>Pz. Pablo Ruiz Picasso. Madrid (a)                                  | 48              | 80.00          | Fomento de Construcciones y Contratas, S.A.                                               |
| <b>Security and surveillance</b>                                                                      |                 |                |                                                                                           |
| Falcon Contratas y Seguridad, S.A.<br>Ronda de Poniente, 13 Locales E2 y P1. Tres Cantos (Madrid) (e) | 311             | 70.00          | Grucyca, S.A.                                                                             |
| Falcon Contratas y Servicios Auxiliares, S.A.<br>Ronda de Poniente, 13 Local E5. Tres Cantos (Madrid) | 60              | 99.90<br>0.10  | Falcon Contratas y Seguridad, S.A.<br>T.A.C.K. Inversiones, S.L. Sole-shareholder company |
| Formación y Contratas, S.A.<br>Ronda de Poniente, 13 Local E1. Tres Cantos (Madrid)                   | 60              | 99.90<br>0.10  | Falcon Contratas y Seguridad, S.A.<br>T.A.C.K. Inversiones, S.L. Sole-shareholder company |

**Notes:**

- The financial statements of all the companies listed above are as of December 31, 2004.
- As required by Article 86 of the revised Corporations Law, in 2004 the Group companies made the related notifications to the companies in which they had acquired direct or indirect holdings of over 10%.
- The main Group companies were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(\*) Formerly Sanfilippo Messaggi Luminosi, S.R.L.

(\*\*) Formerly Euroresiduos, S.A. (Sole-shareholder company).

**EXHIBIT II. MULTIGROUP COMPANIES**

| Company                                                                                                              | Net book values | %                                | Nominal percentage of ownership and holder                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>■ CONSTRUCTION AREA</b>                                                                                           |                 |                                  |                                                                                                                                                                                                                 |
| Ace Acessibilidade Das Antas Construção e Obras Públicas<br>Rua da Constituição, 797. Porto (Portugal)               | –               | 50.00<br>25.00<br>25.00          | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Construtora Do Tâmega, S.A.<br>Somague Engenharia, S.A.                                                                                                  |
| Ace Acestrada Construção de Estradas<br>Na rua Julieta Ferrao, 12. Lisbon (Portugal)                                 | –               | 13.33<br>20.00<br>20.00<br>20.00 | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Sociedade de Construções Soares da Costa, S.A.<br>Teixeria Duarte Engenharia e Construções, S.A.<br>ACS, Actividades de Construcciones y Servicios, S.A. |
| Ace Epos-Dragados-Sopol-Ramalho Rosa Cobetar<br>Avda. Casal Riberio, 18. Lisbon (Portugal)                           | –               | 13.33<br>43.33<br>13.34<br>30.00 | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Empresa Portuguesa de Obras Subterrâneas, Ltda.<br>Sociedades Gral. de Construção e Obras Públicas, S.A.<br>Dragados Obras y Proyectos, S.A.             |
| Ace FCC Construcción e Edifer<br>Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)                                      | –               | 50.00<br>50.00                   | FCC Construcción, S.A.<br>Edifer Construções Pires Coelho e Fernandes, S.A.                                                                                                                                     |
| Ace Fomento de Construcciones y Contratas e Soares da Costa<br>Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)        | –               | 50.00<br>50.00                   | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Sociedade de Construções Soares Da Costa, S.A.                                                                                                           |
| Ace Infraestructuras Das Antas. Construção e Obras Públicas<br>Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)        | –               | 33.33<br>33.33<br>33.34          | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Construtora Do Tâmega, S.A.<br>Somague Engenharia, S.A.                                                                                                  |
| Ace Ramalho Rosa Cobetar e Edifer<br>Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)                                  | –               | 55.90<br>0.10<br>44.00           | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>FCC Construcción, S.A.<br>Edifer Construções Pires Coelho e Fernandes, S.A.                                                                              |
| Ace Ramalho Rosa Cobetar & Soares Da Costa<br>Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)                         | –               | 50.00<br>50.00                   | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Sociedade de Construções Soares Da Costa, S.A.                                                                                                           |
| Ace Spie, Ramalho Rosa Cobetar, Etermar<br>Avda. Marechal Craveiro Lopes, 8. Lisbon (Portugal)                       | –               | 35.00<br>35.00<br>30.00          | Ramalho Rosa Cobetar Sociedade de Construções, S.A.<br>Spie Batignolles T.P.<br>Etermar, Emp. de Obras Terrestres y Marítimas                                                                                   |
| Ace Túnel Rua de Ceuta, Construção e Obras Públicas<br>Rua da Constituição, 797. Lisbon (Portugal)                   | –               | 49.50<br>49.50<br>1.00           | FCC Construcción, S.A.<br>Spie Batignolles, T.P.<br>Idom, Ingeniería y Consultoría, S.A.                                                                                                                        |
| Auxel Electricidad Auxiliar A.I.E.<br>Acanto, 22. Madrid<br>-Electrical installations-                               | 5               | 75.00<br>15.00<br>10.00          | Especialidades Eléctricas, S.A.<br>Fapsa Instalaciones y Obras, S.A.<br>Tendisa, S.A.                                                                                                                           |
| Construcciones Olabarri, S.L.<br>Plaza Pio Baroja, 3. Bilbao (Vizcaya)                                               | 1,683           | 49.00<br>51.00                   | Ibervia Construcciones y Contratas, S.L.<br>José Luis Olabarri Zalbide                                                                                                                                          |
| Constructora Aeropuerto Santiago Limitada<br>Alfredo Barros Errazuriz, 1953. Santiago (Chile)                        | 15              | 50.00<br>50.00                   | FCC Construcción, S.A.<br>ACS, Actividades de Construcciones y Servicios, S.A.                                                                                                                                  |
| Dragados FCC Canadá, Inc.<br>200 King Street West -Toronto (Canada)                                                  | –               | 50.00<br>50.00                   | FCC Construction International, B.V.<br>Dragados FCC Netherlands, B.V.                                                                                                                                          |
| <b>■ SERVICES AREA</b>                                                                                               |                 |                                  |                                                                                                                                                                                                                 |
| <b>■■■■ Urban cleaning</b>                                                                                           |                 |                                  |                                                                                                                                                                                                                 |
| Beacon Waste Limited<br>106 High Street. Evesham-Worcestershire (United Kingdom)                                     | 910             | 100                              | Mercia Waste Management, Ltd.                                                                                                                                                                                   |
| Compañía de Servicios Medioambientales Do Atlántico, S.A.<br>Cr. de Cedeira Km 1. Narón (San Xulián) – La Coruña (e) | 294             | 49.00<br>51.00                   | Aqualia Gestión Integral del Agua, S.A.<br>Narón Municipal Council                                                                                                                                              |
| Ecoparc del Besòs, S.A.<br>Rambla Catalunya, 91-93. Barcelona                                                        | 4,163<br>2,621  | 54.00<br>31.00<br>10.00          | Tratamiento Industrial de Residuos Sólidos, S.A.<br>Fomento de Construcciones y Contratas, S.A.<br>Tractament i Selecció de Residus, S.A.                                                                       |

| Company                                                                                                                  | Net book values | %                                | Nominal percentage of ownership and holder                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ecoserveis Urbans de Figueres, S.L.<br>Av. de les Alegries, s/n. Lloret de Mar (Girona)                                  | 301             | 50.00<br>50.00                   | Fomento de Construcciones y Contratas, S.A.<br>Tractaments Alt Empordà, S.L.                                                                                 |
| Empresa Mixta de Limpieza de la Villa de Torrox, S.A.<br>Pz. de la Constitución, 1. Torrox (Málaga) (e)                  | 300             | 50.00<br>50.00                   | Fomento de Construcciones y Contratas, S.A.<br>Torrox Municipal Council                                                                                      |
| Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.<br>Pza. Al Andalus, 1. Rincón de la Victoria (Málaga) (b) | 301             | 50.00<br>50.00                   | Fomento de Construcciones y Contratas, S.A.<br>Rincón de la Victoria Municipal Council                                                                       |
| Fisera Ecoserveis, S.A.<br>Alemania, 5. Figueres (Girona)                                                                | 532             | 72.72<br>27.28                   | Ecoserveis Urbans de Figueres, S.L.<br>Figueres de Serveis, S.A. Sole-shareholder company                                                                    |
| Hades Soluciones Medioambientales, S.L.<br>Mayor, 3. Cartagena (Murcia)                                                  | 60              | 50.00                            | FCC Medio Ambiente, S.A.                                                                                                                                     |
| Ingeniería Urbana, S.A.<br>Av. Saturno, 6. Alicante (a)                                                                  | 3,786           | 35.00<br>35.00<br>30.00          | Fomento de Construcciones y Contratas, S.A.<br>Segema Servicios Generales del Medio Ambiente, S.A.<br>Enrique Ortiz e Hijos Contratistas de Obras, S.A.      |
| Mercia Waste Management, Ltd.<br>Brook House. Oldham Road, Middleton. Manchester<br>(United Kingdom)                     | 71              | 50.00<br>50.00                   | Focsa Services U.K. Ltd.<br>Urbaser Limited                                                                                                                  |
| Servicios de Limpieza Integral de Málaga III, S.A.<br>Camino de la Térmica, 83. Málaga (b)                               | 3,065           | 51.00                            | Servicios Urbanos de Málaga, S.A.                                                                                                                            |
| Servicios Urbanos de Málaga, S.A.<br>Ulises, 18. Madrid                                                                  | 1,610           | 51.00<br>49.00                   | Fomento de Construcciones y Contratas, S.A.<br>Urbana de Servicios Ambientales, S.L.                                                                         |
| Severn Waste Services Limited<br>Brook House. Oldham Road, Middleton. Manchester<br>(United Kingdom)                     | 177             | 50.00<br>50.00                   | Focsa Services U.K. Ltd.<br>Urbaser Limited                                                                                                                  |
| Tratamiento Industrial de Residuos Sólidos, S.A.<br>Rambla Catalunya, 91. Barcelona                                      | 1,286           | 33.33<br>33.33<br>33.33          | FCC Medio Ambiente, S.A.<br>Concesionaria Barcelonesa, S.A.<br>Urbaser, S.A.                                                                                 |
| ■■■■ Water treatment and distribution                                                                                    |                 |                                  |                                                                                                                                                              |
| Aguas y Servicios de la Costa Tropical de Granada, A.I.E.<br>Plaza de la Aurora, s/n. Motril (Granada) (e)               | 828             | 51.00                            | Aqualia Gestión Integral del Agua, S.A.                                                                                                                      |
| Aigües de Girona, Salt i Sarrià de Ter, S.A.<br>Ciudadans, 11. Girona                                                    | 481             | 80.00<br>14.00<br>4.00<br>2.00   | Girona, S.A.<br>Girona Municipal Council<br>Salt Municipal Council<br>Sarrià de Ter Municipal Council                                                        |
| Empresa Mixta de Aguas y Servicios, S.A.<br>Alarcos, 13. Ciudad Real                                                     | 97              | 55.00                            | Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.                                                                                                      |
| Empresa Municipal de Aguas de Benalmádena, EMABESA<br>Expl. Aparc. Tívoli, s/n. Arroyo de la Miel (Málaga) (e)           | 1,310           | 50.00<br>50.00                   | Aqualia Gestión Integral del Agua, S.A.<br>Benalmádena Municipal Council                                                                                     |
| Generavila, S.A.<br>Pz. de la Catedral, 11 – Ávila (e)                                                                   | 428             | 36.00<br>36.00<br>18.00<br>10.00 | Aqualia Gestión Integral del Agua, S.A.<br>Ávila Municipal Council<br>Caja de Ahorros de Ávila<br>Ávila Provincial Government                                |
| Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.<br>Ramírez de Arellano, 15. Madrid                               | —               | 75.00                            | Aqualia Gestión Integral del Agua, S.A.                                                                                                                      |
| Girona, S.A.<br>Travesía del Carril, 2. Girona                                                                           | 365             | 33.61                            | Aqualia Gestión Integral del Agua, S.A.                                                                                                                      |
| Itam Delta de la Tordera A.I.E.<br>Berlín, 38-48. Barcelona                                                              | 3               | 49.90<br>0.10<br>0.10<br>49.90   | Aqualia Gestión Integral del Agua, S.A.<br>FCC Construcción, S.A.<br>Servicios y Procesos Ambientales, S.A.<br>Proyectos e Instalaciones de Desalación, S.A. |

| Company                                                                                  | Net book values | %                                                        | Nominal percentage of ownership and holder                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Searsa. Cañellas, A.I.E.<br>Pasaje Can Faixina, 11. Palma de Mallorca (Balearic islands) | –               | 50.00                                                    | Sociedad de Explotación de Aguas Residuales, S.A.                                                                                                                                                                                                                                                                          |
| Sociedad de Explotación de Aguas Residuales, S.A.<br>Bruc, 49. Barcelona (a)             | 1,044           | 50.00<br>50.00                                           | Aqualia Gestión Integral del Agua, S.A.<br>Sociedad General de Aguas de Barcelona, S.A.                                                                                                                                                                                                                                    |
| Sociedad Española de Aguas Filtradas, S.A.<br>Jacometrezo, 4. Madrid                     | 575             | 50.00<br>50.00                                           | Aqualia Gestión Integral del Agua, S.A.<br>Corporación Agbar, S.A.                                                                                                                                                                                                                                                         |
| Zabalgardi, S.A.<br>Rodríguez Arias, 6. Bilbao (Vizcaya)                                 | 7,445           | 26.00<br>26.00<br>20.00<br>10.00<br>8.00<br>5.00<br>5.00 | Valorización y Tratamiento de Residuos, S.A.<br>Sener Grupo de Ingeniería, S.A.<br>Vizcaya Provincial Government<br>Ente Vasco de la Energía<br>Instituto para la Diversificación y Ahorro de la Energía, S.A.<br>Bilbao Bizkaia Kutxa<br>Association of Municipalities on the Left Bank of the River of the River Nervión |

#### ■■■■ Waste treatment

|                                                                                              |        |                         |                                                                                                              |
|----------------------------------------------------------------------------------------------|--------|-------------------------|--------------------------------------------------------------------------------------------------------------|
| Atlas Gestión Medioambiental, S.A.(*)<br>Viriato, 47. Barcelona                              | 11,945 | 50.00                   | FCC Medio Ambiente, S.A.                                                                                     |
| Electrorecycling, S.A.<br>Ctra. BV-1224 Km 6,750. El Pont de Vilomara i Rocafort (Barcelona) | 800    | 66.67<br>33.33          | Pilagest, S.L.<br>Indumetal Recycling, S.A.                                                                  |
| Pilagest, S.L.<br>Ctra. BV-1224 Km 6,750. El Pont de Vilomara i Rocafort (Barcelona)         | 400    | 50.00<br>50.00          | T.P.A. Técnicas de Protección Ambiental, S.A.<br>Senda Ambiental, S.A.                                       |
| Reciclado de Componentes Electrónicos, S.A.<br>Johan G. Gutemberg, s/n. Seville              | 1,151  | 37.50<br>37.50<br>25.00 | T.P.A. Técnicas de Protección Ambiental, S.A.<br>IR Electronik, S.A.<br>Empresa Gestión Medioambiental, S.A. |
| Sereco Gestión, S.L.<br>Polígono Guarnizo, parcela 97. El Astillero (Cantabria)              | 75     | 50.00                   | Técnicas de Descontaminación, S.A.                                                                           |

#### ■■■■ Proactiva group investees

Following is a detail of the subsidiaries of Proactiva Medio Ambiente, S.A. which engage in urban cleaning and water treatment and distribution in Latin America, stating the Group's percentage of direct and indirect ownership therein.

|                                                                                                                   |        |                |                                                                            |
|-------------------------------------------------------------------------------------------------------------------|--------|----------------|----------------------------------------------------------------------------|
| Proactiva Medio Ambiente, S.A.<br>Paseo de la Castellana, 216. Madrid (a)                                         | 26,923 | 50.00<br>50.00 | Fomento de Construcciones y Contratas, S.A.<br>Veolia Environnement, S.A.  |
| AESA, Aseo y Ecología, S.A.<br>Avda. Camacué. 5335. Avellaneda (Argentina) (e)                                    |        | 99.96<br>0.04  | Proactiva Medio Ambiente, S.A.<br>FCC Medio Ambiente, S.A.                 |
| AESA Misiones, S.A.<br>25 de Mayo, 1840. Ciudad de Posadas. Misiones (Argentina) (e)                              |        | 86.75<br>13.25 | Proactiva Medio Ambiente, S.A.<br>AESAs, Aseo y Ecología, S.A.             |
| Agencia Compagnie Generale des Eaux Chile, Ltda.<br>Silvina Hurtado, 1782. Providencia. Santiago de Chile (Chile) |        | 99.90          | Proactiva Medio Ambiente, S.A.                                             |
| Aguas del Valle, S.A.<br>Avda. Ocampo, 1013. Catamarca (Argentina) (e)                                            |        | 70.03<br>19.97 | Proactiva Medio Ambiente, S.A.<br>AESAs, Aseo y Ecología, S.A.             |
| Aseo Candelaria, S.A. E.S.P.<br>Cra. 33 A, 19-25 Valle del Cauca (Colombia) (e)                                   |        | 87.99<br>0.01  | Proactiva Medio Ambiente, S.A.<br>Proactiva Medio Ambiente Venezuela, C.A. |
| Aseo El Cerrito, S.A. E.S.P.<br>Calle 5, 10-77. Cerrito, Valle del Cauca (Colombia) (e)                           |        | 63.99<br>0.01  | Proactiva Medio Ambiente, S.A.<br>Proactiva Medio Ambiente Venezuela, C.A. |
| Aseo Pradera, S.A. E.S.P.<br>Calle 7, 19-32. Pradera, Valle del Cauca (Colombia) (e)                              |        | 90.12<br>0.01  | Proactiva Medio Ambiente, S.A.<br>Proactiva Medio Ambiente Venezuela, C.A. |

| Company                                                                             | Net book values | % | Nominal percentage of ownership and holder                  |
|-------------------------------------------------------------------------------------|-----------------|---|-------------------------------------------------------------|
| Aseo Yumbo, S.A. E.S.P.                                                             | 62.00           |   | Proactiva Medio Ambiente, S.A.                              |
| Municipio de Yumbo. Valle del Cauca (Colombia) (e)                                  | 15.00           |   | Proactiva Colombia, S.A.                                    |
|                                                                                     | 1.00            |   | FCC Medio Ambiente, S.A.                                    |
|                                                                                     | 1.00            |   | International Services Inc., S.A. Sole-shareholder company  |
|                                                                                     | 1.00            |   | Servicios Especiales de Limpieza, S.A.                      |
| Bugueña de Aseo, S.A. E.S.P.                                                        | 87.51           |   | Proactiva Medio Ambiente, S.A.                              |
| Cra. 16 Norte 32-01– Buga, Valle del Cauca (Colombia) (e)                           | 0.01            |   | Proactiva Medio Ambiente Venezuela, C.A.                    |
| CIMA, Obras y Servicios, S.A. de C.V.                                               | 99.99           |   | Consortio Internacional de Medio Ambiente, S.A. de C.V.     |
| Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                                     | 0.01            |   | Compañía General de Servicios Urbanos, S.A. de C.V.         |
| Coinca, S.A.                                                                        | 99.99           |   | Proactiva Medio Ambiente Chile, S.A.                        |
| Silvina Hurtado, 1782. Providencia. Santiago de Chile (Chile) (d)                   | 0.01            |   | Agencia Compagnie Generale des Eaux Chile, Ltda.            |
| Compañía de Aguas de Puerto Rico Inc.                                               | 100             |   | Proactiva Medio Ambiente, S.A.                              |
| 604 Barbosa Ave HR. San Juan (Puerto Rico) (e)                                      |                 |   |                                                             |
| Compañía de Limpieza y Embellecimiento C por A                                      | 99.94           |   | Proactiva Medio Ambiente, S.A.                              |
| Avda. Los Restauradores, 56. Sábana Perdida (Santo Domingo) (a)                     | 0.01            |   | Alfonso Benítez, S.A.                                       |
|                                                                                     | 0.01            |   | Castellana de Servicios, S.A.                               |
|                                                                                     | 0.01            |   | FCC Medio Ambiente, S.A.                                    |
|                                                                                     | 0.01            |   | International Services, Inc., S.A. Sole-shareholder company |
|                                                                                     | 0.01            |   | Servicios de Levante, S.A.                                  |
|                                                                                     | 0.01            |   | Servicios Especiales de Limpieza, S.A.                      |
| Compañía General de Servicios Urbanos, S.A. de C.V.                                 | 99.99           |   | Proactiva Medio Ambiente, S.A.                              |
| Pª de las Palmas nº 930. Lomas de Chapultepec Ciudad de México. (Mexico) (e)        |                 |   |                                                             |
| Concesionaria de Aguas de Aguascalientes, S.A. de C.V.                              | 99.99           |   | Consortio Internacional de Medio Ambiente, S.A. de C.V.     |
| Ecuador, 205. Aguascalientes (Mexico) (a)                                           | 0.01            |   | Compañía General de Servicios Urbanos, S.A. de C.V.         |
| Concesionaria Tibitoc, S.A. E.S.P.                                                  | 33.33           |   | Proactiva Medio Ambiente, S.A.                              |
| Trans, 21 nº 100-20 Santa Fe de Bogotá (Colombia) (b)                               |                 |   |                                                             |
| Consortio Internacional de Medio Ambiente, S.A. de C.V.                             | 50.00           |   | Proactiva Medio Ambiente, S.A.                              |
| Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                                     | 40.00           |   | Compañía General de Servicios Urbanos, S.A. de C.V.         |
| Cotécnica Caracas, C.A.                                                             | 100             |   | Inversiones Cotécnica, C.A.                                 |
| Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)                   |                 |   |                                                             |
| Cotécnica Chacao, C.A.                                                              | 100             |   | Inversiones Cotécnica, C.A.                                 |
| Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)                   |                 |   |                                                             |
| Cotécnica La Bonanza, C.A.                                                          | 100             |   | Inversiones Cotécnica, C.A.                                 |
| Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)                   |                 |   |                                                             |
| Deltacom, S.A.                                                                      | 55.37           |   | AESA, Aseo y Ecología, S.A.                                 |
| Tucumán, 1321. Buenos Aires (Argentina) (d)                                         | 44.63           |   | Proactiva Medio Ambiente, S.A.                              |
| Deltaliq, S.A.                                                                      | 60.00           |   | Deltacom, S.A.                                              |
| Tucumán, 1321. Buenos Aires (Argentina) (d)                                         |                 |   |                                                             |
| Derclase, S.A.                                                                      | 70.00           |   | Proactiva Medio Ambiente, S.A.                              |
| Cerrito, 461. 1º. Montevideo (Uruguay)                                              | 30.00           |   | AESA, Aseo y Ecología, S.A.                                 |
| DIVAG, S.A. de C.V.                                                                 | 98.00           |   | Consortio Internacional de Medio Ambiente S.A. de C.V.      |
| Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                                     | 2.00            |   | Servicios de Agua Potable, S.A. de C.V.                     |
| Dominicana Sanitary Services, B.V.                                                  | 100             |   | Proactiva Medio Ambiente, S.A.                              |
| Brinkwal, 11. Nieuwegein (Netherlands) (a)                                          |                 |   |                                                             |
| ESETASA, S.A. de C.V.                                                               | 98.00           |   | Consortio Internacional de Medio Ambiente, S.A. de C.V.     |
| Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                                     | 2.00            |   | Servicios de Tecnología Ambiental, S.A. de C.V.             |
| FCC Servicios Santo Domingo, S.A.                                                   | 94.00           |   | Proactiva Medio Ambiente, S.A.                              |
| Prol. Ave 27 de Febrero-Manz. 44. Las Caobas Santo Domingo (Dominican Republic) (a) | 1.00            |   | Alfonso Benítez, S.A.                                       |
|                                                                                     | 1.00            |   | Castellana de Servicios, S.A.                               |
|                                                                                     | 1.00            |   | FCC Medio Ambiente, S.A.                                    |
|                                                                                     | 1.00            |   | International Services Inc., S.A. Sole-shareholder company  |
|                                                                                     | 1.00            |   | Servicios de Levante, S.A.                                  |
|                                                                                     | 1.00            |   | Servicios Especiales de Limpieza, S.A.                      |

| Company                                                                                                        | Net book values | %                                                     | Nominal percentage of ownership and holder                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fospuca, C.A.<br>Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)                                    |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Baruta, C.A.<br>Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)                             |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Carrizal, C.A.<br>Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)                           |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Guaicaipuro, C.A.<br>Los Teques. Miranda (Venezuela) (a)                                               |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Libertador, C.A.<br>Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)                         |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Nueva Esparta, C.A.<br>Calle Miranda con Calle Fuentes, Caserío Fajardo. Porlamar (Venezuela) (a)      |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Servicios, C.A.<br>Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)                          |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Fospuca Zamora, C.A.<br>Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)                             |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| GCIMA, S.A. de C.V.<br>Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                                         |                 | 98.00<br>2.00                                         | Consortio Internacional de Medio Ambiente, S.A. de C.V.<br>Servicios de Agua Potable, S.A. de C.V.                                                                                                                                                  |
| Gestión Ambiental Petrolera, S.A.<br>Tucumán, 1321. Buenos Aires (Argentina) (d)                               |                 | 50.00                                                 | Deltacom, S.A.                                                                                                                                                                                                                                      |
| Intrascot S.A. Gestao Global de Resíduos<br>Rua Ferreira de Oliveira, 59. Sao Paulo (Brazil) (e)               |                 | 99.99<br>0.01                                         | Proactiva Brasil Participações Ltda.<br>Sanedo Participações Ltda.                                                                                                                                                                                  |
| Inversiones Cotécnica, C.A.<br>Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)               |                 | 60.00                                                 | Proactiva Medio Ambiente, S.A.                                                                                                                                                                                                                      |
| Lamcef, S.A.<br>Calle 11, 690- La Plata (Argentina) (d)                                                        |                 | 99.99                                                 | AESA Aseo y Ecología, S.A.                                                                                                                                                                                                                          |
| Mantenimiento Urbano, C.A.<br>Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)                |                 | 99.99<br>0.01                                         | Inversiones Cotécnica, C.A.<br>Servicios Cotécnica, C.A.                                                                                                                                                                                            |
| Mexicana de Medio Ambiente, S.A. de C.V.<br>Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                    |                 | 99.99<br>0.01                                         | Consortio Internacional de Medio Ambiente, S.A. de C.V.<br>Servicios de Tecnología Ambiental, S.A. de C.V.                                                                                                                                          |
| Multiaseo, S.A.<br>Carretera General San Martín 9600. Quilicura (Chile) (d)                                    |                 | 100                                                   | Proactiva Medio Ambiente de Chile, S.A.                                                                                                                                                                                                             |
| Palmirana de Aseo, S.A. E.S.P.<br>Cra. 33 A, 19-25. Valle del Cauca (Colombia) (e)                             |                 | 61.99<br>0.01                                         | Proactiva Medio Ambiente, S.A.<br>Proactiva Medio Ambiente Venezuela, C.A.                                                                                                                                                                          |
| Proactiva Aguas de Montería, S.A. E.S.P.<br>Cl. 27, 8-70 Municipio de Montería, Dpto. Córdoba – (Colombia) (e) |                 | 94.96<br>1.54<br>1.18<br>0.77<br>0.77<br>0.77<br>0.01 | Proactiva Colombia, S.A.<br>Aqualia Gestión Integral del Agua, S.A.<br>Proactiva Medio Ambiente, S.A.<br>Castellana de Servicios, S.A.<br>FCC Medio Ambiente, S.A.<br>Servicios Especiales de Limpieza, S.A.<br>Proactiva de Servicios, S.A. E.S.P. |
| Proactiva Avellaneda, S.A.<br>Cl. Camacua 5335. Avellaneda (Argentina) (e)                                     |                 | 70.00<br>30.00                                        | Proactiva Medio Ambiente, S.A.<br>AES A, Aseo y Ecología, S.A.                                                                                                                                                                                      |
| Proactiva Brasil Participações Ltda. (**)<br>Avda. Presidente Wilson, 231. Río de Janeiro (Brazil) (e)         |                 | 99.99<br>0.01                                         | Proactiva Medio Ambiente, S.A.<br>Sanedo Participações Ltda.                                                                                                                                                                                        |
| Proactiva Colombia, S.A.<br>Cl. 98 n° 9. 03 Edif. Torre Sancho<br>Santa Fe de Bogotá (Colombia) (e)            |                 | 94.59<br>1.23<br>1.04<br>1.04<br>1.04<br>1.04         | Proactiva Medio Ambiente, S.A.<br>Proactiva Medio Ambiente Venezuela C.A.<br>Alfonso Benitez, S.A.<br>FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company<br>Servicios Especiales de Limpieza, S.A.              |

| Company                                                                                                              | Net book values                        | % | Nominal percentage of ownership and holder                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proactiva de Servicios, S.A. E.S.P.<br>Carrera, 4. Santiago de Cali (Colombia) (e)                                   | 69.71<br>29.41<br>0.29<br>0.29<br>0.29 |   | Proactiva Colombia, S.A.<br>Proactiva Medio Ambiente, S.A.<br>FCC Medio Ambiente, S.A.<br>International Services Inc., S.A. Sole-shareholder company<br>Servicios Especiales de Limpieza, S.A.     |
| Proactiva Doña Juana E.S.P., S.A.<br>Calle 98, 9. Santa Fe de Bogotá. Colombia (e)                                   | 50.50<br>23.75<br>0.50<br>0.50         |   | Proactiva Colombia, S.A.<br>Fomento de Construcciones y Contratas, S.A.<br>Alfonso Benítez, S.A.<br>FCC Medio Ambiente, S.A.                                                                       |
| Proactiva Medio Ambiente Chile, S.A.<br>Silvina Hurtado, 1782. Providencia. Santiago de Chile (Chile) (d)            | 99.99                                  |   | Proactiva Medio Ambiente, S.A.                                                                                                                                                                     |
| Proactiva Medio Ambiente Venezuela, C.A.<br>Torre Sede Gerencial La Castellana, Piso 6. Caracas (Venezuela) (a)      | 100                                    |   | Proactiva Medio Ambiente, S.A.                                                                                                                                                                     |
| Proactiva Oriente, S.A. E.S.P.<br>Municipio San José de Cucutá. Dpto. Norte de Santander (Colombia) (e)              | 88.25<br>8.51<br>0.25<br>0.25<br>0.25  |   | Proactiva Colombia, S.A.<br>Proactiva de Servicios, S.A. E.S.P.<br>Compañía de Limpieza y Embellecimiento C por A<br>FCC Servicios Santo Domingo, S.A.<br>Proactiva Medio Ambiente Venezuela, C.A. |
| Sanedo Participações, Ltda.<br>Avda. Presidente Wilson, 231. Rio de Janeiro (Brazil) (e)                             | 99.98<br>0.01                          |   | Société d'Investissement et de Gestion 41. Sig 41, S.A.<br>Cía en Comandita<br>Proactiva Brasil Participações Ltda.                                                                                |
| Sera Q.A. Tunja E.S.P., S.A.<br>Cra. 3ª, Este 1120. Tunja. (Colombia) (e)                                            | 93.98<br>5.80<br>0.01<br>0.01          |   | Proactiva Medio Ambiente, S.A.<br>Proactiva Colombia, S.A.<br>Aqualia Gestión Integral del Agua, S.A.<br>Proactiva de Servicios, S.A. E.S.P.                                                       |
| Servicios Cotécnica, C.A.<br>Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)                       | 100                                    |   | Inversiones Cotécnica, C.A.                                                                                                                                                                        |
| Servicios de Agua Potable, S.A. de C.V.<br>Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                           | 99.99<br>0.01                          |   | Consortio Internacional de Medio Ambiente, S.A. de C.V.<br>Compañía General de Servicios Urbanos, S.A. de C.V.                                                                                     |
| Servicios de Tecnología Ambiental, S.A. de C.V.<br>Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)                   | 99.99<br>0.01                          |   | Consortio Internacional de Medio Ambiente, S.A. de C.V.<br>Compañía General de Servicios Urbanos, S.A. de C.V.                                                                                     |
| Servicios Plasticot, C.A.<br>Avda. Fco. Miranda. Los Palos Grandes–Caracas (Venezuela) (e)                           | 100                                    |   | Inversiones Cotécnica, C.A.                                                                                                                                                                        |
| Société d'Investissements et de Gestion 41. Sig 41, S.A.<br>Sociedad en Comandita<br>José Abascal, 45. Madrid        | 100                                    |   | Proactiva Medio Ambiente, S.A.                                                                                                                                                                     |
| Transactional Technologies International, Inc.<br>252 Ponce de León Avenue, Citibank Tower<br>Hato Rey (Puerto Rico) | 70.00                                  |   | Proactiva Medio Ambiente, S.A.                                                                                                                                                                     |
| Tulueña de Aseo, S.A. E.S.P.<br>Cra. 24, 24-03 Tuluá, Valle del Cauca (Colombia) (e)                                 | 61.99<br>0.01                          |   | Proactiva Medio Ambiente, S.A.<br>Proactiva Medio Ambiente Venezuela, C.A.                                                                                                                         |

## ■ VERSIA

### ■■■■ Parking lots

|                                                           |    |                         |                                                                                   |
|-----------------------------------------------------------|----|-------------------------|-----------------------------------------------------------------------------------|
| Infoser Estacionamientos AIE<br>Manuel Silvela, 8. Madrid | 60 | 33.33<br>33.33<br>33.33 | Estacionamientos y Servicios, S.A.<br>Dornier Sau<br>UTE Satex-Sufi Aparcamientos |
|-----------------------------------------------------------|----|-------------------------|-----------------------------------------------------------------------------------|

### ■■■■ Passenger transport

|                                      |    |                        |                                                                                                    |
|--------------------------------------|----|------------------------|----------------------------------------------------------------------------------------------------|
| Almeraya, S.A.<br>Ulises, 18. Madrid | 60 | 50.00<br>45.00<br>5.00 | Corporación Española de Transporte, S.A.<br>Automnibus Interurbanos, S.A<br>García Alonso, Gabriel |
|--------------------------------------|----|------------------------|----------------------------------------------------------------------------------------------------|

| Company                                                                                                                                    | Net book values | %              | Nominal percentage of ownership and holder                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|-----------------------------------------------------------------------------------------|
| Corgobus Transportes Urbanos de Vila Real Sociedade Unipessoal Lda.<br>Praceta Cidade Pávoa de Varzim, 7. Vila Real (Portugal)             | 16              | 100            | Corporación Española de Transporte, S.A.                                                |
| Corporación Española de Transporte, S.A.<br>Ulises, 18. Madrid (d)                                                                         | 24,243          | 99.99<br>0.01  | FCC-Connex Corporación, S.L.<br>Detren Compañía General de Servicios Ferroviarios, S.L. |
| Corporación Jerezana de Transportes Urbanos, S.A.<br>Sole-shareholder company<br>Polígono Ind. El Portal. Jerez de la Frontera (Cádiz) (d) | 3,940           | 100            | Corporación Española de Transporte, S.A.                                                |
| Detren Compañía General de Servicios Ferroviarios, S.L.<br>Ulises, 18. Madrid (d)                                                          | 4,034           | 99.99<br>0.01  | FCC-Connex Corporación, S.L.<br>Corporación Española de Transporte, S.A.                |
| FCC-Connex Corporación, S.L.<br>Ulises, 18. Madrid (d)                                                                                     | 13,013          | 50.00<br>50.00 | C.G.T. Corporación General de Transportes, S.A.<br>CGEA Connex, S.A.                    |
| Transportes Urbanos de Sanlúcar, S.A.<br>Ctra. de Jerez, Km 1. Sanlúcar de Barrameda (Cádiz) (e)                                           | 222             | 59.68<br>40.32 | Corporación Española de Transporte, S.A.<br>Sanlúcar de Barrameda Municipal Council     |
| Transports Municipals d'Egara, S.A.<br>Ctra. Nacional 150 Km 15. Terrassa (Barcelona) (e)                                                  | 721             | 80.00<br>20.00 | Corporación Española de Transporte, S.A.<br>Terrassa Municipal Council                  |

#### ■■■■ Vehicle roadworthiness testing

|                                                                       |     |                |                                                             |
|-----------------------------------------------------------------------|-----|----------------|-------------------------------------------------------------|
| Valenciana de Servicios ITV, S.A.                                     | 905 | 30.00          | General de Servicios ITV, S.A.                              |
| Polígono Industrial "El Oliveral" – Ribarroja de Turia (Valencia) (e) | 603 | 20.00<br>50.00 | Aragonesa de Servicios ITV, S.A.<br>Aguas de Valencia, S.A. |

#### ■ CEMENT AREA

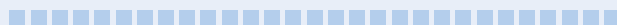
|                                              |        |       |                                      |
|----------------------------------------------|--------|-------|--------------------------------------|
| Grupo CDN-USA                                | 28,143 | 50.00 | Cementos Portland, Valderrivas, S.A. |
| Preble Street, 38. Portland. Maine (USA) (e) |        | 50.00 | Cementos Lemona, S.A.                |

#### Notes:

- The financial statements of all the companies listed above are as of December 31, 2004.
- The main multigroup companies were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(\*) Formerly Gestión Medioambiental Enviland, S.A.

(\*\*) Formerly CGEA Brasil Participações s/c Ltda.

**EXHIBIT III. COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD**


| Company                                                                                                                                    | Net book values | %                     | Nominal percentage of ownership and holder                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>■ CONSTRUCTION AREA</b>                                                                                                                 |                 |                       |                                                                                                                                   |
| <b>■■■■ Concessions-holders</b>                                                                                                            |                 |                       |                                                                                                                                   |
| Aigües del Segarra Garrigues, S.A.<br>Santa Clara, 4. Tàrraga (Lleida)                                                                     | 7,460           | 24.00<br>1.00         | FCC Construcción, S.A.<br>Aqualia Gestión Integral del Agua, S.A.                                                                 |
| Autopistas del Valle, S.A.<br>San José (Costa Rica)                                                                                        | 257             | 35.00<br>13.00        | Concesiones Viales de Costa Rica, S.A.<br>Corporación M&S Internacional C.A., S.A.                                                |
| Autopista de la Costa Cálida<br>Concesionaria Española de Autopistas, S.A.<br>Saturno, 1. Pozuelo de Alarcón (Madrid)                      | 13,800          | 35.75                 | FCC Construcción, S.A.                                                                                                            |
| Autovía del Camino, S.A.<br>Leyre, 11. Pamplona (Navarra) (a)                                                                              | 22,280          | 40.00                 | FCC Construcción, S.A.                                                                                                            |
| Concesiones Aeroportuarias, S.A.<br>Avda. Hermanos Bou, 22. Castellón de la Plana                                                          | 40              | 40.00                 | FCC Construcción, S.A.                                                                                                            |
| Concesiones de Madrid, S.A.<br>Avda. de Europa, 18. Alcobendas (Madrid) (a)                                                                | 8,664           | 25.00                 | FCC Construcción, S.A.                                                                                                            |
| Concessió i Explotació d'Infraestructures, S.A.<br>Travessera de Gràcia, 58. Barcelona (a)                                                 | 11,798          | 34.00                 | FCC Construcción, S.A.                                                                                                            |
| Metro de Málaga, S.A.<br>Martínez, 11. Málaga (e)                                                                                          | 20,546          | 20.73                 | FCC Construcción, S.A.                                                                                                            |
| Ruta de los Pantanos, S.A.<br>Avda. Europa, 18. Parque Empres. La Moraleja-Alcobendas<br>(Madrid) (a)                                      | 3,897           | 25.00                 | FCC Construcción, S.A.                                                                                                            |
| Tramvia Metropolità, S.A.<br>Córcega, 270. Barcelona                                                                                       | 6,872           | 19.03<br>4.82<br>1.00 | FCC Construcción, S.A.<br>Detren Compañía General de Servicios Ferroviarios, S.L.<br>CGT Corporación General de Transportes, S.A. |
| Tramvia Metropolità del Besòs, S.A.<br>Córcega, 270. Barcelona                                                                             | 7,079           | 19.03<br>4.82<br>1.00 | FCC Construcción, S.A.<br>Detren Compañía General de Servicios Ferroviarios, S.L.<br>CGT Corporación General de Transportes, S.A. |
| Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra<br>Avda. Tarragona, 58-70 Edificio Les Colomnes<br>Andorra la Vella (Andorra) | 5,287           | 40.00                 | FCC Construcción, S.A.                                                                                                            |
| <b>■■■■ Other activities</b>                                                                                                               |                 |                       |                                                                                                                                   |
| Cleon, S.A.<br>Villanueva, 2. Madrid (c)                                                                                                   | 25,262          | 25.00                 | FCC Construcción, S.A.                                                                                                            |
| Compañía Tecnológica de Corella Construcción, S.A.<br>Polígono Industrial s/n. Corella (Navarra) (e)                                       | 329             | 49.00                 | Prefabricados Delta, S.A.                                                                                                         |
| Dinfra Cofimex, S.A. de C.V.<br>Coahuila, 299. Colonia Cuajimalca. Mexico City (Mexico)                                                    | 42              | 49.90                 | Construcción y Filiales Mexicanas, S.A. de C.V.                                                                                   |
| ECCE Signs for Europe B.V.<br>Essenestraat, 24. Ternat (Belgium)<br>-Commercial sign marketing-                                            | 60              | 25.00                 | Megaplas, S.A.                                                                                                                    |
| ECCE Signs for Europe B.V. S.L.<br>Polaris Ave 53. J.H. Hofddorp (Netherlands)<br>-Commercial sign marketing-                              | 2               | 25.00                 | Megaplas, S.A.                                                                                                                    |
| Elaboración de Cajones Pretensados, S.L.<br>Avda. General Perón, 36. Madrid                                                                | 1               | 50.00                 | FCC Construcción, S.A.                                                                                                            |

| Company                                                                                                                     | Net book values | %     | Nominal percentage of ownership and holder   |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------|-------|----------------------------------------------|
| Grupo Foment de Construccions i Consulting, S.A.<br>Av. Copríncep Francès 11. Encamp (Andorra)                              | (38)            | 33.30 | FCC Construction International B.V.          |
| Las Palmeras de Garrucha, S.L.<br>Mayor, 19. Garrucha (Almería)                                                             | 1,695           | 20.00 | Participaciones Teide, S.A.                  |
| Marina de l'Empordà, S.A.<br>Avda. Diagonal, 512. Barcelona<br>-In liquidation-                                             | 18              | 20.00 | FCC Construcción, S.A.                       |
| Marina Port Vell, S.A.<br>Varadero, s/n. Ed. Torre de Control-Moll del Relotge<br>(Barcelona) (e)<br>-Operation of marinas- | 1,751           | 30.66 | FCC Construcción, S.A.                       |
| Nàutic Tarragona, S.A.<br>Edificio Club Náutico, Puerto Deportivo. Tarragona<br>-Operation of marinas-                      | 273             | 25.00 | FCC Construcción, S.A.                       |
| Nova Bocana Barcelona, S.A.<br>Avda. Josep Tarradellas, 123. Barcelona                                                      | 250             | 25.00 | FCC Construcción, S.A.                       |
| Operador Logístico Integral de Graneles, S.A.<br>Explanada de Aboño-Puerto del Musel. Gijón (Asturias)                      | 1,036           | 20.00 | Contratas y Ventas, S.A.                     |
| Port Premià, S.A.<br>Balmes, 36. Barcelona<br>-In liquidation-                                                              | (555)           | 39.72 | FCC Construcción, S.A.                       |
| Port Torredembarra, S.A.<br>Pza. Peig, 1. Torredembarra (Tarragona)<br>-Operation of marinas-                               | 837             | 24.08 | FCC Construcción, S.A.                       |
| Sa Stria, Società Consortile a Responsabilità Limitata<br>Piazza Fernando de Lucia, 60 Roma (Italy)                         | —               | 40.00 | FCC Construcción, S.A.                       |
| Terminal Polivalente de Castellón, S.A.<br>Muelle del Centenario (Terminal B). El Grao<br>(Castellón de la Plana) (e)       | 4,050           | 45.00 | FCC Construcción, S.A.                       |
| Terminal Polivalente de Huelva, S.A.<br>La Marina, 29. Huelva                                                               | 19              | 31.50 | FCC Construcción, S.A.                       |
| Torres Porta Fira, S.A.<br>Mestre Nicolau, 19. Barcelona                                                                    | 1,200           | 33.33 | FCC Construcción, S.A.                       |
| Urbs Iudex et Causidicus, S.A.<br>Tarragona, 161, Cos Baix, 3 Derecha. Barcelona                                            | 11,177          | 29.00 | FCC Construcción, S.A.                       |
| Viveros del río Razón, S.L.<br>Camino del Guardatillo. Valdeavellano de Tera (Soria)<br>-Tree nurseries and gardening-      | 2               | 48.00 | Naturaleza, Urbanismo y Medio Ambiente, S.A. |

## ■ SERVICES AREA

### ■■■■ Urban cleaning

|                                                                         |       |       |                                             |
|-------------------------------------------------------------------------|-------|-------|---------------------------------------------|
| Clavegueram de Barcelona, S.A.<br>Acer, 16. Barcelona                   | 910   | 22.50 | Fomento de Construcciones y Contratas, S.A. |
| Gestión Integral de Residuos Sólidos, S.A.<br>Santa Amalia, 2. Valencia | 1,878 | 49.00 | Fomento de Construcciones y Contratas, S.A. |
| Tirme, S.A.<br>Ctra. Sóller, km. 8. Son Reus Camí. Balearic islands     | 3,762 | 20.00 | FCC Medio Ambiente, S.A.                    |

### ■■■■ Water treatment and distribution

|                                                            |     |       |                                         |
|------------------------------------------------------------|-----|-------|-----------------------------------------|
| Aguas de Denia, S.A.<br>Pedro Esteve, 17. Denia (Alicante) | 316 | 33.00 | Aqualia Gestión Integral del Agua, S.A. |
| Aguas de Ubrique, S.A.<br>Avda. España, 9. Ubrique (Cádiz) | 64  | 49.00 | Aqualia Gestión Integral del Agua, S.A. |

| Company                                                                                             | Net book values | %     | Nominal percentage of ownership and holder |
|-----------------------------------------------------------------------------------------------------|-----------------|-------|--------------------------------------------|
| Aigües de Blanes, S.A.<br>Canigó, 5. Blanes (Girona)                                                | 46              | 49.00 | Girona, S.A.                               |
| Conducció del Ter, S.L.<br>Bourg de Peage, 89. Sant Feliu de Guíxols (Girona)                       | 36              | 48.00 | Aqualia Gestión Integral del Agua, S.A.    |
| Empresa Municipal de Aguas de Algeciras, S.A.<br>Virgen del Carmen, s/n. Algeciras (Cádiz) (e)      | 232             | 49.00 | Aqualia Gestión Integral del Agua, S.A.    |
| Empresa Municipal de Aguas de Toxiria, S.A.<br>Plaza de la Constitución. Torredonjimeno (Jaén)      | 111             | 49.00 | Aqualia Gestión Integral del Agua, S.A.    |
| La Unión Servicios Municipales, S.A.<br>Salvador Pascual, 7. La Unión (Murcia) (e)                  | 108             | 49.00 | Aqualia Gestión Integral del Agua, S.A.    |
| Nueva Sociedad de Aguas de Ibiza, S.A.<br>Avda. Bartolomé de Rosselló, 18. Ibiza (Balearic islands) | 70              | 40.00 | Aqualia Gestión Integral del Agua, S.A.    |
| Proveïments d'Aigua, S.A.<br>Asturias, 13. Girona                                                   | 119             | 45.00 | Girona, S.A.                               |
| Sera Q.A. Duitama E.S.P., S.A.<br>Duitama, Bocaya (Colombia)                                        | 44              | 30.60 | Aqualia Gestión Integral del Agua, S.A.    |

#### ■■■■ Waste treatment

|                                                                                                |     |       |                                    |
|------------------------------------------------------------------------------------------------|-----|-------|------------------------------------|
| A.B.G. Servicios Medioambientales, S.A.<br>Colón de Larreátegui, 26. Bilbao (Vizcaya)          | 102 | 20.00 | Limpiezas Industriales Alfus, S.A. |
| Aprochim Getesarp Rymoil, S.A.<br>Polígono Industrial Logrenzana La Granda. Carreño (Asturias) | 737 | 30.00 | FCC Medio Ambiente, S.A.           |
| Sogecar, S.A.<br>Polígono Torrelarragoiti. Zamudio (Vizcaya)                                   | 122 | 30.00 | Ekonor, S.A.                       |

#### ■■■■ Proactiva group investees

Listed below is Proactiva Medio Ambiente, S.A.'s investee accounted for by the equity method, stating the percentage of direct and indirect ownership held by Proactiva Medio Ambiente, S.A.

|                                                                               |        |       |                             |
|-------------------------------------------------------------------------------|--------|-------|-----------------------------|
| Grupo Domino Holdings<br>Avda. Candido Abreu, 651-80530 Curitiba (Brazil) (d) | 20,631 | 30.00 | Sanedo Participações, Ltda. |
|-------------------------------------------------------------------------------|--------|-------|-----------------------------|

#### ■ VERSIA

#### ■■■■ Street furniture

|                                                                                                                                    |       |                |                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------|-------|----------------|------------------------------------------------------------------------------------------------------------|
| Equipamientos Urbanos de Costa Rica, S.A.<br>Av. 6, CL 17-19 N° 1753. San José (Costa Rica)                                        | 348   | 100            | Equipamientos Urbanos de México, S.A. de C.V.                                                              |
| Equipamientos Urbanos de El Salvador, S.A. de C.V.<br>Pasaje Stahl, 117. San Salvador (El Salvador)                                | 172   | 99.98<br>0.02  | Equipamientos Urbanos de México, S.A. de C.V.<br>Servicios de Comercialización de Publicidad, S.A. de C.V. |
| Equipamientos Urbanos de Guatemala, S.A.<br>6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala)                                   | 709   | 99.99<br>0.01  | Equipamientos Urbanos de México, S.A. de C.V.<br>Servicios de Comercialización de Publicidad, S.A. de C.V. |
| Equipamientos Urbanos de México, S.A. de C.V.<br>Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) | 7,326 | 50.00<br>50.00 | Cemusa, Corporación Europea de Mobiliario Urbano, S.A. G-40, S.L.                                          |
| Equipamientos Urbanos de Panamá, S.A.<br>Panamá                                                                                    | 241   | 99.99<br>0.01  | Equipamientos Urbanos de México, S.A. de C.V.<br>Servicios de Comercialización de Publicidad, S.A. de C.V. |
| Equipamientos Urbanos Dominicanos, S.A.<br>El Conde, 451. Santo Domingo, D.N. – (Dominican Republic)                               | 570   | 99.99          | Equipamientos Urbanos de México, S.A. de C.V.                                                              |

| Company                                                                                                                                        | Net book values | %             | Nominal percentage of ownership and holder                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|------------------------------------------------------------------------------------------------------------|
| Medios de Publicidad, S.A. de C.V.<br>Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)                        | 106             | 100           | Tenedora de Acciones de Mobiliario, S.A. de C.V.                                                           |
| Servicio y Tecnología Especializada, S.A. de C.V.<br>Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)         | (33)            | 98.00<br>2.00 | Equipamientos Urbanos de México, S.A. de C.V.<br>Servicios de Comercialización de Publicidad, S.A. de C.V. |
| Servicios de Comercialización de Publicidad, S.A. de C.V.<br>Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) | (5)             | 98.00<br>2.00 | Equipamientos Urbanos de México, S.A. de C.V.<br>Servicio y Tecnología Especializada, S.A. de C.V.         |
| Stoc, S.A. de C.V.<br>Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)                                        | 442             | 100           | Tenedora de Acciones de Mobiliario, S.A. de C.V.                                                           |
| Tenedora de Acciones de Mobiliario, S.A. de C.V.<br>Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)          | 658             | 50.00         | Equipamientos Urbanos de México, S.A. de C.V.                                                              |

#### ■■■■ Passenger transport

|                                                                                 |    |       |                                          |
|---------------------------------------------------------------------------------|----|-------|------------------------------------------|
| Bus Turístico de Málaga, S.L.<br>Pº de los Tilos. Estación de Autobuses. Málaga | 46 | 40.00 | Corporación Española de Transporte, S.A. |
|---------------------------------------------------------------------------------|----|-------|------------------------------------------|

#### ■■■■ Vehicle roadworthiness testing

|                                                              |    |       |                                   |
|--------------------------------------------------------------|----|-------|-----------------------------------|
| I.T.V. Córdoba, S.A.<br>Dean Funes 802 - Córdoba (Argentina) | 63 | 30.00 | General de Servicios I.T.V., S.A. |
|--------------------------------------------------------------|----|-------|-----------------------------------|

### ■ CEMENT AREA

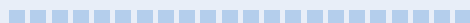
|                                                                                                  |        |                         |                                                                                                        |
|--------------------------------------------------------------------------------------------------|--------|-------------------------|--------------------------------------------------------------------------------------------------------|
| Aplicaciones Minerales, S.A.<br>Camino Fuente Herrero, s/n. Cueva de Cardiel (Burgos)            | 318    | 24.00<br>12.00<br>12.00 | Cementos Portland Valderrivas, S.A.<br>Cementos Alfa, S.A.<br>Cementos Lemona, S.A.                    |
| Canteras y Hormigones Quintana, S.A.<br>Ctra. Irún-La Coruña, Km. 184. Gama (Cantabria) (e)      | 2,981  | 50.00                   | Cementos Alfa, S.A.                                                                                    |
| Canteras y Hormigones VRE, S.A.<br>Arieta, 13. Estella (Navarra) (c)                             | 1,841  | 50.00                   | Cementos Portland Valderrivas, S.A.                                                                    |
| Carbocem, S.A.<br>Pº de la Castellana, 45. Madrid<br>-Import of coal- (c)                        | 369    | 42.85<br>14.28          | Cementos Portland Valderrivas, S.A.<br>Cementos Alfa, S.A.                                             |
| Cementos Lemona, S.A. y sociedades dependientes<br>Alameda de Urquijo, 10. Bilbao (Vizcaya) (a)  | 35,930 | 30.71<br>0.01           | Cementos Portland Valderrivas, S.A.<br>Hormigones y Morteros Preparados, S.A. Sole-shareholder company |
| Dragon Alfa Cement Limited<br>Harbour House-Deck Road, 138. Gloucestershire (United Kingdom) (e) | 2,707  | 50.00                   | Cementos Alfa, S.A.                                                                                    |
| Exponor, S.A.<br>Alameda de Urquijo, 10. Bilbao (Vizcaya)<br>-In liquidation-                    | 1      | 32.00<br>23.00          | Cementos Lemona, S.A.<br>Cementos Portland Valderrivas, S.A.                                           |
| Hormigones Alcanadre, S.L.<br>Alcubierre, 11- Huesca                                             | 430    | 50.00                   | Cementos Portland Valderrivas, S.A.                                                                    |
| Hormigones Calahorra, S.A.<br>Brebicio, 25. Calahorra (La Rioja)                                 | 284    | 49.99                   | Cementos Portland Valderrivas, S.A.                                                                    |
| Hormigones Castro, S.A.<br>Ctra. Irún-La Coruña, Km. 153. Islares (Cantabria)                    | 440    | 40.00                   | Cementos Alfa, S.A.                                                                                    |
| Hormigones del Baztán, S.L.<br>Suspeltxiki, 25. Vera de Bidasoa (Navarra)                        | 709    | 50.00                   | Hormigones Arkaitza, S.A. Sole-shareholder company                                                     |
| Hormigones Delfín, S.A.<br>Venta Blanca - Peralta (Navarra)                                      | 964    | 50.00                   | Cementos Portland Valderrivas, S.A.                                                                    |

| Company                                                                                                                 | Net book values | %                     | Nominal percentage of ownership and holder                                                              |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|---------------------------------------------------------------------------------------------------------|
| Hormigones en Masa de Valtierra, S.A.<br>Ctra. de Cadreíta, Km. 0. Valtierra (Navarra)                                  | 1,509           | 50.00                 | Cementos Portland Valderrivas, S.A.                                                                     |
| Hormigones Galizano, S.A.<br>Ctra. Irún-La Coruña, Km. 184. Gama (Cantabria)                                            | 295             | 50.00                 | Cementos Alfa, S.A.                                                                                     |
| Hormigones Giral, S.A.<br>Alcubierre, 11. Huesca (e)                                                                    | 2,546           | 50.00                 | Cementos Portland Valderrivas, S.A.                                                                     |
| Hormigones Reinares, S.A.<br>Bretón de los Herreros, 8. Calahorra (La Rioja)                                            | 735             | 50.00                 | Cementos Portland Valderrivas, S.A.                                                                     |
| Hormigones y Áridos del Pirineo Aragonés, S.A.<br>Ctra. de Biescas, s/n. Sabiñánigo (Huesca) (c)                        | 3,566           | 50.00                 | Cementos Portland Valderrivas, S.A.                                                                     |
| Lázaro Echeverría, S.A.<br>Isidoro Melero. Alsasua (Navarra) (c)                                                        | 6,172           | 40.00                 | Canteras de Aláiz, S.A.                                                                                 |
| Navarra de Transportes, S.A.<br>Ctra. Pamplona-Vitoria, km. 52. Olazagutia (Navarra) (c)<br>-Bulk goods transportation- | 956             | 33.33                 | Cementos Portland Valderrivas, S.A.                                                                     |
| Novhorvi, S.A.<br>Portal de Gamarra, 25. Vitoria (Álava)                                                                | 207             | 25.00                 | Canteras del Pirineo Occidental, S.A.                                                                   |
| Silos y Morteros, S.L.<br>General Vara del Rey, 1. Logroño (La Rioja)                                                   | 226             | 33.33                 | Hormigones y Morteros Preparados, S.A.<br>Sole-shareholder company                                      |
| <b>■ REAL ESTATE</b>                                                                                                    |                 |                       |                                                                                                         |
| Grupo Realía Business<br>Paseo de la Castellana, 216. Madrid (a)                                                        | 258,437         | 44.25<br>4.41<br>0.51 | Fomento de Construcciones y Contratas, S.A.<br>Corporación Financiera Hispánica, S.A.<br>Grucycsa, S.A. |
| <b>TOTAL COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD 516,945</b>                                                       |                 |                       |                                                                                                         |

**Notes:**

- The financial statements of all the companies listed above are as of December 31, 2004.
- As required by Article 86 of the revised Corporations Law, in 2004 the Group companies made the related notification to the companies in which they had acquired direct or indirect holdings of over 10%.
- The main companies accounted for by the equity method were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

## EXHIBIT IV. CHANGES IN THE CONSOLIDATED GROUP



| Additions                                                                       | Address                                                                           |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>■ FULLY CONSOLIDATED COMPANIES</b>                                           |                                                                                   |
| ABIES RE ANSTALT (1)                                                            | Josef Rheinbergertrasse, 6. Vaduz (Liechtenstein)                                 |
| ÁRIDOS ANDÚJAR, S.L. UNIPERSONAL                                                | C. de los Villares Km. 7,5. Andújar (Jaén)                                        |
| ÁRIDOS DE MELO, S.L.                                                            | Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)                      |
| BBR PRETENSADOS Y TÉCNICAS ESPECIALES, S.L.                                     | Retama, 5. Madrid                                                                 |
| CONCESIONES VIALES DE COSTA RICA, S.A.                                          | Av. 10 calles 33 y 35. San José (Costa Rica)                                      |
| CORPORACIÓN M & S INTERNACIONAL C.A., S.A.                                      | Costa Rica                                                                        |
| ECOGENESIS SOCIÉTÉ ANONYME RENDERING OF CLEANSING AND WASTE MANAGEMENT SERVICES | Municipalidad de Atenas. Prefectura de Atica (Greece)                             |
| FIR RE SOCIÉTÉ ANONYME                                                          | 19 Rue de Bitbourg. Luxembourg                                                    |
| GESTIÓ I RECUPERACIÓ DE TERRENYS, S.A.                                          | Paratge Vacamorta. Cruïlles (Girona)                                              |
| GESTIÓN DE AGUAS DEL NORTE, S.A.                                                | Av. de Tirajana, 39. San Bartolomé de Tirajana (Las Palmas)                       |
| LIMPIEZAS INDUSTRIALES ALFUS, S.A.                                              | Barrio Ibarra, 20. Bedia (Vizcaya)                                                |
| TÉCNICAS DE DESCONTAMINACIÓN, S.A.                                              | Polígono Guarnizo, parcela 97. El Astillero (Cantabria)                           |
| <b>■ PROPORTIONALLY CONSOLIDATED COMPANIES</b>                                  |                                                                                   |
| CONSTRUCCIONES OLABARRI, S.L. (*)                                               | Plaza Pío Baroja, 3. Bilbao (Vizcaya)                                             |
| CORGOBUS TRANSPORTES URBANOS DE VILA REAL                                       | Praceta Cidade Pávoa de Varzim, 7. Vila Real (Portugal)                           |
| SOCIEDADE UNIPESSOAL LDA.                                                       |                                                                                   |
| GESTIÓN AMBIENTAL PETROLERA, S.A.                                               | Tucumán, 1321. Buenos Aires (Argentina)                                           |
| HADES SOLUCIONES MEDIOAMBIENTALES, S.L.                                         | Mayor, 3. Cartagena (Murcia)                                                      |
| RECICLADO DE COMPONENTES ELECTRÓNICOS, S.A.                                     | Johan G. Gutemberg, s/n. Seville                                                  |
| SERECO GESTIÓN, S.L.                                                            | Polígono Guarnizo, parcela 97. El Astillero (Cantabria)                           |
| <b>■ COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD</b>                           |                                                                                   |
| A.B.G. SERVICIOS MEDIOAMBIENTALES, S.A.                                         | Colón de Larreátegui, 26. Bilbao (Vizcaya)                                        |
| AUTOPISTA DE LA COSTA CÁLIDA CONCESIONARIA ESPAÑOLA DE AUTOPISTAS, S.A.         | Saturno, 1. Pozuelo de Alarcón (Madrid)                                           |
| AUTOPISTAS DEL VALLE, S.A.                                                      | San José (Costa Rica)                                                             |
| EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA, S.A.                                     | Plaza de la Constitución. Torredonjimeno (Jaén)                                   |
| EQUIPAMIENTOS URBANOS DE COSTA RICA, S.A. (*)                                   | Av. 6, CL 17-19 N° 1753. San José (Costa Rica)                                    |
| EQUIPAMIENTOS URBANOS DE EL SALVADOR, S.A. DE C.V. (*)                          | Pasaje Stahl, 117. San Salvador (El Salvador)                                     |
| EQUIPAMIENTOS URBANOS DE GUATEMALA, S.A. (*)                                    | 6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala)                              |
| EQUIPAMIENTOS URBANOS DE MÉXICO, S.A. DE C.V. (*)                               | Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| EQUIPAMIENTOS URBANOS DE PANAMÁ, S.A. (*)                                       | Panamá                                                                            |
| EQUIPAMIENTOS URBANOS DOMINICANOS, S.A. (*)                                     | El Conde, 451. Santo Domingo, D.N. – (Dominican Republic)                         |
| MEDIOS DE PUBLICIDAD, S.A. DE C.V. (*)                                          | Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| METRO DE MÁLAGA, S.A.                                                           | Martínez, 11. Málaga                                                              |
| NOVA BOCANA BARCELONA, S.A.                                                     | Av. Josep Tarradellas, 123. Barcelona                                             |
| SERVICIOS DE COMERCIALIZACIÓN DE PUBLICIDAD, S.A. DE C.V. (*)                   | Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| SERVICIOS Y TECNOLOGÍA ESPECIALIZADA, S.A. DE C.V. (*)                          | Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| STOC, S.A. DE C.V. (*)                                                          | Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| TENEDORA DE ACCIONES DE MOBILIARIO, S.A. DE C.V. (*)                            | Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| TERMINAL POLIVALENTE DE HUELVA, S.A.                                            | La Marina, 29. Huelva                                                             |
| TORRES PORTA FIRA, S.A.                                                         | Mestre Nicolau, 19. Barcelona                                                     |

| Retirements | Domicilio |
|-------------|-----------|
|-------------|-----------|

#### ■ FULLY CONSOLIDATED COMPANIES

|                                                     |                                                              |
|-----------------------------------------------------|--------------------------------------------------------------|
| ABIES RE ANSTALT (1)                                | Josef Rheinbergertrasse, 6. Vaduz (Liechtenstein)            |
| ÁRIDOS SILICIOS DE EXTREMERA, S.L. (2)              | Cr. de Madrid, 22. Almoguera (Guadalajara)                   |
| HORMIGONES ALÁIZ, S.A. UNIPERSONAL (3)              | Estella, 6. Pamplona (Navarra)                               |
| HORMIGONES ARAQUIL, S.A. UNIPERSONAL (3)            | Estella, 6. Pamplona (Navarra)                               |
| LOGISTIC ACTIVITIES, S.A. (4)                       | Avda. de la Industria, 18. Coslada (Madrid)                  |
| NOULAS-RESEVI, S.L.                                 | Polígono Artana Nave III. Villarreal (Castellón de la Plana) |
| SERVICIOS ARAGONESES DE ENERGÍA Y BIOMASA, S.A. (5) | Autovía de Logroño km. 12,6 Utebo (Zaragoza)                 |
| VIÑEDOS Y MADERAS PARA EXTERIORES, S.L.             | Autovía de Castilla N-620 km. 136. Simancas (Valladolid)     |

#### ■ PROPORTIONALLY CONSOLIDATED COMPANIES

|                                                                                    |                                                                                   |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| CES COMPAÑÍA ECOLÓGICA SUDAMERICANA, S.A. (6)                                      | Tucumán, 1321. Buenos Aires (Argentina)                                           |
| EQUIPAMIENTOS URBANOS DE COSTA RICA, S.A. (*)                                      | Av. 6, CL 17-19 N° 1753. San José (Costa Rica)                                    |
| EQUIPAMIENTOS URBANOS DE EL SALVADOR, S.A. DE C.V. (*)                             | Pasaje Stahl, 117. San Salvador (El Salvador)                                     |
| EQUIPAMIENTOS URBANOS DE GUATEMALA, S.A. (*)                                       | 6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala)                              |
| EQUIPAMIENTOS URBANOS DE MÉXICO, S.A. DE C.V. (*)                                  | Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| EQUIPAMIENTOS URBANOS DE PANAMÁ, S.A. (*)                                          | Panamá                                                                            |
| EQUIPAMIENTOS URBANOS DOMINICANOS, S.A. (*)                                        | El Conde, 451. Santo Domingo, D.N. – (República Dominicana)                       |
| FASSA ENVIRONNEMENT, S.A.                                                          | 76 Av. du Président Wilson. La Plaine Saint Denis (France)                        |
| FASSA SERVICES, S.A.                                                               | 1 Rue de Berri. París (France)                                                    |
| FORMACO TRANSAMBIENTAL, LTDA. (7)                                                  | Rua Ferreira de Oliveira, 197. Sao Paulo (Brazil)                                 |
| FRANÇAISE D'ASSAINISSEMENT ET DE SERVICE, S.A.                                     | Av. de Colmar 55/57. Rueil Malmaison (France)                                     |
| MEDIOS DE PUBLICIDAD, S.A. DE C.V. (*)                                             | Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| SERVICIOS DE COMERCIALIZACIÓN DE PUBLICIDAD, S.A. DE C.V. (*)                      | Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| SERVICIOS Y TECNOLOGÍA ESPECIALIZADA, S.A. DE C.V. (*)                             | Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| SOCIÉTÉ D'EXPLOITATION ET DE TRANSPORTS D'ORDURES INDUSTRIELLES ET MÉNAGÈRES, S.A. | Le Nid Coquet. Soudan (France)                                                    |
| STOC, S.A. DE C.V. (*)                                                             | Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |
| TENEDORA DE ACCIONES DE MOBILIARIO, S.A. DE C.V. (*)                               | Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico) |

#### ■ COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

|                                   |                                                    |
|-----------------------------------|----------------------------------------------------|
| CONSTRUCCIONES OLABARRI, S.L. (*) | Plaza Pío Baroja, 3. Bilbao (Vizcaya)              |
| FASSA-COVED ENVIRONNEMENT, SAS    | Av. L'Europe, 34. Velizy Villacoublay (France)     |
| GRUPO GRUBAR HOTELES              | Pza. Pablo Ruiz Picasso, 1. Madrid                 |
| HORMIGONES ARAGÓN, S.A.           | Barrio Movera, 20. Zaragoza                        |
| HORMIGONES ARNEDO, S.L.           | Término Sendero. Arnedo (La Rioja)                 |
| HORMIGONES SAN ADRIÁN, S.A.       | Avda. de Navarra, 30. San Adrián (Navarra)         |
| IDEX-FASSA ENVIRONNEMENT, SAS     | Rue Escudier, 8-bis. Boulogne Billancourt (France) |

(1) Company included in consolidation in 2004 (see Note 2-c) and retired in the same year due to liquidation.

(2) Company merged by absorption into ÁRIDOS Y PREMEZCLADOS, S.A.

(3) Company merged by absorption into CANTERAS DE ALÁIZ, S.A.

(4) Company merged by absorption into AITENA, SOCIEDAD ANÓNIMA INMOBILIARIA Y DE TRANSPORTES.

(5) Retirement due to liquidation.

(6) Company merged by absorption into AESA, ASEO Y ECOLOGÍA, S.A.

(7) Company merged by absorption into INTRANSCOL, S.A. GESTAO GLOBAL DE RESIDUOS.

(\*) Change in consolidation method (see information in Note 9 on the Eumex Group).



## GROUP PERFORMANCE IN 2004

### 1. INTRODUCTION

The FCC Group's strategic activities, Services, Construction and Cement, are structured into four management units relating to the following specialized areas:

#### ■ Services

- a) The 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 areas and offices, industrial waste treatment and the integral water cycle. These activities are performed through the Parent Company Fomento de Construcciones y Contratas, S.A., FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua and other subsidiaries of these companies and the Ámbito brand.
- b) Versia, which provides various services such as vehicle parking lots, street furniture, advertising, passenger transport, vehicle roadworthiness tests, ground aircraft and passenger handling, and logistics services to companies from various industries. These activities are carried on mainly by FCC Versia, S.A. and subsidiaries and the Flightcare brand.

- **Construction**, this area specializes in construction and related industries, such as highways, freeways and roads, waterworks, maritime works, airports, railroad infrastructures, property developments, housing, nonresidential buildings, infrastructure conservation, oil and gas pipelines, environmental restoration, etc. These activities are carried on 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 highways, tunnels, airports, marinas and tram lines, and the construction and operation of buildings for various uses.

- **Cement**, this unit engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related premanufactured 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 computerized trading system.

The FCC Group is also present in the Real Estate industry through Realia Business, S.A., a company in which the Group and Caja Madrid each have a 50% ownership interest, as a result of which it is accounted for by the equity method in the Group's financial statements. The real estate activity focuses on the operation of exceptional office buildings and shopping malls owned by Realia Business, S.A. and on the development of real estate products for their subsequent sale.

### 2. MAIN AGGREGATES OF THE FCC GROUP

|                                                                               | 2004     | 2003     | Variation |        |
|-------------------------------------------------------------------------------|----------|----------|-----------|--------|
|                                                                               |          |          | Absolute  | %      |
| Net sales                                                                     | 6,285.9  | 6,050.5  | 235.4     | 3.9    |
| Gross operating income                                                        | 851.3    | 804.1    | 47.2      | 5.9    |
| Net operating income                                                          | 543.6    | 519.0    | 24.6      | 4.7    |
| Ordinary income                                                               | 570.2    | 521.1    | 49.1      | 9.4    |
| Consolidated income before taxes                                              | 603.3    | 496.3    | 107.0     | 21.6   |
| Income attributed to the Parent Company                                       | 388.3    | 308.6    | 79.7      | 25.8   |
| Construction and services backlog                                             | 16,405.1 | 15,344.0 | 1,061.1   | 6.9    |
| Investments                                                                   | 624.6    | 624.0    | 0.6       | —      |
| Funds obtained                                                                | 715.1    | 707.7    | 7.4       | 1.0    |
| Net debt                                                                      | 250.8    | 546.7    | (295.9)   | (54.1) |
| Shareholders' equity                                                          | 2,040.3  | 1,845.5  | 194.8     | 10.6   |
| Dividend per share (euros)                                                    | 1.36     | 1.067    | 0.293     | 27.5   |
| Earnings per share (euros)                                                    | 2.99     | 2.38     | 0.61      | 25.6   |
| Consolidated income as % of shareholders' equity and minority interests (ROE) | 21.2     | 19.4     | 1.8       | 9.3    |

## 2.1. Net sales

In 2004 the FCC Group recorded net sales of €6,285.9 million, up 3.9% on 2003. This increase was underpinned by the positive performance of all the Group's strategic areas.

| Net sales by activity                                              | 2004           |            | 2003           |            | % Variation |
|--------------------------------------------------------------------|----------------|------------|----------------|------------|-------------|
|                                                                    | Amount         | % of total | Amount         | % of total |             |
| Construction                                                       | 3,090.2        | 49.2       | 2,950.1        | 48.8       | 4.7         |
| Services                                                           | 1,819.2        | 28.9       | 1,708.9        | 28.2       | 6.5         |
| Versia                                                             | 514.5          | 8.2        | 381.0          | 6.3        | 35.0        |
| Cementos Portland Valderrivas                                      | 881.5          | 14.0       | 865.6          | 14.3       | 1.8         |
| Consolidation eliminations for intercompany transactions and other | (19.5)         | (0.3)      | 144.9          | 2.4        |             |
| <b>Total</b>                                                       | <b>6,285.9</b> | <b>100</b> | <b>6,050.5</b> | <b>100</b> | <b>3.9</b>  |

In 2004 certain changes were made to the Group's internal areas of activity, as a result of which the logistics and installations sectors were included in Versia and Construction, respectively. These sectors were included as "Other Activities" in 2003.

As regards the breakdown of sales by geographical area, sales in Spain continued to record steady growth (4.3%), due to the commendable performance of all the Group's business lines.

The contribution of sales abroad to consolidated sales fell to 10.2%, due to the impact of both the exclusion from the scope of consolidation of the Mexican street furniture subsidiary Eumex, which is now accounted for by the equity method, and the 8% depreciation of the U.S. dollar against the euro in 2004.

| Net sales by geographical area | 2004           |            | 2003           |            | % Variation |
|--------------------------------|----------------|------------|----------------|------------|-------------|
|                                | Amount         | % of total | Amount         | % of total |             |
| Spain                          | 5,645.3        | 89.8       | 5,413.0        | 89.5       | 4.3         |
| Abroad                         | 640.6          | 10.2       | 637.5          | 10.5       | 0.5         |
| <b>Total</b>                   | <b>6,285.9</b> | <b>100</b> | <b>6,050.5</b> | <b>100</b> | <b>3.9</b>  |

## 2.2. Gross operating income

At 2004 year-end the Group reported gross operating income of €851.3 million, up 5.9% on 2003. This growth represents a 0.2 percentage point improvement in the sales margin, which stood at 13.5%, due to the sound performance of the Versia, Construction and Services areas.

As regards the breakdown of income by business line, the growth of the Services and Versia areas prompted their contribution to gross operating income to rise from 41.7% in 2003 to 44.3% in 2004.

| Business activity             | 2004         |            | 2003         |            | % Variation |
|-------------------------------|--------------|------------|--------------|------------|-------------|
|                               | Amount       | % of total | Amount       | % of total |             |
| Construction                  | 159.0        | 18.7       | 140.0        | 17.4       | 13.6        |
| Services                      | 285.4        | 33.5       | 255.0        | 31.7       | 11.9        |
| Versia                        | 91.8         | 10.8       | 80.6         | 10.0       | 13.9        |
| Cementos Portland Valderrivas | 265.0        | 31.1       | 276.2        | 34.3       | (4.0)       |
| Other                         | 50.1         | 5.9        | 52.3         | 6.5        | (4.2)       |
| <b>Total</b>                  | <b>851.3</b> | <b>100</b> | <b>804.1</b> | <b>100</b> | <b>5.9</b>  |

### 2.3. Net operating income

Net operating income amounted to €543.6 million, a year-on-year increase of 4.7%. The sales margin of 8.6% was in line with that obtained in 2003.

As regards the trends reported in the various areas, mention should be made of the sound performance of the Services, Versia and Construction areas, which increased their contribution to the Group's operating income, as shown in the following table:

| Business activity             | 2004         |            | 2003         |            | % Variation |
|-------------------------------|--------------|------------|--------------|------------|-------------|
|                               | Amount       | % of total | Amount       | % of total |             |
| Construction                  | 120.7        | 22.2       | 103.2        | 19.9       | 17.0        |
| Services                      | 149.6        | 27.5       | 138.6        | 26.7       | 7.9         |
| Versia                        | 49.6         | 9.1        | 45.2         | 8.7        | 9.7         |
| Cementos Portland Valderrivas | 172.3        | 31.7       | 189.4        | 36.5       | (9.0)       |
| Other                         | 51.4         | 9.5        | 42.6         | 8.2        | 20.7        |
| <b>Total</b>                  | <b>543.6</b> | <b>100</b> | <b>519.0</b> | <b>100</b> | <b>4.7</b>  |

### 2.4. Ordinary income

Ordinary income in 2004 rose by 9.4% to €570.2 million. The sales margin was up from 8.6% in 2003 to 9.1% in 2004.

This growth in operating income was complemented by the containment of financial costs as a result of the reduction of the Group's indebtedness and the maintenance of interest rates at their current low levels.

Also, the income from companies accounted for by the equity method includes an increased contribution by Realia, whose net income rose by 15.3%, despite the fact that its extraordinary income for the year fell significantly with respect to 2003.

### 2.5. Consolidated Income before Taxes

Consolidated income before taxes amounted to €603.3 million, an increase of 21.6% with respect to the year-ago period.

Extraordinary income amounted to €33.1 million in 2004, as compared with the extraordinary loss of €24.8 million reported in 2003.

Noteworthy in this connection was the income amounting to €60.3 million received, mainly through dividends, from the reinsurers Abies Re Anstalt and Fir Re Société Anonyme. These companies, which were included in the consolidated Group as a result of the change in legislation introduced by Law 62/2003, are currently being restructured. The sale of the Group's 10% ownership interest in Inversiones y Estudios Financieros, S.A. (Safei) gave rise to additional income of €21.7 million.

Conversely, the sale of the 50% holding in the Grubar Hoteles Group, whose price was determined on the basis of the market value of the hotels in which this group had held ownership interests, gave rise to a loss of €23.2 million. In addition, provisions amounting to approximately €30 million were recorded, basically to cover the risks inherent in the businesses located in Latin America and North Africa.

### 2.6. Income Attributed to the Parent Company

Income net of taxes attributable to the Parent Company amounted to €388.3 million, representing a 25.8% increase with respect to 2003 and an improvement of 1% in the net sales margin, which stood at 6.2%.

### 2.7. Backlog

The total construction and services backlog rose by 6.9% to €16,405.1 million, and will guarantee 16.9 months' activity in Construction and 61.9 months' activity in Services.

### 2.8. Investments

Investments in tangible fixed assets and intangible assets totaled €446.9 million. Of this amount, €40.5 million related to buildings and land, €275.0 million to machinery and equipment and €131.4 million to concessions and other assets.

Long-term investment additions amounted to €177.7 million in 2004, including most notably the investments of €82.3 million in the construction business, the most significant of which were capital contributions to concession-holders.

## 2.9. Funds Obtained

In 2004 the funds obtained by the FCC Group totaled €715.1 million, up 1% on 2003, as shown in the following table.

|                                                                        | 2004         | 2003         | % Variation |
|------------------------------------------------------------------------|--------------|--------------|-------------|
| Ordinary income net of taxes                                           | 411.4        | 398.2        | 3.3         |
| Depreciation of assets                                                 | 301.5        | 282.7        | 6.7         |
| Undistributed income from companies accounted for by the equity method | (42.8)       | (40.9)       | 4.6         |
| Other                                                                  | 45.0         | 67.7         | (33.5)      |
| <b>Total</b>                                                           | <b>715.1</b> | <b>707.7</b> | <b>1.0</b>  |

## 2.10 Net debt

The Group's net debt, as shown in the following table, amounted to €250.8 million, a reduction of 54.12% from €546.7 million in 2003, and the leverage ratio fell from 19.7% in 2003 to 9.3% in 2004.

|                       | 2004         | 2003         | % Variation    |
|-----------------------|--------------|--------------|----------------|
| Debenture issues      | 43.3         | 46.2         | (6.3)          |
| Bank debt             | 955.3        | 1,034.0      | (7.6)          |
| Limited recourse debt | 68.5         | 70.9         | (3.4)          |
| Other debts           | 51.4         | 78.9         | (34.9)         |
| Cash + investments    | (867.7)      | (683.3)      | 27.0           |
| <b>Net position</b>   | <b>250.8</b> | <b>546.7</b> | <b>(54.12)</b> |

The table below shows the statement of net financial debt flows, indicating the source of the various balances (from ordinary, investment and financing transactions).

| <b>Statement of net financial debt flows</b>               | <b>2004</b>    | <b>2003</b>    | <b>Variation</b> |
|------------------------------------------------------------|----------------|----------------|------------------|
| <b>From ordinary activities</b>                            | <b>852.5</b>   | <b>705.5</b>   | <b>147.0</b>     |
| Funds obtained (after taxes)                               | 715.1          | 707.7          | 7.4              |
| Variation in working capital                               | 137.4          | (2.2)          | 139.6            |
| (Increase)/Decrease in inventories and accounts receivable | (117.8)        | (204.8)        | 87.0             |
| Increase/(Decrease) in suppliers and accounts payable      | 255.2          | 202.6          | 52.6             |
| <b>From investment transactions</b>                        | <b>(481.7)</b> | <b>(460.8)</b> | <b>(20.9)</b>    |
| Investments                                                | (624.6)        | (624.0)        | (0.6)            |
| Buildings and land                                         | (40.5)         | (75.5)         | 35.0             |
| Machinery and equipment                                    | (275.0)        | (330.1)        | 55.1             |
| Concession royalties and other                             | (131.4)        | (78.3)         | (53.1)           |
| Shares and other equity interests                          | (177.7)        | (140.1)        | (37.6)           |
| Divestments                                                | 146.7          | 149.7          | (3.0)            |
| Tangible fixed assets and intangible assets                | 43.7           | 16.2           | 27.5             |
| Shares and other equity interests                          | 103.0          | 133.5          | (30.5)           |
| Other                                                      | (3.8)          | 13.5           | (17.3)           |
| <b>From financing transactions</b>                         | <b>(157.6)</b> | <b>(91.6)</b>  | <b>(66.0)</b>    |
| Shareholders' contributions                                | 0.5            | 0.8            | (0.3)            |
| Dividends distributed                                      | (164.3)        | (101.6)        | (62.7)           |
| Increase / (decrease) in debt                              | 6.2            | 9.2            | (3.0)            |
| <b>From accounting adjustments</b>                         | <b>82.7</b>    | <b>(49.9)</b>  | <b>132.6</b>     |
| <b>(Increase)/decrease in net financial debt</b>           | <b>295.9</b>   | <b>103.2</b>   | <b>192.7</b>     |
| <b>Net financial debt</b>                                  | <b>(250.8)</b> | <b>(546.7)</b> | <b>295.9</b>     |

## 2.11. Shareholders' Equity

The Group's shareholders' equity at 2004 year-end amounted to €2,040.3 million, up 10.6% on 2003. The main variations in 2004 in the Group's equity accounts are shown in the following table:

|                                                     |              |
|-----------------------------------------------------|--------------|
| Undistributed income for 2004                       | 299.8        |
| Distribución de beneficios de ejercicios anteriores | (90.5)       |
| Foreign currency translation differences            | (9.0)        |
| Other                                               | (5.5)        |
| <b>Total</b>                                        | <b>194.8</b> |

## 2.12. Dividend and Earnings per Share

The total dividend proposed for 2004 amounts to €1.36 gross per share, representing a 27.5% increase with respect to 2003. An interim dividend of €0.68 gross per share was distributed.

Earnings per share in 2004 amounted to €2.99, approximately 25.6% higher than in 2003.

The pay out, i.e. the ratio of the income distributed to the income attributed to the Parent Company, was 45.5%.

## 2.13 ROE. Consolidated Income as a % of Shareholders' Equity and Minority Interests

The return on shareholders' equity increased from 19.4% in 2003 to 21.2% in 2004, evidencing the sound performance of the Group's business activities.

# 3. ANALYSIS BY BUSINESS AREA



## 3.1. Construction

### 3.1.1. Earnings

|                               | 2004    | 2003    | % Variation |
|-------------------------------|---------|---------|-------------|
| Net sales                     | 3,090.2 | 2,950.1 | 4.7         |
| Gross operating income        | 159.0   | 140.0   | 13.6        |
| Gross operating income margin | 5.1%    | 4.7%    |             |
| Net operating income          | 120.7   | 103.2   | 17.0        |
| Net operating income margin   | 3.9%    | 3.5%    |             |

Net sales amounted to €3,090.2 million, up 4.7% on the year-ago period. This increase was the result not only of activity in Spain, where billings rose by 3.9%, but also of sales abroad, which increased by 27.8% with respect to 2003.

|               | 2004    | 2003    | % Variation |
|---------------|---------|---------|-------------|
| Spain         | 2,958.8 | 2,847.3 | 3.9         |
| % of total    | 95.7    | 96.5    |             |
| International | 131.4   | 102.8   | 27.8        |
| % of total    | 4.3     | 3.5     |             |

### 3.1.2. Return

Gross operating income grew by 13.6% to €159 million, representing a 5.1% sales margin.

Also, net operating income rose by 17% to €120.7 million, and the sales margin also improved, reaching 3.9%.

### 3.1.3. Backlog and investments

|             | 2004    | 2003    | % Variation |
|-------------|---------|---------|-------------|
| Backlog     | 4,351.2 | 3,659.8 | 18.9        |
| Investments | 135.5   | 99.9    | 35.6        |

The construction backlog increased significantly (18.9%) with respect to 2003 to €4,351.2 million. This amount guarantees business operations for a period of 16.9 months, representing an increase of two months with respect to the year-ago period.

Investments made in 2004 amounted to €135.5 million, representing a considerable increase on 2003 (35.6%). Significant investments include the acquisition of machinery and equipment amounting to €39.4 million and financial investments totaling €82.3 million, mainly relating to capital contributions for concession projects, including €14.3 million for the Autovía del Camino freeway (Pamplona-Logroño), €13.8 million for the Costa Cálida highway (Cartagena-Vera) and €20.5 million for the Málaga subway.

### 3.2. Services

#### 3.2.1. Earnings

|                               | 2004    | 2003    | % Variation |
|-------------------------------|---------|---------|-------------|
| Net sales                     | 1,819.2 | 1,708.9 | 6.5         |
| Gross operating income        | 285.4   | 255.0   | 11.9        |
| Gross operating income margin | 15.7%   | 14.9%   |             |
| Net operating income          | 149.6   | 138.6   | 7.9         |
| Net operating income margin   | 8.2%    | 8.1%    |             |

In 2004 net sales in the Services area amounted to €1,819.2 million, up 6.5% on 2003.

Special mention should be made of to the strong position of the Services line in Spain, which grew by 7.2% to €1,656.2 million, All sectors ended the year with marked improvements in their net sales, including most notably the sound performance of Waste, which rose by 29% with respect to 2003.

|               | Net sales 2004 | % Variation | % Total area |
|---------------|----------------|-------------|--------------|
| Water         | 460.8          | 8.3         | 25.3         |
| Environment   | 1,088.6        | 5.0         | 59.8         |
| International | 163.0          | (0.7)       | 9.0          |
| Waste         | 106.8          | 29.0        | 5.9          |

International sales, which account for 9% of the area's total sales, virtually remained at 2003 levels, standing at €163 million at 2004 year-end.

|               | 2004    | 2003    | % Variation |
|---------------|---------|---------|-------------|
| Spain         | 1,656.2 | 1,544.7 | 7.2         |
| % of total    | 91.0    | 90.4    |             |
| Internacional | 163.0   | 164.2   | (0.7)       |
| % of total    | 9.0     | 9.6     |             |

Europe and Latin America accounted for 45.3% and 51.5%, respectively, of total international sales, and the remaining 3.2% was contributed by the contracts obtained in North Africa.

#### 3.2.2. Return

Gross operating income amounted to €285.4 million, up 11.9% on the year-ago period. The sales margin rose from 14.9% in 2003 to 15.7% in 2004.

Net operating income increased by 7.9% to €149.6 million, and its margin also improved, rising to 8.2%.

#### 3.2.3. Backlog and investments

|             | 2004     | 2003     | % Variation |
|-------------|----------|----------|-------------|
| Backlog     | 11,849.1 | 11,419.2 | 3.8         |
| Investments | 209.7    | 263.0    | (20.3)      |

The Services backlog increased by 3.8% to €11,849.1 million, representing 72.2% of the Group's total backlog.

Investments in 2004 totaled €209.7 million, of which €167 million related to tangible fixed assets and intangible assets and €42.7 million to equity interests, including most notably those acquired in Gestió i Recuperació de Terres, S.A. (€15.9 million) and Operación y Mantenimiento de Sistemas de Aguas, S.A. (€10.3 million).

### 3.3. Versia

#### 3.3.1. Earnings

|                               | 2004  | 2003  | % Variation |
|-------------------------------|-------|-------|-------------|
| Net sales                     | 514.5 | 381.0 | 35.0        |
| Gross operating income        | 91.8  | 80.6  | 13.9        |
| Gross operating income margin | 17.8% | 21.2% |             |
| Net operating income          | 49.6  | 45.2  | 9.7         |
| Net operating income margin   | 9.6%  | 11.9% |             |

Net sales rose by 35% to €514.5 million, partly due to the inclusion in FCC Versia of the logistics services companies which, effective from January 1, 2004, were transferred to this internal management area without any effect on the Group's total net sales. These companies contributed additional net sales of €109 million to the area. Conversely, also in 2004, the Mexican subsidiary Cemusa ceased to be fully consolidated and was accounted for by the equity method. Consequently, disregarding these changes, the increase in sales would have been 10.4%.

The increase, considering a constant scope of consolidation, is due mainly to the Parking Lot sector, which grew by 22.8% and to the Transportation sector, which improved by 32.8%, mainly as a result of the commencement of operations of the Barcelona tram system. Also, had the effect of the exclusion of the Mexican subsidiary Cemusa referred to in the preceding paragraph been neutralized, net sales in the Street Furniture area would have increased by 17.8%.

|                              | Net sales 2004 | % Variation | % Total area |
|------------------------------|----------------|-------------|--------------|
| Upkeep and Systems           | 50.8           | 3.3         | 9.9          |
| Street Furniture (Cemusa)    | 80.9           | (2.5)       | 15.7         |
| Vehicle Roadworthiness Tests | 37.4           | 6.9         | 7.3          |
| Parking Lots                 | 58.8           | 22.8        | 11.4         |
| Handling                     | 153.0          | 3.9         | 29.7         |
| Logistics                    | 109.0          |             | 21.2         |
| Urban Transport              | 24.6           | 32.8        | 4.8          |

Business activity in Spain accounted for 71.3% of total net sales in this area (€366.6 million). The international business expanded by 11.8%, with the most outstanding performances being reported in the Handling and Street Furniture divisions.

|               | 2004  | 2003  | % Variation |
|---------------|-------|-------|-------------|
| Spain         | 366.6 | 248.7 | 47.4        |
| % of total    | 71.3  | 65.3  |             |
| International | 147.9 | 132.3 | 11.8        |
| % of total    | 28.7  | 34.7  |             |

89.78% of international billings were generated in Europe and the remaining 10.22% in Latin America, the United States and North Africa.

### 3.3.2. Return

Gross operating income rose by 13.9% to €91.8 million in 2004. However, the net sales margin fell to 17.8%, due mainly to the inclusion of the Logistics business which, in view of its low capital intensity, generates reduced operating margins.

Net operating income amounted to €49.6 million, representing growth of around 9.7% with respect to 2003.

### 3.3.3. Backlog and investments

|             | 2004  | 2003 | % Variation |
|-------------|-------|------|-------------|
| Backlog     | 193.7 | 43.9 | 341.2       |
| Investments | 90.6  | 64.6 | 40.2        |

Versia's backlog showed highly substantial growth in 2004 (341.2%) to €193.7 million, due mainly to the inclusion of the Logistics business, which contributed a backlog of €146.5 million. Investments made in 2004 increased by 40.2% to €90.6 million, of which €73.2 million related to investments in fixed assets.

### 3.4. Cementos Portland Valderrivas

#### 3.4.1. Earnings

|                               | 2004  | 2003  | % Variation |
|-------------------------------|-------|-------|-------------|
| Net sales                     | 881.5 | 865.6 | 1.8         |
| Gross operating income        | 265.0 | 276.2 | (4.1)       |
| Gross operating income margin | 30.1% | 31.9% |             |
| Net operating income          | 172.3 | 189.4 | (9.0)       |
| Net operating income margin   | 19.5% | 21.9% |             |

Net sales in the Cement area amounted to €881.5 million, an increase of 1.8%. In the Spanish market this growth figure was affected by the increase in billings in geographical areas in which the price per tonne was lower, with the concomitant effect on the average selling price per tonne.

Business in Spain, which accounted for 77.6% of cement sales, continues to show high levels of activity and grew by 3.5% with respect to 2003. By contrast, business abroad fell by 3.4% to €197.8 million, due mainly to the depreciation of over 8% of the U.S. dollar with respect to the euro.

|               | 2004  | 2003  | % Variation |
|---------------|-------|-------|-------------|
| Spain         | 683.7 | 660.8 | 3.5         |
| % of total    | 77.6  | 76.3  |             |
| International | 197.8 | 204.8 | (3.4)       |
| % of total    | 22.4  | 23.7  |             |

#### 3.4.2. Return

Gross operating income, which represented 30.1% of net sales, amounted to €265 million, including both the aforementioned impact on the average selling price per tonne and the increase in transport costs arising from the increased number of tonnes transported to the areas of greatest demand.

Net operating income totaled €172.3 million and the sales margin for the area was 19.5%, considering the aforementioned effects and the increase in amortization and depreciation relating to investments made in the United States.

#### 3.4.3. Investments

|             | 2004  | 2003  | % Variation |
|-------------|-------|-------|-------------|
| Investments | 155.8 | 142.1 | 9.6         |

Investments in the Cement business amounted to €155.8 million in 2004, a year-on-year increase of 9.6%, and related mainly to the modernization of the Group's U.S. factories.

### 3.5. Realia Business, S.A.

The Group operates in the real estate industry through its 49.17% holding in Realia Business, S.A., and accounts for this company's earnings by the equity method. The main aggregates of the Realia Business Group taken as a whole are shown below:

#### 3.5.1. Earnings

|                               | 2004  | 2003  | % Variation |
|-------------------------------|-------|-------|-------------|
| Net sales                     | 574.6 | 470.3 | 22.2        |
| Gross operating income        | 193.8 | 140.6 | 37.8        |
| Gross operating income margin | 33.7% | 29.9% |             |
| Net operating income          | 176.8 | 121.1 | 46.0        |
| Net operating income margin   | 30.8% | 25.7% |             |

Particularly worthy of note was the substantial 22.2% increase in net sales and the improvement of the gross and net margins, which stood at 33.7% and 30.8%, respectively.

## ACQUISITIONS OF TREASURY STOCK

At year-end Fomento de Construcciones y Contratas, S.A. held 434,322 shares of treasury stock, representing 0.33% of capital stock, valued at €9,422 thousand.

Also, in 2004 Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,008 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at their book value of €1,107 thousand, and Grucysa, S.A. owned 475 shares of Fomento de Construcciones y Contratas, S.A., recorded at their book value of €10 thousand. These shares are also deemed to be Parent Company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, it should be noted that there were no variations in treasury stock in 2004.

## RESEARCH AND DEVELOPMENT ACTIVITIES

The FCC Group is actively present in the world of research, development and technological innovation and employs the most effective means of production and techniques in carrying on its various business activities.

Noteworthy developments in the year were the steps taken in each of the three strategic activities, Services, Construction and Cement, to ensure a level of environmental protection that will permit sustained growth.

The Group's research and development initiatives addressed those matters which are directly or indirectly related to our activities, such as the reduction of energy and raw materials consumption, the control of polluting emissions and discharges, the increase in valorization and recycling, the reduction of noise levels, the treatment to eliminate smells from organic waste biomethanization and composting plants, the development of high-performance stainless steels which improve the security of reinforced concrete structures, and the search for low-reflection caissons solutions for use in quays and dikes.

Particular mention should be made of the Group's technological drive, which featured the inclusion of a new natural gas engine in two types of vehicles, mainly for special solid waste collection itineraries and, by extension, in street cleaning activities. Since this very low emission new engine was fitted in reduced-width collection vehicles, it was necessary to install special compressed gas tanks to achieve the same autonomy as a conventional diesel vehicle.

Also, in the Construction area it should be noted that, through FCC Construcción, the Group is a member of the Management Board of the European Construction Technology Platform, an initiative involving more than 300 organizations (industries, universities, research centers, European authorities, etc.) whose objective is to define the Strategic Research Agenda for the construction industry and to attempt to develop macroprojects using public and private-sector financing.

In Europe work commenced on the two construction projects approved by the European Commission within the VI Framework Program, the Tunconstruct Project to optimize underground construction, considering the design, construction and operation cycle, and the Manubuild project to industrialize construction and bring developments closer to user needs.

Other projects worthy of mention in which the Group is involved are the "Optimization of Waste Management in the Construction Industry" and the "Reduction of the Effects on Land of Construction Projects" in the building construction and civil engineering areas, respectively.

The new research and development projects performed obtained the recognition of institutions in Spain such as the Spanish Ministry of Science and Technology's PROFIT Funds, the autonomous community governments and the Industrial Technological Development Center. Noteworthy among the PROFIT program projects is the LOGRO Project for the optimization of construction waste, conducted in collaboration with the Cataluña Technological Institute, and the SHTOEC Project for the automation of gunite spraying and the improvement of gunned concrete mixes.

Also, the European Union's EUREKA Program Committee granted its seal of approval to the research and development project entitled "Definition of Environmental Variables and Indicators in Joint Urban Solid Waste Treatment Processes". This certification acknowledges the originality of the project, the scientific quality of its program and its interest for Europe, as a possible basis for improving knowledge in the area of urban solid waste treatment processes.

## OUTLOOK FOR 2005

Below we set forth the prospects for 2005 of the various lines of business composing the FCC Group, which will foreseeably lead to growth in the Group's net sales and earnings.

First of all, it should be mentioned that the construction and services backlog at 2004 year-end amounted to €16,400 million, equivalent to over 31 months' annual production.

For **FCC Servicios**, any increase in the current market share of the Environment division will be linked to the extension and renewal of a significant number of contracts and to the entry into service of new waste treatment and elimination facilities.

In Industrial Waste, 2005 will witness the consolidation of the growth obtained from the investments made in prior years, the entry into service at full capacity of the newly built operating centers and the acquisition of one or other major company in the industry.

In Water Management, significant growth potential continues to exist in the Spanish market. This area will continue to diversify, incorporating new companies with broad experience in the design, construction and operation of water treatment and purification plants and in desalination. Also, the acquisition of a company specializing in industrial water management is envisaged.

As regards the Group's international business, the growth strategy will be based on expansion into new emerging markets, mainly in Eastern Europe. In addition, operations in the countries in which we already have a presence will be consolidated by opening up new business lines.

At the beginning of 2005 the services backlog amounted to €11,850 million, equivalent to over six and a half years of annual production.

**Versia's** growth in 2005 will be sustained, on the one hand, by the upward trend in Logistics services following the acquisition of the Logístico Santos Group and, on the other hand, by the growth of the market itself.

Increased activity is also forecast in the Street Furniture and Advertising divisions, based on the consolidation of the contracts awarded in the USA, Portugal and Brazil and the obtainment of new contracts in the Spanish market.

As regards **FCC Construcción**, there are sound prospects in the Spanish market for 2005 due to the existing construction backlog and the demand for public-sector construction projects that will be generated by the Ministry for Development's Transportation Infrastructure Strategic Plan. This Plan envisages a series of measures, through 2020, focusing on roads, railways, ports and airports in Spain and on links with the Transeuropean transport network.

In the international market FCC Construcción's presence in Central America will be consolidated through the investments made, and the geographical diversification process will be boosted in Central and Eastern Europe.

At 2004 year-end, the construction backlog amounted to €4,350 million, a figure which guarantees nearly 17 months' production.

The performance of **Cementos Portland Valderrivas** in Spain will be determined by the development of the housing industry and by the rate at which the Spanish infrastructure construction plans are implemented. Forecasts indicate that the levels of production achieved in 2004 will be maintained.

May 2005 will see the entry into service of the modernized facilities of the plant owned by the subsidiary Giant Cement Inc. in South Carolina (USA). As a result, the plant will switch from wet-process to dry-process manufacturing and expand its production capacity to 1 million tonnes, leading to reduced production costs. In addition, an upward trend in prices in the market area of this investee (the states of Virginia, North Carolina and South Carolina) has been detected.

Significant investments will be made to adapt the facilities owned by Cementos Portland Valderrivas, both in Spain and in the United States, to bring them into line with environmental and safety regulations.

In 2005 **Realia's Development** area will continue with its policy of major land acquisitions and turnover in the zoning areas in which it has a significant presence. It also aims to establish itself in the areas in which it is not present, such as Zaragoza and La Rioja.

As regards Realia's International business, the investments in Portugal will be consolidated and land purchases will commence in Poland with short-term urban development plans that will enable the subsidiary Realia Polska Investycje, z.o.o to commence construction on certain plots of land.

The volume of sales and deposits on property units not yet delivered amounted to €587 million at 2004 year-end, representing a significant proportion of net sales for the coming years.

As regards the Property Portfolio, two new shopping mall projects will be launched in 2005 in Guadalajara and Leganés (Madrid). Also, construction work will commence on a shopping mall in the city of Murcia, with a potential buildable area of 30,000 m<sup>2</sup>.

Realia's strategic plan for 2005 and subsequent years foresees significant investments to acquire and/or develop new projects, both in the office and the shopping mall segments. Also, the Company will continue with its policy to dispose of mature, non-strategic assets. Properties of this kind have already been sold in 2005.



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. In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

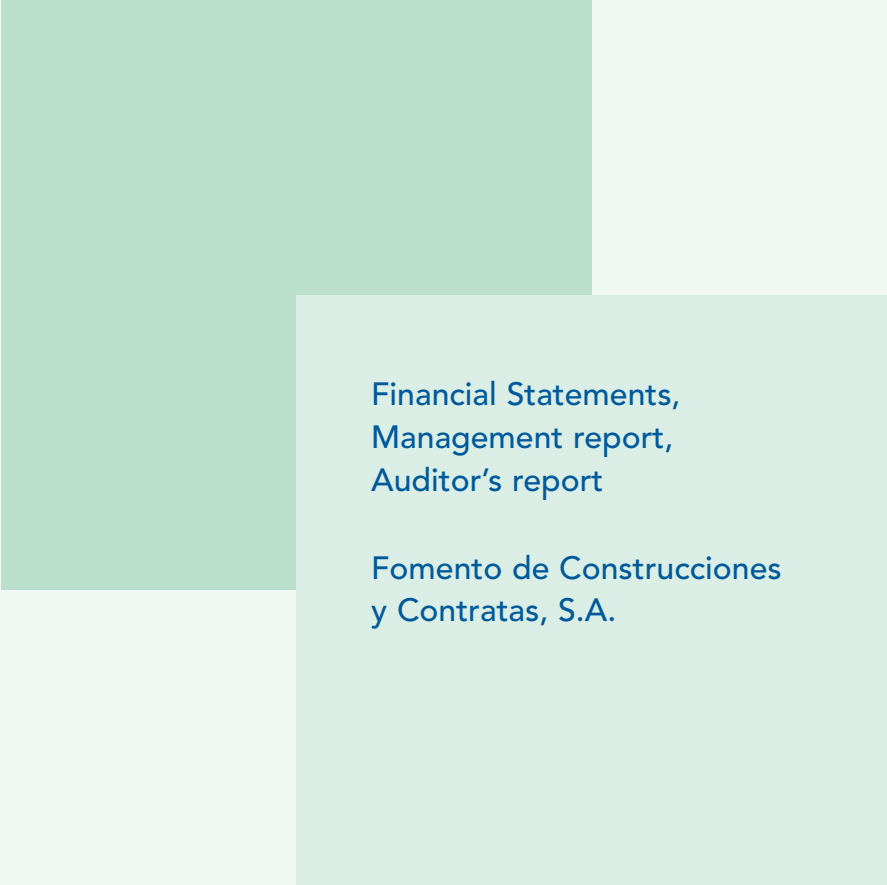
To the Shareholders of  
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES comprising the consolidated balance sheet as of December 31, 2004, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent Company's directors. Our responsibility is to express an opinion on the consolidated financial statements referred to above 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 documentation 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 2004 financial statements of certain subsidiaries and associated companies, whose aggregate assets and net income in absolute values represent 36% and 48%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Exhibits I, II and III to the notes to 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. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the consolidated balance sheet and consolidated statement of income, the figures for 2003. Our opinion refers only to the 2004 consolidated financial statements. Our auditors' report dated April 2, 2004, on the 2003 consolidated financial statements contained an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors (see Exhibits I, II and III), the consolidated financial statements for 2004 referred to above 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. and Subsidiaries as of December 31, 2004, and of the results of their operations 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.
4. The accompanying consolidated management report for 2004 contains the explanations which the directors of the Parent Company 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 management report is consistent with that contained in the consolidated financial statements for 2004. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the companies that compose the Group.

DELOITTE  
Registered in R.O.C. under no. 58692

Agencia de Auditoría

April 8, 2005



Financial Statements,  
Management report,  
Auditor's report

Fomento de Construcciones  
y Contratas, S.A.



**Financial  
Statements**

Fomento de  
Construcciones y  
Contratas, S.A.



## BALANCE SHEET

Fomento de Construcciones y Contratas, S.A.

| ASSETS                                                 | 12.31.2004       | 12.31.2003       |
|--------------------------------------------------------|------------------|------------------|
| <b>Fixed and other noncurrent assets</b>               | <b>1,657,957</b> | <b>1,660,003</b> |
| Intangible assets                                      | 81,244           | 115,030          |
| - Concessions, patents, licenses, trademarks and other | 29,635           | 28,548           |
| - Rights on leased assets                              | 81,159           | 118,995          |
| - Accumulated amortization                             | (29,550)         | (32,513)         |
| <b>Tangible fixed assets</b>                           | <b>278,515</b>   | <b>245,730</b>   |
| - Land and structures                                  | 157,947          | 149,555          |
| - Plant and machinery                                  | 320,340          | 264,289          |
| - Other fixtures, tools and furniture                  | 80,166           | 68,136           |
| - Advances and construction in progress                | 25,017           | 20,974           |
| - Other tangible fixed assets                          | 15,514           | 14,459           |
| - Allowances                                           | (311)            | (311)            |
| - Accumulated depreciation                             | (320,158)        | (271,372)        |
| <b>Long-term investments</b>                           | <b>1,288,776</b> | <b>1,289,821</b> |
| - Investments in Group companies                       | 1,139,334        | 1,139,755        |
| - Investments in associated companies                  | 244,296          | 243,864          |
| - Loans to Group and associated companies              | 3,426            | 3,744            |
| - Long-term investment securities                      | 13,788           | 39,002           |
| - Other loans                                          | 10,503           | 9,435            |
| - Long-term deposits and guarantees given              | 4,798            | 4,371            |
| - Allowances                                           | (127,369)        | (150,350)        |
| <b>Treasury stock</b>                                  | <b>9,422</b>     | <b>9,422</b>     |
| <b>Deferred charges</b>                                | <b>5,414</b>     | <b>5,320</b>     |
| <b>Current assets</b>                                  | <b>497,700</b>   | <b>445,525</b>   |
| Inventories                                            | 12,998           | 25,632           |
| - Raw materials and other supplies                     | 5,610            | 17,112           |
| - Finished goods                                       | 3,227            | 3,286            |
| - Advances                                             | 4,885            | 5,971            |
| - Allowances                                           | (724)            | (737)            |
| <b>Accounts receivable</b>                             | <b>424,976</b>   | <b>368,004</b>   |
| - Trade receivables for sales and services             | 314,822          | 298,153          |
| - Receivable from Group companies                      | 35,138           | 14,029           |
| - Receivable from associated companies                 | 6,812            | 8,944            |
| - Sundry accounts receivable                           | 11,741           | 9,237            |
| - Employee receivables                                 | 628              | 853              |
| - Tax receivables                                      | 65,235           | 46,451           |
| - Allowances                                           | (9,400)          | (9,663)          |
| <b>Short-term investments</b>                          | <b>33,865</b>    | <b>16,584</b>    |
| - Loans to Group companies                             | 14,668           | 7,348            |
| - Loans to associated companies                        | 11,373           | 7,162            |
| - Short-term investment securities                     | 6,616            | 857              |
| - Other loans                                          | 978              | 992              |
| - Short-term deposits and guarantees given             | 578              | 573              |
| - Allowances                                           | (348)            | (348)            |
| <b>Cash</b>                                            | <b>23,306</b>    | <b>31,613</b>    |
| <b>Accrual accounts</b>                                | <b>2,555</b>     | <b>3,692</b>     |
| <b>TOTAL ASSETS</b>                                    | <b>2,161,071</b> | <b>2,110,848</b> |

as of december 31, 2004

In thousands of euros

| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       | <b>12.31.2004</b> | <b>12.31.2003</b> |
|---------------------------------------------------|-------------------|-------------------|
| <b>Shareholders' equity</b>                       | <b>921,014</b>    | <b>903,680</b>    |
| Capital stock                                     | 130,567           | 130,567           |
| Additional paid-in capital                        | 242,133           | 242,133           |
| Reserves                                          | 440,177           | 429,203           |
| - Legal reserve                                   | 26,113            | 26,113            |
| - Reserves for treasury stock                     | 9,422             | 9,422             |
| - Reserve for retired capital                     | 2,770             | 2,770             |
| - Other reserves                                  | 401,872           | 390,898           |
| Income for the year                               | 196,628           | 149,826           |
| Interim dividend                                  | (88,491)          | (48,049)          |
| <b>Deferred revenues</b>                          | <b>4,517</b>      | <b>4,923</b>      |
| - Capital subsidies                               | 4,517             | 4,923             |
| <b>Provisions for contingencies and expenses</b>  | <b>140,496</b>    | <b>98,509</b>     |
| - Provisions                                      | 130,228           | 89,034            |
| - Reversion reserve                               | 10,268            | 9,475             |
| <b>Long-term debt</b>                             | <b>29,587</b>     | <b>93,073</b>     |
| Payable to credit institutions                    | 3,578             | 62,823            |
| - Loans and other payables                        | 285               | 60,330            |
| - Long-term lease payments payable                | 3,293             | 2,493             |
| Other payables                                    | 26,009            | 30,250            |
| - Limited recourse project financing loans        | 9,684             | 13,481            |
| - Long-term guarantees and deposits received      | 4,274             | 4,229             |
| - Long-term taxes payable                         | 12,051            | 12,540            |
| <b>Current liabilities</b>                        | <b>1,065,457</b>  | <b>1,010,663</b>  |
| Payable to credit institutions                    | 20,510            | 39,197            |
| - Loans and other payables                        | 5,293             | 7,970             |
| - Interest payable                                | 425               | 673               |
| - Short-term lease payments payable               | 14,792            | 30,554            |
| Payable to Group and associated companies         | 594,224           | 638,049           |
| - Payable to Group companies                      | 590,154           | 634,681           |
| - Payable to associated companies                 | 4,070             | 3,368             |
| Trade accounts payable                            | 156,545           | 146,549           |
| - Advances received on orders                     | 19,328            | 17,675            |
| - Accounts payable for purchases and services     | 77,066            | 72,957            |
| - Notes payable                                   | 60,151            | 55,917            |
| Other nontrade payables                           | 248,211           | 156,020           |
| - Taxes payable                                   | 113,581           | 65,996            |
| - Notes payable                                   | 3,349             | 5,001             |
| - Limited recourse project financing loans        | 3,797             | 3,682             |
| - Other payables                                  | 105,768           | 61,316            |
| - Compensation payable                            | 21,621            | 19,932            |
| - Short-term guarantees and deposits received     | 95                | 93                |
| Operating allowances                              | 45,454            | 30,616            |
| Accrual accounts                                  | 513               | 232               |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>2,161,071</b>  | <b>2,110,848</b>  |



## STATEMENT OF INCOME

Fomento de Construcciones y Contratas, S.A.

| DEBIT                                                                                | 12.31.2004     | 12.31.2003     |
|--------------------------------------------------------------------------------------|----------------|----------------|
| <b>Total operating expenses</b>                                                      | <b>839,832</b> | <b>800,995</b> |
| Decrease in finished goods and work-in-process inventories                           | 59             | 100            |
| Cost of materials used and other external expenses                                   | 156,909        | 165,570        |
| - Raw materials and other consumables used                                           | 79,039         | 71,473         |
| - Other external expenses                                                            | 77,870         | 94,097         |
| Personnel expenses                                                                   | 485,191        | 451,675        |
| - Wages, salaries and similar expenses                                               | 366,695        | 339,307        |
| - Employee welfare expenses                                                          | 118,496        | 112,368        |
| Depreciation and amortization expense                                                | 50,932         | 45,260         |
| Variation in operating allowances                                                    | 17,459         | 5,330          |
| - Variation in inventory allowances                                                  | (13)           | (22)           |
| - Variation in allowances for and losses on uncollectible receivables                | 35             | 624            |
| - Variation in other operating allowances                                            | 17,437         | 4,728          |
| Other operating expenses                                                             | 129,282        | 133,060        |
| - Outside services                                                                   | 124,795        | 128,664        |
| - Taxes other than income tax                                                        | 3,543          | 3,506          |
| - Provision to the reversion reserve                                                 | 944            | 890            |
| <b>Operating income</b>                                                              | <b>84,310</b>  | <b>88,413</b>  |
| Financial expenses                                                                   | 21,955         | 19,025         |
| - On debts to Group and associated companies                                         | 11,031         | 13,444         |
| - On debts to third parties and similar expenses                                     | 6,228          | 5,581          |
| - Losses on investments                                                              | 4,696          | —              |
| Variation in investment valuation allowances                                         | 4,115          | 2,493          |
| Exchange losses                                                                      | 128            | 34             |
| <b>Financial income</b>                                                              | <b>169,582</b> | <b>87,594</b>  |
| <b>Income from ordinary activities</b>                                               | <b>253,892</b> | <b>176,007</b> |
| Variation in intangible asset, tangible fixed asset and control portfolio allowances | 2,233          | 17,052         |
| Losses on fixed assets                                                               | 211            | —              |
| Extraordinary expenses and losses                                                    | 32,113         | 4,140          |
| <b>Income before taxes</b>                                                           | <b>220,082</b> | <b>155,985</b> |
| Corporate income tax                                                                 | 23,454         | 6,159          |
| <b>Income for the year</b>                                                           | <b>196,628</b> | <b>149,826</b> |

In thousands of euros

|                                                      |               |               |
|------------------------------------------------------|---------------|---------------|
| Gains on fixed assets and control portfolio          | –             | 760           |
| Capital subsidies transferred to income for the year | 406           | 410           |
| Extraordinary revenues                               | 341           | –             |
| <b>Extraordinary loss</b>                            | <b>33,810</b> | <b>20,022</b> |



# Notes to financial statements

Fomento de Construcciones y Contratas, S.A.

|     |                                                                            |     |
|-----|----------------------------------------------------------------------------|-----|
| 1.  | Company's Business Activities                                              | 233 |
| 2.  | Basis of Presentation of the Financial Statements                          | 233 |
| 3.  | Distribution of Income                                                     | 233 |
| 4.  | Valuation Standards                                                        | 234 |
| 5.  | Intangible Assets                                                          | 236 |
| 6.  | Tangible Fixed Assets                                                      | 237 |
| 7.  | Long- and Short-Term Investments, Marketable Securities and Nontrade Loans | 237 |
| 8.  | Deferred Charges                                                           | 239 |
| 9.  | Trade Receivables for Sales and Services                                   | 239 |
| 10. | Shareholders' equity                                                       | 240 |
| 11. | Subsidies                                                                  | 241 |
| 12. | Provisions and allowances                                                  | 241 |
| 13. | Nontrade Payables                                                          | 242 |
| 14. | Tax Matters                                                                | 242 |
| 15. | Guarantee Commitments to Third Parties and Other Contingent Liabilities    | 243 |
| 16. | Revenues and Expenses                                                      | 244 |
| 17. | Environmental Information                                                  | 244 |
| 18. | Fees Paid to Auditors                                                      | 245 |
| 19. | Information on the Board of Directors                                      | 245 |
| 20. | Statement of Changes in Financial Position                                 | 246 |
| 21. | Cost Accounting Statement of Income                                        | 247 |
| 22. | Explanation added for translation to English                               | 247 |

|              |                                                                                                                                                   |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit I.   | Group Companies                                                                                                                                   |
| Exhibit II.  | Joint Ventures                                                                                                                                    |
| Exhibit III. | Associated and Multigroup Companies                                                                                                               |
| Exhibit IV   | Report of the Board of Directors of<br>Fomento de Construcciones y Contratas, S.A. for<br>the distribution of an interim dividend during the year |

## 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 drainage systems, the maintenance of green areas and buildings, water purification and distribution and other complementary services. It also owns holdings in other Spanish and foreign companies and is the parent company of the FCC Group, which in turn prepares consolidated financial statements.

## 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 current legislation and expressed 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 the percentage share in the income, revenues and expenses of each joint venture.

Also, 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, revenues and expenses of this association based on the percentage of the Company's ownership interest.

The joint ventures and the owners' association were included by making the necessary uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and revenues and expenses. The detail of any material amounts relating thereto are included in these notes to financial statements.

Exhibit II lists the joint ventures, showing the percentage share in income.

The financial statements of Fomento de Construcciones y Contratas, S.A., which were prepared by its directors, have not yet been approved by the related Shareholders' Meeting. However, it is considered that they will be approved without any changes.

The directors of the Company prepared, together with the 2004 individual financial statements of Fomento de Construcciones y Contratas, S.A., the 2004 consolidated financial statements of the Fomento de Construcciones y Contratas Group, which will also be submitted for approval by the Shareholders' Meeting.

## 3. DISTRIBUTION OF INCOME

The proposed distribution of the income for 2004 of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the Shareholders' Meeting is as follows:

|                                                                                                                                                                                    | Amount               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Income for the year, before distribution                                                                                                                                           | 196,628              |
| Distribution:                                                                                                                                                                      |                      |
| Interim dividend                                                                                                                                                                   | 0.68 euros per share |
| Final dividend                                                                                                                                                                     | 0.68 euros per share |
| To voluntary reserve:                                                                                                                                                              |                      |
| The amount remaining after payment of the interim and final dividends on the shares outstanding entitled to remuneration at the date of payment will be allocated to this reserve. |                      |

On December 22, 2004, Fomento de Construcciones y Contratas, S.A. resolved to distribute an interim dividend of €0.68 per share out of 2004 income, equivalent to 68% (gross) of the par value of the shares. This dividend, totaling €88,491 thousand, was paid as from January 10, 2005 on the dividend-entitled shares.

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Exhibit IV hereto.

#### 4. VALUATION STANDARDS



##### a) Intangible assets

Intangible assets are recorded at cost, which does not include the interest on the related financing.

Leased assets are amortized by the straight-line method over the years of estimated useful life, which are the same as those for tangible fixed assets, and administrative concessions are amortized over the concession period, which ranges on average from 25 to 50 years.

##### b) Tangible fixed assets

Tangible fixed assets are carried at acquisition cost or at production cost if the Company has performed in-house work thereon.

The cost of the tangible fixed assets does not include financing interest or exchange differences.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to increased production capacity of the related assets are expensed currently.

Tangible fixed assets are depreciated by the straight-line method at 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 tangible fixed assets         | 4 – 10                         |

Tangible fixed assets 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 financial expenses relating to the financing of fixed assets

The interest on loans used to finance fixed assets is generally expensed currently.

However, the Company capitalizes the financial expenses arising from the financing of the fixed assets required to carry on its water supply/treatment line of business, in accordance with the Spanish National Chart of Accounts specific to this industry. The expenses thus capitalized are deferred over the term of the service, provided that there is evidence that future revenues will enable the costs previously incurred to be recovered.

The interest capitalized as described in the preceding paragraph is included under the "Deferred Charges" caption in the accompanying balance sheet.

##### d) Long-term investments. Marketable securities and nontrade loans

In accordance with current legislation, investments in listed and unlisted marketable securities are valued at cost, net of the required allowances for decline in value. The effect of applying this method is that all unrealized losses existing at year-end are recorded, but unrealized gains are not, 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 necessary value adjustments are made by recording allowances for loans with possible recovery problems.

Securities and loans maturing in under 12 months from the balance-sheet date are classified as short-term (current assets) and those maturing at over 12 months as long-term (noncurrent assets). Other investments of a permanent nature are classified as long-term financial assets.

**e) Inventories**

Inventories are valued at average acquisition price or average production cost and the necessary value adjustments are made to mark the carrying values to market, if this is lower. Allowances are also recorded for the decline in value of obsolete inventories.

**f) Treasury stock**

Treasury stock is valued at the lower of average cost or market, or, if applicable, at approximate underlying book values in accordance with the principle of prudence.

**g) Subsidies**

Nonrefundable capital subsidies are taken to income in proportion to the period depreciation of the subsidized assets.

**h) Provisions for pensions and similar obligations**

The Company has not established any pension plans to supplement the social security pension benefits.

In 2002, pursuant to the revised Pension Fund and Plan Law, the Company externalized its pension and other similar commitments to its employees.

Also, for some employees, including certain executives and directors, in the past an insurance policy was arranged and the related premium paid to cover the payment of contingent liabilities relating to death and permanent occupational disability and to retirement bonuses and other benefits.

**i) Provisions for contingencies and expenses**

The Company has recorded provisions for contingencies and expenses 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 fulfillment 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 period. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession period the net book value (after deduction of the related accumulated depreciation) is zero.

Additionally, the Company considers that the periodic maintenance plans for its assets, the cost of which is expensed currently, are sufficient to ensure delivery of the revertible assets in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of the reversion.

**k) Classification of debt**

Debts maturing in under 12 months from the balance-sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

Debts are valued at the amounts drawn plus the unmatured accrued interest. Nontrade debts are carried at their repayment value and the interest on the transaction is recorded under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the balance sheet, depending on whether the principal amount is classified as long- or short-term. The interest is taken to income on the basis of the principal amount outstanding.

In certain cases the interest rate risk relating to the debt is hedged through futures and derivatives. The transaction expenses and the differences arising due to interest rate fluctuations are charged to income by the same timing of recognition method as that used for the costs of the main debt hedged.

**l) Corporate income tax**

The expense for corporate income tax of each year is calculated on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences from taxable income for corporate income tax purposes and book income, which do not reverse in subsequent periods. To this adjusted book income the Company applies the current tax rate, deducts the tax credits and tax relief earned in the year and adds the positive or negative differences arising between the tax calculated for the closing of the prior year's financial statements and the tax actually paid subsequently.

**m) Foreign currency transactions**

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

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 taken to period income.

#### n) Recognition of revenues and expenses

Revenues and expenses are recognized 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 recognizes as the period result on its contracts the difference between period production (valued at the sale price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the sale price of other as yet unapproved services for which there is reasonable assurance of recovery) and the costs incurred. Additionally, late-payment interest is recognized as a revenue when it is approved or finally collected.

The difference between the amount of production and the amount certified through the date of the financial statements is recorded as "Completed Production Pending Certification" under the "Trade Receivables for Sales and Services" caption. Certificate prebillings for various items are recorded under the "Advances Received on Orders" caption on the liability side of the balance sheet.

In accordance with the accounting principle of prudence, the Company only records realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known, by booking the appropriate provisions (see Notes 4-i and 12).

#### o) Environmental information

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 on completion of operations. Also, the Company has fixed assets for the protection of the environment and bears any expenses that may be required for this purpose in the performance of its business activities.

The acquisition costs of these fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" or "Intangible Assets" captions based on the nature of the investment, and are amortized or depreciated over their useful lives. Also, in accordance with current accounting regulations, the Company records the expenses and provisions arising from such environmental commitments.

## 5. INTANGIBLE ASSETS

The variations in 2004 in this caption in the accompanying balance sheet were as follows:

|                                                      | Balance at<br>12.31.03 | Additions or<br>provisions | Retirements or<br>Reductions | Transfers | Balance at<br>12.31.04 |
|------------------------------------------------------|------------------------|----------------------------|------------------------------|-----------|------------------------|
| Concessions, patents, licenses, trademarks and other | 28,548                 | 3,239                      | (2,152)                      | –         | 29,635                 |
| Rights on leased assets                              | 118,995                | 25,817                     | –                            | (63,653)  | 81,159                 |
| Accumulated amortization                             | (32,513)               | (12,294)                   | 88                           | 15,169    | (29,550)               |
|                                                      | 115,030                | 16,762                     | (2,064)                      | (48,484)  | 81,244                 |

The "Concessions, Patents, Licenses, Trademarks and Other" account relates mainly to joint ventures and includes most notably the amounts paid for concessions for, inter alia, water supply services, which are being amortized on a straight-line basis over the concession period.

The features of the financial lease contracts in force at 2004 year-end are as follows:

|                                                       |        |
|-------------------------------------------------------|--------|
| Original cost of the assets                           | 81,159 |
| Value of purchase options                             | 865    |
| Contract term (years)                                 | 2      |
| Lease payments paid in the year                       | 37,746 |
| Lease payments paid in prior years                    | 26,624 |
| Lease payments outstanding, including purchase option | 18,085 |

The detail of leased assets as of December 31, 2004, is as follows:

|                                     |        |
|-------------------------------------|--------|
| Plant and machinery                 | 70,472 |
| Other fixtures, tools and furniture | 9,904  |
| Other tangible fixed assets         | 783    |
|                                     | 81,159 |

## 6. TANGIBLE FIXED ASSETS

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2004, is as follows:

|                                       | Cost           | Accumulated depreciation | Allowances   | Net            |
|---------------------------------------|----------------|--------------------------|--------------|----------------|
| Land and structures                   | 157,947        | (51,143)                 | (311)        | 106,493        |
| Plant and machinery                   | 320,340        | (206,764)                | –            | 113,576        |
| Other fixtures, tools and furniture   | 80,166         | (50,650)                 | –            | 29,516         |
| Advances and construction in progress | 25,017         | –                        | –            | 25,017         |
| Other tangible fixed assets           | 15,514         | (11,601)                 | –            | 3,913          |
|                                       | <b>598,984</b> | <b>(320,158)</b>         | <b>(311)</b> | <b>278,515</b> |

€56,707 thousand of the net balance of tangible fixed assets relate to joint ventures.

All the tangible fixed assets were being used in production at 2004 year-end; however, €168,690 thousand of tangible fixed assets had been fully depreciated.

The Company takes out the insurance policies it considers necessary to cover the possible risks to which its tangible fixed assets are subject.

The variations in tangible fixed asset accounts, broken down to show the additions and retirements in 2004, were as follows:

|                                       | Balance at 12.31.03 | Additions or provisions | Retirements or reductions | Transfers     | Balance at 12.31.04 |
|---------------------------------------|---------------------|-------------------------|---------------------------|---------------|---------------------|
| Land and structures                   | 149,555             | 2,524                   | (161)                     | 6,029         | 157,947             |
| Plant and machinery                   | 264,289             | 5,034                   | (9,106)                   | 60,123        | 320,340             |
| Other fixtures, tools and furniture   | 68,136              | 5,107                   | (1,798)                   | 8,721         | 80,166              |
| Advances and construction in progress | 20,974              | 16,043                  | –                         | (12,000)      | 25,017              |
| Other tangible fixed assets           | 14,459              | 583                     | (308)                     | 780           | 15,514              |
| Allowances                            | (311)               | –                       | –                         | –             | (311)               |
| Accumulated depreciation              | (271,372)           | (38,638)                | 5,021                     | (15,169)      | (320,158)           |
|                                       | <b>245,730</b>      | <b>(9,347)</b>          | <b>(6,352)</b>            | <b>48,484</b> | <b>278,515</b>      |

## 7. LONG- AND SHORT-TERM INVESTMENTS. MARKETABLE SECURITIES AND NONTRADE LOANS

The detail of the main accounts under the "Long-Term Investments" and "Short-Term Investments" captions in the accompanying balance sheet is as follows:

### 1) Long-term

#### Investments in Group companies

The detail, by company, of this account in the accompanying balance sheet is presented in Exhibit I, indicating, for each company in which the Company has a direct holding, the following data: corporate name, address, line of business, percentage of direct or indirect ownership, capital stock and reserves, income (loss), dividends received, listing status, and the book value of the holding.

The variations in the balance of this caption in 2004 were as follows:

|                                | Cost      |
|--------------------------------|-----------|
| Balance at 12.31.03            | 1,139,755 |
| Retirement due to liquidation: |           |
| Abies Re Anstalt               | (421)     |
| Balance at 12.31.04            | 1,139,334 |

### Investments in associated companies

This account in the accompanying balance sheet reflects the Company's holdings in associated and multigroup companies, as detailed in Exhibit III, which discloses the same information for each investee in which the Company has a direct holding as that presented for the Group companies.

The variations in the balance of this caption in 2004 were as follows:

|                                 | Cost    |
|---------------------------------|---------|
| Balance at 12.31.03             | 243,864 |
| Share purchase or subscription: |         |
| Ecoparc del Besós, S.A.         | 432     |
| Balance at 12.31.04             | 244,296 |

### Long-term investment securities

The detail, by investment, cost and allowance, of the balance of this account as of December 31, 2004, is as follows:

|                                                       | Equity securities | Allowances | Net book value |
|-------------------------------------------------------|-------------------|------------|----------------|
| Artscapital Investment, S.A.<br>(10.83% shareholding) | 4,171             | (4,171)    | –              |
| Shopnet Brokers, S.A.<br>(15.54% shareholding)        | 2,796             | (2,796)    | –              |
| Xfera Móviles, S.A.<br>(8.26% shareholding)           | 5,413             | (5,413)    | –              |
| Rest                                                  | 1,408             | (72)       | 1,336          |
|                                                       | 13,788            | (12,452)   | 1,336          |

Fomento de Construcciones y Contratas, S.A., which has an 8.26% holding in Xfera Móviles, S.A., a UMTS wireless telephony license-holder, increased its holding in 2004 by 0.79% due to the restructuring of the investee's shareholder structure. The Company has also provided guarantees totaling €28,625 thousand for Xfera Móviles, S.A.

The variations in 2004 were as follows:

|                                                             | Cost     |
|-------------------------------------------------------------|----------|
| Balance at 12.31.03                                         | 39,002   |
| Shareholding purchases and subscriptions:                   |          |
| Xfera Móviles, S.A.                                         | 5,413    |
| Shareholding retirements, disposals and capital reductions: |          |
| Venditelecom España, S.L.                                   | (26,776) |
| Polux Capital, S.L.                                         | (2,344)  |
| Artscapital Investment, S.A.                                | (1,298)  |
| Shopnet Brokers, S.A.                                       | (209)    |
| Balance at 12.31.04                                         | 13,788   |

### Investment valuation allowances

The detail, by company, of this account in the accompanying balance sheet is presented in Exhibit I, in the case of the Group companies, and in Exhibit III, in the case of associated companies. The detail of the allowances relating to long-term investment securities is shown in the preceding tables.

The variations in 2004 were as follows:

|                                           |          |                |
|-------------------------------------------|----------|----------------|
| <b>Balance at 12.31.03</b>                |          | <b>150,350</b> |
| <b>Provisions and reversals:</b>          |          |                |
| Group and associated companies:           |          |                |
| Ambiente y Ecología de Buenos Aires, S.A. | 267      |                |
| Egypt Environmental Services S.A.E.       | 1,560    |                |
| FCC International B.V.                    | (919)    |                |
| Giza Environmental Services S.A.E.        | 2,387    |                |
| Proactiva Medio Ambiente, S.A.            | (1,046)  |                |
| Other                                     | (16)     | 2,233          |
| <b>Long-term investment securities:</b>   |          |                |
| Artscapital Investment, S.A.              | (1,298)  |                |
| Polux Capital, S.L.                       | (2,344)  |                |
| Shopnet Brokers, S.A.                     | (209)    |                |
| Xfera Móviles, S.A.                       | 5,413    |                |
| Venditelecom España, S.L.                 | (26,776) | (25,214)       |
| <b>Balance at 12.31.04</b>                |          | <b>127,369</b> |

In 2004 Venditelecom España, S.L. and Polux Capital, S.L. were liquidated, provisions for these investments having been recorded previously. The Company also recorded a provision in 2004 for the total investment in Xfera Móviles, S.A.

## II) Short-term investments

This caption includes basically the loans and other nontrade credit facilities granted, inter alia, to Group and associated companies to cater for certain specific cash situations, and other cash surpluses which are invested at short term. These investments are valued at the lower of cost or market, and increased by the interest earned at market rates.

€8,141 thousand of the balance of this caption relate to joint ventures.

## 8. DEFERRED CHARGES

The variations in 2004 in the balance of this caption in the accompanying balance sheet were as follows:

|                                      | <b>Balance at<br/>12.31.03</b> | <b>Additions</b> | <b>Amounts taken<br/>to income</b> | <b>Balance at<br/>12.31.04</b> |
|--------------------------------------|--------------------------------|------------------|------------------------------------|--------------------------------|
| Financing of fixed assets (Note 4-c) | 5,141                          | 105              | –                                  | 5,246                          |
| Financial leases                     | 179                            | 230              | (241)                              | 168                            |
|                                      | <b>5,320</b>                   | <b>335</b>       | <b>(241)</b>                       | <b>5,414</b>                   |

## 9. TRADE RECEIVABLES FOR SALES AND SERVICES

The breakdown of the balance of this caption in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows:

|                                            |                |
|--------------------------------------------|----------------|
| Production certificates receivable         | 255,526        |
| Completed production pending certification | 59,296         |
| Trade receivables for sales and services   | 314,822        |
| Advances received on orders                | (19,328)       |
| <b>Total trade receivables, net</b>        | <b>295,494</b> |

€45,793 thousand of the net trade receivables balance relate to joint ventures.

The foregoing total is the net balance of trade receivables after deduction of the balance of the "Advances Received on Orders" account on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes collected and uncollected certificate prebillings for various items and the advances received (normally in cash) for future supplies.

The "Production Certificates Receivable" account reflects the amount of the certificate billings to customers for services provided pending collection as of December 31, 2004.

The "Completed Production Pending Certification" account reflects the difference between the production recognized by Fomento de Construcciones y Contratas, S.A. on each contract and the amount of the certificates issued to the customers. The balance of this account relates basically to the production performed in December 2004 and the price revisions per the various contracts which, although as yet unapproved, the Company considers will be duly certified since there are no doubts as to their recovery.

The Company assigns trade receivables to financial institutions, without recourse against Fomento de Construcciones y Contratas, S.A. in the event of nonpayment. The amount deducted from the trade receivables balance at year-end in this connection amounted to €94,142 thousand. These transactions accrue interest under normal market conditions through the date on which the financial institution collects from the customers. Collection management in this period continues to be performed by Fomento de Construcciones y Contratas, S.A.

## 10. SHAREHOLDERS' EQUITY

The variations in equity accounts in 2004 were as follows:

|                             | Balance at<br>12.31.03 | 2003<br>Retained<br>earnings | Dividends<br>distributed | Income for<br>the year | Balance at<br>12.31.04 |
|-----------------------------|------------------------|------------------------------|--------------------------|------------------------|------------------------|
| Capital stock               | 130,567                | —                            | —                        | —                      | 130,567                |
| Additional paid-in capital  | 242,133                | —                            | —                        | —                      | 242,133                |
| Legal reserve               | 26,113                 | —                            | —                        | —                      | 26,113                 |
| Reserve for treasury stock  | 9,422                  | —                            | —                        | —                      | 9,422                  |
| Reserve for retired capital | 2,770                  | —                            | —                        | —                      | 2,770                  |
| Voluntary reserves          | 390,898                | 10,974                       | —                        | —                      | 401,872                |
| Income for the year         | 149,826                | (10,974)                     | (138,852)                | 196,628                | 196,628                |
| Interim dividend            | (48,049)               | —                            | 48,049                   | (88,491)               | (88,491)               |
| <b>Shareholders' equity</b> | <b>903,680</b>         | <b>—</b>                     | <b>(90,803)</b>          | <b>108,137</b>         | <b>921,014</b>         |

### a) Capital stock

The capital stock of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 common bearer shares of €1 par value each.

All the shares have identical rights and are fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerized trading system.

With regard to direct holdings or indirect holdings (through subsidiaries) of 10% or more owned 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 Company's capital stock. Acciona, S.A., according to the declaration made to the Spanish National Securities Market Commission, owns a 15.055% holding.

The aforementioned B 1998, S.L., which is owned by Esther Koplowitz Romero de Juseu (73.375%), the Ibersuizas Group (15.56%), Simante, S.L. (5.726%) and Larranza XXI, S.L. (5.339%), has certain commitments to its shareholders which have been registered and published by the Spanish National Securities Market Commission and include notably that concerning the distribution of a dividend of at least 50% of net consolidated income attributed to the Parent Company, net of the results arising from extraordinary income or losses.

### b) Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use for other purposes.

### c) Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. 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 capital stock amount.

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

As of December 31, 2004, the legal reserve had reached the legally stipulated minimum.

#### d) Treasury stock

The Company holds 434,322 shares of treasury stock, representing 0.33% of its capital stock, with a net book value of €9,422 thousand.

As required by Article 79.3 of the Spanish Corporations Law, the Company recorded a reserve of €9,422 thousand for treasury stock, with a charge to voluntary reserves. This reserve is restricted until such time as the treasury stock is sold or retired.

There were no variations under this caption in 2004.

#### e) Reserve for retired capital

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

#### f) Dividends distributed

On March 30, 2004, the Board of Directors approved the preparation of the 2003 financial statements and the proposed distribution of 2003 income, which included the payment of a final dividend of €0.341 gross per share. Subsequently, the Board of Directors at its meeting of June 14, 2004, resolved to modify the proposed distribution of the final dividend, by increasing it to €0.699 gross per share. This agreement was ratified at the Shareholders' Meeting on June 23, 2004, and a final dividend amounting to €90,803 thousand was paid, as reflected in the foregoing table.

## 11. SUBSIDIES

The accompanying balance sheet includes €7,945 thousand of subsidies received in the past, €3,428 thousand of which had been taken to income, including €406 thousand in the year ended December 31, 2004. This amount relates in full to joint ventures.

## 12. PROVISIONS AND ALLOWANCES

The variations in 2004 were as follows:

### Provisions for contingencies and expenses

|                   | Balance at<br>12.31.03 | Period<br>allocation | Amounts<br>used | Reversals    | Balance at<br>12.31.04 |
|-------------------|------------------------|----------------------|-----------------|--------------|------------------------|
| Provisions        | 89,034                 | 42,160               | (966)           | —            | 130,228                |
| Reversion reserve | 9,475                  | 944                  | —               | (151)        | 10,268                 |
|                   | <b>98,509</b>          | <b>43,104</b>        | <b>(966)</b>    | <b>(151)</b> | <b>140,496</b>         |

### Operating allowances

|            | Balance at<br>12.31.03 | Period<br>provisions | Amounts<br>used | Reversals   | Balance at<br>12.31.04 |
|------------|------------------------|----------------------|-----------------|-------------|------------------------|
| Allowances | 30,616                 | 14,929               | —               | (91)        | 45,454                 |
|            | <b>30,616</b>          | <b>14,929</b>        | <b>—</b>        | <b>(91)</b> | <b>45,454</b>          |

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. Noteworthy was the provision charged to extraordinary income of approximately €30 million for the inherent risks in the international business in Latin America, North Africa and other areas.

### 13. NONTRADE PAYABLES



a) The long-term payables in each of the related accounts in the accompanying balance sheet mature as follows:

|                                          | 2006  | 2007  | 2008  | 2009  | 2010 and<br>Subsequent<br>years | Total  |
|------------------------------------------|-------|-------|-------|-------|---------------------------------|--------|
| Payable to credit institutions           | 1,470 | 1,035 | 553   | 355   | 165                             | 3,578  |
| Limited recourse project financing loans | 1,951 | 2,178 | 2,427 | 2,701 | 427                             | 9,684  |
| Long-term taxes payable                  | 479   | 208   | 208   | 208   | 10,948                          | 12,051 |
| Guarantees and deposits                  | 4,274 | –     | –     | –     | –                               | 4,274  |
|                                          | 8,174 | 3,421 | 3,188 | 3,264 | 11,540                          | 29,587 |

The balance of the "Limited Recourse Project Financing Loans" caption relates to the payments outstanding in connection with the investments made by the Seragua-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 installments ending in 2010; the repayments are made using the joint venture's revenues 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 payables to credit institutions is Euribor plus a spread per the market.

The detail of the balance of the "Long-Term Taxes Payable" caption is disclosed in Note 14 ("Tax Matters").

#### b) Short-term payables

The accounts payable to Group and associated companies include the loans from these companies, which bear interest at market rates, and the operating payables to these companies.

Noteworthy is the "Other Payables" caption which includes the interim dividend amounting to €88,275 thousand payable out of 2004 income to non-Group third parties, as indicated in Note 3 above.

#### c) Credit lines

The Company had long- and short-term credit facilities with a limit of €1,346,231 thousand and had drawn down substantially the full amount as of December 31, 2004.

### 14. TAX MATTERS



The detail of the balances of the "Tax Receivables" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying balance sheet is as follows:

#### I. Long-term

The "Long-Term Taxes Payable" caption balance of €12,051 thousand relates to deferred corporate income tax for 35% 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 above 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 corporate income tax | 61,660        |
| VAT refundable               | 2,922         |
| Other items                  | 653           |
|                              | <b>65,235</b> |

## Taxes payable:

|                                                                                                        |                |
|--------------------------------------------------------------------------------------------------------|----------------|
| Personal and corporate income tax withholdings<br>(from salary income and income from movable capital) | 5,815          |
| Deferred corporate income tax                                                                          | 28,754         |
| Corporate income tax payable                                                                           | 49,310         |
| VAT and other indirect taxes payable                                                                   | 18,849         |
| Levies and other taxes other than income tax                                                           | 290            |
| Accrued social security taxes payable                                                                  | 10,563         |
|                                                                                                        | <b>113,581</b> |

## Reconciliation of the income per books to the taxable income for corporate income tax purposes:

|                                            |                 |                 |                |
|--------------------------------------------|-----------------|-----------------|----------------|
| Income per books for the year before taxes |                 |                 | 220,082        |
|                                            | <u>Increase</u> | <u>Decrease</u> |                |
| Permanent differences                      | 10,276          | –               | 10,276         |
| Adjusted income per books                  |                 |                 | 230,358        |
| Timing differences:                        |                 |                 |                |
| Arising in the reporting year              | 55,996          | 23,331          | 32,665         |
| Arising in prior years                     | 4,045           | 3,705           | 340            |
| <b>Taxable income</b>                      |                 |                 | <b>263,363</b> |

|                                         |               |
|-----------------------------------------|---------------|
| Adjusted income per books               | 230,358       |
| Corporate income tax charge (35%)       | 80,625        |
| Intercompany double taxation tax credit | (46,833)      |
| Other tax credits and relief            | (13,494)      |
| Other adjustments                       | 3,156         |
| <b>Corporate income tax payable</b>     | <b>23,454</b> |

Noteworthy among the timing differences are those that arose in the reporting year. The increases were due mainly to the depreciation, amortization and provisions recorded which will be recoverable for tax purposes in subsequent years. The decreases arose mainly from the deferral due to the special method of amortization applied to fixed assets acquired under lease contracts pursuant to Law 43/1995.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax inspection authorities for the taxes applicable to it. The criteria which the tax authorities might adopt for the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Company's directors consider that the resulting liabilities would not have a material effect on the Company's net worth.

Under authorization 18/89, Fomento de Construcciones y Contratas, S.A. is taxed on a consolidated basis for corporate 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



As of December 31, 2004, Fomento de Construcciones y Contratas had provided €287,909 thousand of guarantees to government agencies and private customers, mainly as security for the provision of services under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to €134,990 thousand

The Company has guaranteed for its employees the investments made by them in 2000 for a five-year period in the collective investment fund set up by the Vivendi Universal Group. The possible payments and additional costs that may be incurred by the Company, which in any case are not expected to be material, are counterguaranteed by the Vivendi Universal Group.

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. REVENUES AND EXPENSES**

In 2004 Fomento de Construcciones y Contratas, S.A. performed work and provided services for Group and associated companies totaling €89,119 thousand. This amount included most notably €54,628 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 the "Other Operating Revenues" caption in the accompanying statement of income. The Company also purchased €33,850 thousand of services and consumables from the aforementioned companies. The financial expenses incurred in 2004 on nontrade accounts payable to Group companies amounted to €11,031 thousand.

Substantially all the net sales relate to services provided in Spain. Joint ventures accounted for €96,610 thousand of the total "Net Sales" balance.

Operating revenues include rent revenues and billings for the allocation of 80% of costs to the tenants of the Torre Picasso building, amounting to €16,709 thousand and €5,409 thousand, respectively.

The average number of employees at the Company in 2004 was as follows:

|                                                 |               |
|-------------------------------------------------|---------------|
| Managers and university graduate employees      | 300           |
| Other line personnel (junior college graduates) | 190           |
| Clerical and similar staff                      | 691           |
| Other salaried employees                        | 17,508        |
|                                                 | <b>18,689</b> |

**17. ENVIRONMENTAL INFORMATION**

As indicated in Note 4-o, by their very nature, the activities carried on by the Company in the Services area 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 aimed at reducing environmental impact in accordance with the legally stipulated limits. The implementation of quality management and environmental management systems and the follow-up audits accredit the Company's activities in this connection.

The performance of the aforementioned production activities requires the use of specialized structures, plant and machinery that are efficient in terms of environmental protection and conservation. As of December 31, 2004, the acquisition cost of the fixed assets assigned to these production activities totaled €540,750 thousand and the related accumulated depreciation amounted to €293,971 thousand.

Company management considers that the contingencies relating to environmental protection and improvement as of December 31, 2004, would not have a significant impact on the accompanying financial statements.

**18. FEES PAID TO AUDITORS**

The “Outside Services” caption in the accompanying statement of income includes the fees for audit services provided to the Company, amounting to €166 thousand. This caption also includes fees relating to other services billed by the auditor or by other entities related to the auditor, amounting to €147 thousand.

**19. INFORMATION ON THE BOARD OF DIRECTORS**

The compensation 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):

|                                 |              |
|---------------------------------|--------------|
| Bylaw-stipulated profit sharing | 1,548        |
| Salaries                        | 2,748        |
| Attendance fees                 | 6            |
| Other compensation              | 474          |
|                                 | <b>4,776</b> |

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death and permanent occupational disability, and to retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. In 2004 no additional payment was made in this connection.

Except as indicated in the foregoing paragraphs, no other compensation, advances, loans or guarantees of any kind were granted to the directors, and there were no pension or life insurance obligations to former or present directors.

Following is a detail of the equity interests owned by the directors of Fomento de Construcciones y Contratas, S.A., or the individuals representing them, in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's corporate purpose which are not directly or indirectly owned by Fomento de Construcciones y Contratas, S.A., and of the positions they hold and the functions they discharge thereat. This information was provided by the directors themselves.

| Director's name<br>or corporate name    | Investee Company                                                                   | Percentage of<br>ownership | Position held or<br>functions discharged         |
|-----------------------------------------|------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------|
| D. Marcelino Oreja Aguirre              | Metrovacesa, S.A.                                                                  | <0.01                      |                                                  |
| D <sup>a</sup> Alicia Alcocer Koplowitz | A.C.S. Actividades de Construcción y Servicios, S.A.<br>Obrascón Huarte Lain, S.A. | <0.01<br><0.01             |                                                  |
| D. Pedro A. del Castillo Machado        | Eléctrica Maspalomas, S.A.<br>Elmasa Medio Ambiente, S.L.                          | 7.46<br>7.46               | Chairman and Chief Executive<br>Officer Director |

The directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, for their own account or for the account of others, that is identical, similar or complementary to the activity that constitutes the corporate purpose of the Company.

In 2004 Elmasa Patrimonial, S.A. sold its 51% holding in Gestión de Aguas del Norte, S.A. to Aqualia Gestión Integral del Agua, S.A. for € 1 million and the transaction was authorized by a resolution of the Board of Directors of Fomento de Construcciones, S.A. pursuant to Article 25.4 of the Board Regulations. The vendor company is owned by Pedro Agustín del Castillo and his family, and he represents Ibersuizas Holdings, S.L., which is in turn a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

Except as expressed in the preceding paragraph, during the business year the 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 of the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on normal market conditions.

## 20. STATEMENTS OF CHANGES IN FINANCIAL POSITION



| Source of funds                                              | 2004           | 2003           |
|--------------------------------------------------------------|----------------|----------------|
| Funds obtained from operations                               | 295,238        | 222,300        |
| Capital subsidies                                            | –              | 148            |
| Increase in long-term debt                                   | 3,424          | 62,493         |
| Disposal of tangible fixed assets                            | 6,532          | 4,686          |
| Disposal of long-term investments                            | 2,662          | –              |
| Repayment or transfer to short term of long-term investments | 1,021          | 455            |
| Increase in provisions for contingencies and expenses        | –              | 2,869          |
| Decrease in working capital                                  | 2,619          | –              |
|                                                              | <b>311,496</b> | <b>292,951</b> |

| Application of funds                                  | 2004           | 2003           |
|-------------------------------------------------------|----------------|----------------|
| Fixed asset additions:                                | 65,365         | 141,192        |
| Intangible assets                                     | 29,056         | 58,386         |
| Tangible fixed assets                                 | 29,291         | 36,221         |
| Long-term investments                                 | 7,018          | 46,585         |
| Acquisition of treasury stock                         | –              | 7,257          |
| Dividends                                             | 179,294        | 81,018         |
| Repayment or transfer to short term of long-term debt | 66,837         | 6,306          |
| Increase in working capital                           | –              | 57,178         |
|                                                       | <b>311,496</b> | <b>292,951</b> |

| Variation in working capital | 2004          |               | 2003          |               |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | Increase      | Decrease      | Increase      | Decrease      |
| Inventories                  | –             | 12,634        | 6,676         | –             |
| Deudores                     | 56,972        | –             | 35,208        | –             |
| Accounts payable             | –             | 54,794        | 18,434        | –             |
| Short-term investments       | 17,281        | –             | 5,369         | –             |
| Cash                         | –             | 8,307         | –             | 6,222         |
| Accrual accounts             | –             | 1,137         | –             | 2,287         |
|                              | <b>74,253</b> | <b>76,872</b> | <b>65,687</b> | <b>8,509</b>  |
| Variation in working capital | 2,619         | –             | –             | 57,178        |
|                              | <b>76,872</b> | <b>76,872</b> | <b>65,687</b> | <b>65,687</b> |

The reconciliation of the income per books for the year to the funds obtained from operations shown in the foregoing statements of changes in financial position is as follows:

|                                                      | 2004           | 2003           |
|------------------------------------------------------|----------------|----------------|
| Income for the year after taxes                      | 196,628        | 149,826        |
| Depreciation and amortization expense                | 50,932         | 45,260         |
| Period provision to reversion reserve                | 944            | 890            |
| Deferred charges                                     | (94)           | (376)          |
| Provisions for contingencies and expenses            | 41,194         | (7,083)        |
| Variation in investment valuation allowances         | 6,348          | 34,953         |
| Losses on fixed asset disposals                      | (308)          | (760)          |
| Capital subsidies transferred to income for the year | (406)          | (410)          |
| <b>Funds obtained from operations</b>                | <b>295,238</b> | <b>222,300</b> |

## 21. COST ACCOUNTING STATEMENTS OF INCOME



|                                                                                        | 12.31.2004     |               | 12.31.2003     |               |
|----------------------------------------------------------------------------------------|----------------|---------------|----------------|---------------|
|                                                                                        | Amount         | %             | Amount         | %             |
| Net sales                                                                              | 834,726        | 100.00        | 808,342        | 100.00        |
| + Other operating revenues                                                             | 88,081         | 10.55         | 79,163         | 9.79          |
| + Variation in finished goods and work-in-process inventories                          | (59)           | (0.01)        | (100)          | (0.01)        |
| + Capitalized expenses of Group work on fixed assets                                   | 1,335          | 0.16          | 1,903          | 0.24          |
| <b>Production value</b>                                                                | <b>924,083</b> | <b>110.70</b> | <b>889,308</b> | <b>110.02</b> |
| - Net purchases                                                                        | 67,537         | 8.09          | 72,278         | 8.94          |
| - Variation in inventories of merchandise, materials and other consumables             | 11,502         | 1.38          | (805)          | (0.10)        |
| - External and operating expenses                                                      | 206,208        | 24.70         | 226,267        | 27.99         |
| - Personnel expenses                                                                   | 485,191        | 58.13         | 451,675        | 55.88         |
| <b>Gross operating income</b>                                                          | <b>153,645</b> | <b>18.40</b>  | <b>139,893</b> | <b>17.31</b>  |
| - Depreciation and amortization expense                                                | 50,932         | 6.10          | 45,260         | 5.60          |
| - Period provision to reversion reserve                                                | 944            | 0.11          | 890            | 0.11          |
| - Bad debts and variation in operating allowances                                      | 17,459         | 2.09          | 5,330          | 0.66          |
| <b>Net operating income</b>                                                            | <b>84,310</b>  | <b>10.10</b>  | <b>88,413</b>  | <b>10.94</b>  |
| + Financial revenues                                                                   | 195,780        | 23.45         | 109,146        | 13.50         |
| - Financial expenses                                                                   | 22,083         | 2.65          | 19,059         | 2.36          |
| - Variations in investment valuation allowances                                        | 4,115          | 0.48          | 2,493          | 0.31          |
| <b>Financial income</b>                                                                | <b>169,582</b> | <b>20.32</b>  | <b>87,594</b>  | <b>10.83</b>  |
| <b>Income from ordinary activities</b>                                                 | <b>253,892</b> | <b>30.42</b>  | <b>176,007</b> | <b>21.77</b>  |
| + Gains on fixed assets and extraordinary revenues                                     | 747            | 0.09          | 1,170          | 0.14          |
| - Losses on fixed assets and extraordinary expenses                                    | 32,324         | 3.87          | 4,140          | 0.51          |
| - Variation in tangible fixed asset, intangible asset and control portfolio allowances | 2,233          | 0.27          | 17,052         | 2.11          |
| <b>Income before taxes</b>                                                             | <b>220,082</b> | <b>26.37</b>  | <b>155,985</b> | <b>19.29</b>  |
| - Corporate income tax                                                                 | 23,454         | 2.81          | 6,159          | 0.76          |
| <b>Income after taxes</b>                                                              | <b>196,628</b> | <b>23.56</b>  | <b>149,826</b> | <b>18.53</b>  |

## 22. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH



These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

**EXHIBIT I GROUP COMPANIES**


| Company                                                                                                                                         | Book Value |           | % Ownership        |                | Dividends received | Capital        | Reserves         | 2004 Income (Loss) before taxes |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|--------------------|----------------|--------------------|----------------|------------------|---------------------------------|---------------|
|                                                                                                                                                 | Assets     | Allowance |                    |                |                    |                |                  | Ordinary                        | Extraordinary |
| Abies Re Anstalt<br>Josef Rheinbergerstrasse, 6. Vaduz<br>(Liechtenstein)<br>-Liquidated company-                                               | -          | -         |                    |                | 27,900             |                |                  | -                               | -             |
| AEBA Ambiente y Ecología de Buenos Aires, S.A.<br>Tucumán, 1321- 3ª<br>Buenos Aires. Argentina<br>-Urban Cleaning-                              | 834        | 687       | direct<br>indirect | 50.00<br>2.50  | 104                | 1,000<br>(ARP) | 1,360<br>(ARP)   | (385)<br>(ARP)                  | 2<br>(ARP)    |
| Aqualia Gestión Integral del Agua, S.A.<br>Federico Salmón, 13. Madrid<br>-Water management-                                                    | 254,768    | -         | direct<br>indirect | 99.99<br>0.01  | 13,485             | 145,000        | 45,851           | 40,296                          | (1,662)       |
| Asesoría Financiera y de Gestión, S.A.<br>Federico Salmón, 13. Madrid<br>-Financial-                                                            | 3,008      | -         | direct<br>indirect | 43.84<br>56.16 | -                  | 6,843          | 445,773          | 12,341                          | -             |
| Asiris, S.A. Correduría de Seguros<br>Pº de la Castellana, 111. Madrid                                                                          | 30         | -         | direct<br>indirect | 25.00<br>75.00 | -                  | 120            | 776              | 189                             | -             |
| Cementos Portland Valderrivas, S.A.<br>Estella, 6. Pamplona<br>-Cement-                                                                         | 175,953    | -         | direct<br>indirect | 58.76<br>0.06  | 29,444             | 41,757         | 645,865          | 143,471                         | (15,544)      |
| Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Portfolio company-                                | 1,657      | -         |                    | 100            | -                  | 61             | 2,319            | 489                             | -             |
| Compañía General de Servicios Empresariales, S.A. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-                       | 60         | -         |                    | 100            | -                  | 60             | 17               | 3                               | -             |
| Corporación Española de Servicios, S.A.<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-                                             | 44         | -         | direct<br>indirect | 99.99<br>0.01  | -                  | 60             | 15               | 1                               | -             |
| Corporación Financiera Hispánica, S.A.<br>Federico Salmón, 13. Madrid<br>-Portfolio company-                                                    | 69,818     | -         | direct<br>indirect | 99.99<br>0.01  | -                  | 58,393         | 283,470          | 5,693                           | 1             |
| Egypt Environmental Services SAE<br>Cairo-Egypt<br>-Urban Cleaning-                                                                             | 7,760      | 6,123     | direct<br>indirect | 97.00<br>3.00  | -                  | 36,400<br>(£E) | (10,735)<br>(£E) | (11,527)<br>(£E)                | (45)<br>(£E)  |
| Empresa Comarcal de Serveis Mediambientals del Baix Penedès, ECOBP, S.L.<br>Plaça del Centre, 3. El Vendrell<br>(Tarragona)<br>-Urban Cleaning- | 240        | -         |                    | 80.00          | -                  | 301            | 36               | 205                             | -             |
| Europea de Gestión, S.A. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-                                                | 63         | -         |                    | 100            | -                  | 60             | 22               | 8                               | -             |
| FCC Construcción, S.A.<br>Balmes, 36. Barcelona<br>-Construction-                                                                               | 275,551    | -         | direct<br>indirect | 99.99<br>0.01  | 39,000             | 130,000        | 83,379           | 97,972                          | (5,201)       |
| FCC Construcciones y Contratas Internacional, S.L. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-                      | 3          | -         |                    | 100            | -                  | 3              | -                | -                               | -             |

| Company                                                                                                             | Book Value       |               | % Ownership                   | Dividends received | Capital        | Reserves         | 2004 Income (Loss) before taxes |               |
|---------------------------------------------------------------------------------------------------------------------|------------------|---------------|-------------------------------|--------------------|----------------|------------------|---------------------------------|---------------|
|                                                                                                                     | Assets           | Allowance     |                               |                    |                |                  | Ordinary                        | Extraordinary |
| FCC Fomento de Obras y Construcciones, S.L. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company- | 3                | —             | 100                           | —                  | 3              | —                | —                               | —             |
| FCC Inmobiliaria Conycon, S.L. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-              | 3                | —             | 100                           | —                  | 3              | —                | —                               | —             |
| FCC International B.V.<br>Amsteldijk 166<br>Amsterdam (Holland)<br>-Portfolio company-                              | 49,910           | 9,192         | 100                           | 27,450             | 40,840         | (28,491)         | 28,367                          | (3)           |
| FCC Medio Ambiente, S.A.<br>Federico Salmón, 13. Madrid<br>-Urban cleaning -                                        | 35,102           | —             | direct 98.98<br>indirect 1.02 | 4,497              | 43,272         | 41,030           | 11,232                          | (4,829)       |
| FCC Versia, S.A.<br>Federico Salmón, 13. Madrid<br>-Management company-                                             | 62,625           | —             | direct 99.99<br>indirect 0.01 | 18,824             | 40,337         | 49,910           | 14,667                          | 433           |
| FCC 1, S.L. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company -                                | 3                | —             | 100                           | —                  | 3              | —                | —                               | —             |
| F-C y C, S.L. Unipersonal<br>Federico Salmón, 13. Madrid<br>-Instrumentality company -                              | 3                | —             | 100                           | —                  | 3              | —                | —                               | —             |
| Fedemés, S.L.<br>Federico Salmón, 13. Madrid<br>-Real estate-                                                       | 10,764           | —             | direct 92.67<br>indirect 7.33 | —                  | 10,301         | 14,485           | 396                             | —             |
| Fomento Internacional Focsa, S.A.<br>Federico Salmón, 13. Madrid<br>-Instrumentality company-                       | 69               | —             | direct 99.93<br>indirect 0.07 | —                  | 90             | 23               | 3                               | —             |
| Giza Environmental Services S.A.E.<br>Cairo. Egypt<br>-Urban cleaning-                                              | 7,566            | 7,342         | direct 97.00<br>indirect 3.00 | —                  | 35,500<br>(£E) | (14,532)<br>(£E) | (18,987)<br>(£E)                | (45)<br>(£E)  |
| Grucycsa, S.A.<br>Pza. Pablo Ruiz Picasso, s/n. Madrid<br>-Portfolio company-                                       | 156,786          | —             | 100                           | —                  | 135,600        | 12,376           | 1,350                           | 1,396         |
| Limpiezas Urbanas de Mallorca, S.A.<br>Fusters, 18. Manacor (Balears)<br>-Urban cleaning-                           | 5,208            | —             | direct 99.92<br>indirect 0.08 | —                  | 308            | 981              | 187                             | (20)          |
| Per Gestora Inmobiliaria, S.L.<br>Pza. Pablo Ruiz Picasso, s/n. Madrid<br>-Property management and administration-  | 48               | —             | 80.00                         | 12                 | 60             | 50               | 16                              | —             |
| Tratamientos y Recuperaciones Industriales, S.A.<br>Angli, 31. Barcelona<br>-Waste treatment-                       | 21,455           | —             | direct 74.92<br>indirect 0.08 | 1,478              | 72             | 8,059            | 2,273                           | 24            |
| <b>TOTAL</b>                                                                                                        | <b>1,139,334</b> | <b>23,344</b> |                               | <b>162,194</b>     |                |                  |                                 |               |

**Note:**

- Of the related companies, only Cementos Portland Valderrivas, S.A. is a listed company and its share price was €48,00 at year-end. The average market price in the last quarter of 2004 was €44,10.
- As required by Article 86 of the revised Corporations Law, in 2004 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

**EXHIBIT II. JOINT VENTURES**


| Company                            | % Ownership | Company                         | % Ownership |
|------------------------------------|-------------|---------------------------------|-------------|
| 1 ZONA 3 MADRID                    | 10.00       | EXTREMADURA                     | 25.00       |
| 2 ZONA 10 MADRID                   | 10.00       | F.L.F. LA PLANA                 | 47.00       |
| ACERAS Y CALZADAS                  | 50.00       | FANGOS VIC                      | 20.00       |
| ADDENDA PUENTE DE VALLECAS 5ª FASE | 50.00       | FCC – ACISA - AUDING            | 45.00       |
| AIGÜES DE LLEIDA                   | 50.00       | FCC - ANPE                      | 80.00       |
| AGUAS TOMELLOSO                    | 20.00       | FCC - DIESEL BARCELONA          | 80.00       |
| ALCANTARILLADO BILBAO              | 90.00       | FCC - DIESEL N-VI               | 50.00       |
| ALMEDA                             | 51.00       | FCC - ERS LOS PALACIOS          | 50.00       |
| AMPLIACIÓ LIXIVITATS               | 20.00       | FCC – FCCMA ALCOY               | 20.00       |
| AQUALBAL                           | 20.00       | FCC – FCCMA COLMENAR VIEJO      | 20.00       |
| AQUALIA – FCC – MYASA              | 20.00       | FCC – FCCMA CORNELLÀ            | 90.00       |
| AQUALIA – FCC – OVIEDO             | 5.00        | FCC – FCCMA JARDINES ALBACETE   | 20.00       |
| AQUALIA – FCC – SALAMANCA          | 5.00        | FCC – FCCMA R.B.U. - L.V. JAVEA | 20.00       |
| AQUALIA – FCC – SAN VICENTE        | 20.00       | FCC – FCCMA L.V. PAMPLONA       | 20.00       |
| ARGÍ GUEÑES                        | 70.00       | FCC – FCCMA OLESA               | 20.00       |
| ASTONDO                            | 40.00       | FCC – FCCMA RBU TUDELA          | 20.00       |
| BAIX CAMP                          | 30.00       | FCC – FCCMA S.U. DENIA          | 20.00       |
| BARAJAS                            | 50.00       | FCC – FCCMA SAN JAVIER          | 20.00       |
| BARRIO DE LA LOMA                  | 50.00       | FCC – FCCMA SAN SEBASTIÁN       | 20.00       |
| BIOCOMPOST DE ÁLAVA                | 50.00       | FCC – FCCMA SEGRIÀ              | 20.00       |
| BOADILLA                           | 50.00       | FCC – FOCONSA                   | 50.00       |
| BOADILLA DEL MONTE                 | 50.00       | FCC – HIJOS DE MORENO. S.A.     | 50.00       |
| BONMATÍ                            | 10.00       | FCC – HIMOSA                    | 50.00       |
| C/ALPERNICHES                      | 50.00       | FCC – PALAFRUGELL               | 20.00       |
| CN III                             | 45.00       | FCC – PROMECO 2000. S.L.        | 50.00       |
| CAN BOSSA                          | 20.00       | FCC – SUFI MAJADAHONDA          | 50.00       |
| CANA PUTXA                         | 20.00       | FCC – SUFI PESA                 | 50.00       |
| CANGAS                             | 50.00       | FCC – SYF PLAYAS                | 40.00       |
| CASTELLAR DEL VALLÈS               | 50.00       | FCC, S.A. LUMSA                 | 50.00       |
| CENTRALSUG-FCC                     | 50.00       | FCCMA – FCCSA VALENCIA          | 20.00       |
| CENTRO DE GESTIÓN MADRID           | 50.00       | FCCSA – GIRSA                   | 80.00       |
| CENTRO DE GESTIÓN ZARAGOZA         | 50.00       | FCCSA – SECOPSA I               | 50.00       |
| CHAPARRAL BAJO                     | 20.00       | FUENLABRADA                     | 50.00       |
| CHAPARRAL BAJO FASE B              | 20.00       | FUENTES XÀTIVA                  | 50.00       |
| CIUTAT VELLA                       | 50.00       | GALERÍAS CASTELLANA             | 50.00       |
| COLEGIOS SANT QUIRZE               | 50.00       | GIREF                           | 20.00       |
| CONSERVACIÓN Y SISTEMAS            | 60.00       | GUADIANA                        | 20.00       |
| CUENCA                             | 20.00       | HÉROES DE ESPAÑA                | 50.00       |
| CYCSA-EYSSA VIGO                   | 50.00       | INFRAESTRUCTURAS MÓSTOLES       | 50.00       |
| DEIXALLERIA TARRAGONA              | 20.00       | JARDINES SANTA COLOMA           | 50.00       |
| DEPÓSITO CABECERA                  | 80.00       | JUNDIZ                          | 51.00       |
| DEPÓSITO LA MATANZA                | 20.00       | LA MINA                         | 20.00       |
| DEPURADORA HUESCA                  | 80.00       | LA SELVA                        | 100.00      |
| ECOSERVEIS FIGUERES                | 50.00       | LEGIO VII                       | 50.00       |
| EDAR ALMANSA                       | 5.00        | L.J. SAN SEBASTIÁN              | 20.00       |
| EDAR ALMENDRALEJO                  | 20.00       | L.V. SAN SEBASTIÁN              | 20.00       |
| EDAR CUERVA                        | 5.00        | LVR MUSKIZ II                   | 70.00       |
| EDAR ELCHE                         | 20.00       | M-110                           | 50.00       |
| EDAR MEQUINENZA                    | 80.00       | MADRID I                        | 50.00       |
| EDAR RANILLA                       | 22.50       | MADRID II                       | 50.00       |
| ELISA OCHOA                        | 50.00       | MADRID III                      | 50.00       |

| Company                           | % Ownership |
|-----------------------------------|-------------|
| MADRID PAVIMENTA MADRID           | 50.00       |
| MANCOMUNIDAD ALTO MIJARES         | 50.00       |
| MARTÍNEZ DE LA RIVA               | 50.00       |
| MÉNDEZ ÁLVARO                     | 50.00       |
| MÉRIDA                            | 10.00       |
| METEOROLÓGICAS A-6                | 33.00       |
| MOLINA                            | 5.00        |
| MONTCADA                          | 50.00       |
| MORELLA                           | 50.00       |
| MUSKIZ                            | 70.00       |
| NAVALMORAL                        | 50.00       |
| NIGRÁN                            | 10.00       |
| NIJAR                             | 20.00       |
| NOROESTE                          | 33.00       |
| NOVELDA                           | 5.00        |
| OCAÑA                             | 75.00       |
| ONDA EXPLOTACIÓN                  | 33.33       |
| OPERACIÓN ACERAS 2004             | 50.00       |
| OPERACIÓN ACERAS II FASE          | 50.00       |
| OVER                              | 20.00       |
| PARQUE PARÍS DE LAS ROZAS         | 50.00       |
| PASEO DEL ÁLAMO                   | 50.00       |
| PAVIMENTO ZONA I                  | 50.00       |
| PAVIMENTOS                        | 50.00       |
| PINETONS                          | 50.00       |
| PLA D'URGELL                      | 60.00       |
| 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       |
| REDONDELA                         | 10.00       |
| REPARACIÓN VÍAS PÚBLICAS MÓSTOLES | 50.00       |
| RESTAURACIÓN GARRAF               | 27.50       |
| RUTA DE LOS PANTANOS              | 50.00       |
| SABIÑÁNIGO                        | 80.00       |
| SALTO DEL NEGRO                   | 50.00       |
| SAN FERNANDO                      | 20.00       |
| SANT QUIRZE                       | 50.00       |
| SANTA COLOMA DE GRAMANET          | 61.00       |
| SANTA CRUZ DE MUDELA              | 50.00       |
| SANTOMERA                         | 60.00       |
| SASIETA                           | 75.00       |
| SAV - FCC TRATAMIENTOS            | 35.00       |
| SCC - FCC                         | 10.00       |
| SELECTIVES                        | 20.00       |
| SERAGUA - FCC - VIGO              | 50.00       |

| Company                            | % Ownership |
|------------------------------------|-------------|
| 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       |
| TOVIVAL                            | 50.00       |
| TREMP                              | 51.00       |
| TRIAGTGE I CLASSIFICACIÓ D'ENVASOS | 60.00       |
| TXINGUDI                           | 75.00       |
| VERTEDERO GARDELEGUI               | 70.00       |
| VERTRESA                           | 10.00       |
| VIGO RECICLAJE                     | 70.00       |
| VINARÓZ                            | 50.00       |
| ZARAUTZ                            | 20.00       |
| ZARZUELA                           | 50.00       |
| ZONZAMAS FASE II                   | 30.00       |

**EXHIBIT III. ASSOCIATED AND MULTIGROUP COMPANIES**


| Company                                                                                                                                    | Book Value     |               | % Ownership                    | Dividends received | Capital            | Reserves         | 2004 Income (Loss) Before Taxes |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|--------------------------------|--------------------|--------------------|------------------|---------------------------------|-------------------|
|                                                                                                                                            | Assets         | Allowance     |                                |                    |                    |                  | Ordinary                        | Extraordinary     |
| Clavegueram de Barcelona, S.A.<br>Acer, 16. Barcelona<br>-Urban cleaning-                                                                  | 811            | —             | 22.50                          | 83                 | 3,606              | 2,863            | 721                             | (99)              |
| Ecoparc del Besós, S.A.<br>Rambla Cataluña, 91-93. Barcelona<br>-Urban cleaning-                                                           | 2,621          | —             | direct 31.00<br>indirect 18.00 | —                  | 7,710              | —                | —                               | —                 |
| Ecoserveis Urbans de Figueres, S.L.<br>Pg. Empordà Internacional, Calle A,<br>parcela 50. Vilamallà (Girona)<br>-Urban cleaning-           | 301            | —             | 50.00                          | 9                  | 601                | 8                | 182                             | —                 |
| Empresa Mixta de Limpieza<br>de la Villa de Torrox, S.A.<br>Torrox (Málaga)<br>-Urban cleaning-                                            | 300            | —             | 50.00                          | 21                 | 600                | 142              | 236                             | (19)              |
| Empresa Mixta de Medio Ambiente de<br>Rincón de la Victoria, S.A.<br>Pz. Al Andalus, 1. Rincón de la Victoria (Málaga)<br>-Urban cleaning- | 301            | —             | 50.00                          | —                  | 601                | 82               | 483                             | (25)              |
| Gestión Integral de Residuos Sólidos, S.A.<br>Santa Amalia, 2. Valencia<br>-Urban cleaning-                                                | 4,733          | —             | 49.00                          | 667                | 781                | 1,514            | 1,887                           | 489               |
| Ingeniería Urbana, S.A.<br>Saturno, 6. Alicante<br>-Urban cleaning-                                                                        | 3,786          | —             | 35.00                          | 476                | 6,010              | 4,959            | 1,802                           | 35                |
| Proactiva Doña Juana E.S.P.S.A<br>Calle 98 n° 9-03 of. 804<br>Ed. Torre Sancho<br>Santa Fe de Bogotá (Colombia)<br>-Urban cleaning-        | 284            | —             | direct 23.75<br>indirect 27.30 | —                  | 2,250,000<br>(COP) | 716,072<br>(COP) | 2,360,528<br>(COP)              | (22,274)<br>(COP) |
| Proactiva Medio Ambiente, S.A.<br>Paseo de la Castellana, 216. Madrid<br>-Urban cleaning-                                                  | 119,542        | 91,573        | 50.00                          | —                  | 56,520             | (2,396)          | (1,155)                         | 3,685             |
| Realia Business, S.A.<br>Paseo de la Castellana, 216. Madrid<br>-Real estate-                                                              | 110,007        | —             | direct 44.25<br>indirect 4.92  | 24,873             | 66,570             | 322,662          | 129,148                         | 25,064            |
| Servicios Urbanos de Málaga, S.A.<br>Ulises, 18. Madrid<br>-Urban cleaning-                                                                | 1,610          | —             | 51.00                          | 214                | 3,156              | 79               | 275                             | —                 |
| <b>TOTAL</b>                                                                                                                               | <b>244,296</b> | <b>91,573</b> |                                | <b>26,343</b>      |                    |                  |                                 |                   |

**Note:**

- As required by Article 86 of the revised Corporations Law, in 2003 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

EXHIBIT IV. "REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.  
FOR THE DISTRIBUTION OF AN INTERIM DIVIDEND IN 2004"



In accordance with Article 216 of the revised Corporations 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 income of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. as of September 30, 2004, amounted to €91,491 thousand.
2. That the Company's after-tax cash flow in the first nine months of 2004 amounted to €121,200 thousand.
3. That the Company's cash and cash equivalents as of September 30, 2004, amounted to €1,291,600 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 variations with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of up to €88,785,888.44 out of 2004 income

The number of shares entitled to an interim dividend is calculated by subtracting from the 130,567,483 shares the shares of treasury stock existing at the date of payment of the dividend.

Accordingly, it is proposed that the following interim dividend out of 2004 income be approved:

|                                            |            |
|--------------------------------------------|------------|
| Gross % of each share with dividend rights | 68%        |
| Gross interim dividend per share           | 0.68 euros |

The related personal income tax or corporate income tax withholdings, where appropriate, will be deducted from the declared gross interim dividend.

Madrid, December 22, 2004



Management  
report

Fomento de  
Construcciones y  
Contratas, S.A.

## COMPANY PERFORMANCE IN 2004



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 drainage systems, the maintenance of green areas and buildings, water purification and distribution and other complementary services. It also owns holdings in other Spanish and foreign companies and in 2004 reported net income of €196,628 thousand, representing a 23.56% return on net sales.

The Board of Directors proposes the distribution of a final dividend of €0.68 per share, representing 68% of the par value of the shares outstanding at the date of payment, and the allocation of the remaining income balance to unrestricted reserves. Earlier, on January 10, 2005, an interim dividend of €0.68 per share was paid pursuant to the resolution adopted by the Board of Directors on December 22, 2004.

Fomento de Construcciones y Contratas, S.A. is the parent company of the FCC Group, which is composed of a wide range of subsidiaries engaging in activities such as construction, urban cleaning, the integral water cycle, parking lots, street furniture, passenger transport, vehicle roadworthiness testing, ground passenger and aircraft handling, logistics, cement and real estate. Consequently, for a fully comprehensive representation of the economic events of 2004, the reader is referred to the information contained in the consolidated financial statements.

## ACQUISITION OF TREASURY STOCK



At 2004 year-end Fomento de Construcciones y Contratas, S.A. held 434,322 shares of treasury stock, representing 0.33% of its capital stock, valued at €9,422 thousand.

Also in 2004, Compañía Auxiliar de Agencia y Mediación S.A. owned 316,008 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at their book value of €1,107 thousand, and Grucycsa, S.A. owned 475 shares of Fomento de Construcciones y Contratas, S.A., recorded at their book value of €10 thousand. These shares are also deemed to be Parent Company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, it should be mentioned that there were no variations in treasury stock in 2004

## RESEARCH AND DEVELOPMENT ACTIVITIES



The FCC Group takes an active part in research, development and technological innovation and applies the most effective means of production and techniques to carry on its activities.

In 2004 significant initiatives were carried out in each of the three strategic business lines, Services, Construction and Cement, which targeted environmental protection as a means to achieving sustainable growth.

The Group carries out research and development in areas directly or indirectly related to our activities seeking, for instance, to reduce the consumption of energy and raw materials, control emissions and polluting discharges, increase reuse and recycling levels, lower acoustic levels, eliminate odors from biomethanization and organic waste composting plants, develop high-performance stainless steels to improve the safety of reinforced concrete structures, design low reflection caissons that can be used in docks and breakwaters, etc.

Special mention must be made of the technological achievement involving the incorporation of a new natural gas engine in two types of vehicles essential for special solid waste collection routes and, by extension, street cleaning. This new engine with minimum polluting emissions has been used in narrow-width collecting vehicles, requiring the installation of special compressed gas tanks to achieve the same autonomy as a conventional diesel vehicle.

In the Construction area, noteworthy is the Group's membership, through FCC Construction, of the Managing Board of the European Construction Technology Platform, an initiative which brings together over 300 organizations (industries, universities, research centers, European government agencies, etc.) and whose objective is to define a Strategic Research Agenda for the industry through the performance of macroprojects with public and private funding

In the European area, work commenced on two construction projects approved by the European Commission within the Sixth Framework Program: the Tunconstruct Project to improve underground construction, considering the design, construction and operation cycle, and the Manubuild Project, for the industrialization of construction, so that developments are more in tune with the users' needs.

Other salient projects in which the Group participates are the "Optimization of construction waste management" and "Reduction of effects of construction on the land" in the building and civil engineering areas, respectively.

The new research and development projects executed were recognized by Spanish institutions such as the Fondos PROFIT program of the Spanish Science and Technology Ministry, the Autonomous Community Governments and the Industrial Technology Development Center. Significant among the PROFIT program projects is the LOGRO Project for the optimization of construction waste, executed jointly with the Instituto Tecnológico de Catalunya, and the SHTOEC Project relating to the automation of guniting and the improvement of mixtures for gunited concrete.

Additionally, the Commission of the EU's EUREKA Program awarded its seal to the research and development project known as "Definition of environmental variables and indicators in combined urban solid waste treatment processes". This certification acknowledges the originality of the project, the scientific worth of its program and European interest in its use as a possible base to gain further knowledge of urban solid waste treatment processes.

## OUTLOOK FOR 2005



A description follows of the trends projected for 2005 of the business areas composing the FCC Group, which are expected to drive growth in the Group's net sales and income.

First, it should be pointed out that the construction backlog and services backlog at 2004 year-end amounted to €16,400 million, equivalent to over 31 months of annual production.

For **FCC Servicios**, the increase in the current market share of the Environment division will be associated with the extensions and renewals of a considerable number of contracts, and the entry into service of new waste treatment and removal facilities.

In the Industrial Waste division, 2005 will see the consolidation of growth due to investments in prior years, combined with the reaching of the break-even point by the newly-constructed operating centers and the acquisition of a company of importance in the industry.

In the Water Management division, there are still strong chances of growth in the domestic market. The diversification strategy continues to be implemented, and new companies with broad experience in the design, construction and operation of water treatment and purification plants and in the desalination area will be incorporated. There are also plans to acquire a company that specializes in industrial waters.

The strategy for growth in the International area will be based on expansion towards emerging markets, especially in Eastern Europe. Operations in the other foreign markets in which we are present will be consolidated and we will initiate new business lines.

At the beginning of 2005 the services backlog was €11,850 million, equivalent to over six and a half years of annual production.

The growth of **Versia** in 2005 will be supported by the surge in logistics services due to the acquisition of the Logístico Santos Group and to growth within this market.

The urban furniture and advertising segment is also expected to grow, as a result of the consolidation of the contracts awarded in the U.S., Portugal and Brazil, and new contracts obtained in the domestic market.

The outlook for **FCC Construcción** in 2005 is promising, due to the existing construction backlog and to the demand for public works that will be generated under the Ministry for Development's Strategic Transport Infrastructure Plan (PEIT), which addresses projects running through 2020 for roads, railroads, airports and seaports in Spain, with connections to the trans-European transport network.

In the international market, the Company will strengthen its presence in Central America through the investment made and push for geographical diversification in Central and Eastern Europe.

At 2004 year-end, the construction backlog amounted to €4,350 million, assuring production for nearly 17 months.

The performance of **Cementos Portland Valderrivas** in Spain has been defined by the development of the housing market and the pace of execution of national infrastructure construction plans. According to forecasts, production will remain at 2004 levels.

In May 2005 the upgrades introduced to revamp the plant owned by the subsidiary Giant Cement in South Carolina (USA) came into operation - the wet process gave way to the dry process of production and production capacity increased to 1 million tonnes. Both these measures will bring down production costs. Also, prices appear to be rising in the area served by this investee (the States of Virginia, North Carolina and South Carolina).

Considerable investments were made to comply with legislation on safety and the environment at the Cementos Portland Valderrivas facilities in Spain and the U.S.

In 2005, the property development area of **Realia** will forge ahead with its policy of large-scale land acquisitions and their rotation in urban zones where it has a significant presence. There are also plans to establish a presence in new areas, such as Zaragoza and Rioja.

At international level, the investments in Portugal will be consolidated and land will begin to be purchased in Poland, in areas which are shortly to undergo urban zoning, which will enable the subsidiary Realia Polska Inwestycje, z.o.o to begin constructing in some of these areas.

The volume of sales and deposits placed for property units pending delivery amounted to €587 million at 2004 year-end, representing a large percentage of net sales covered for the coming years.

Significant in the property area are the forthcoming projects involving two new shopping malls in Guadalajara and Leganés (Madrid). The construction of another shopping mall, with a potential buildable area of 30,000 m<sup>2</sup>, will commence in the city of Murcia.

For 2005 and subsequent years, the Company plans to carry out large-scale investments as part of its strategic plan to acquire and/or develop new office building and shopping mall projects, and will continue with its policy of rotating mature, nonstrategic assets. Sales of these types of buildings have already been arranged for 2005.



**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. 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, 2004, 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 documentation 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 law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2003. Our opinion refers only to the 2004 financial statements. Our auditors' report dated April 2, 2004, on the 2003 financial statements contained 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 financial statements referred to above, which do not reflect the effect of applying consolidation principles. On this same date we have issued our auditors' report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries, which contains an unqualified opinion. The effect of consolidation, which was performed on the basis of the accounting records of the companies composing the Group as of December 31, 2004, with respect to the individual financial statements referred to above, was to increase assets by €5,470 million, the Company's reserves by €927 million and income for the year by €192 million.
4. In our opinion, the financial statements for 2004 referred to above 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, 2004, 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 management report for 2004 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 management report is consistent with that contained in the financial statements for 2004. Our work as auditors was confined to checking the management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the Company.

DELOITTE  
Registered in ROAC under no. S0692

Javier Parada Pardo  
April 8, 2005



# Executive Personnel

## Managing Director

Rafael Montes Sánchez

## Environment and Water

Chairman of FCC Medio Ambiente, S.A.

José Luis de la Torre Sánchez

### Environment

#### Zone I

Aragón  
Barcelona Capital  
Barcelona Exterior  
Lleida-Tarragona  
Levante I  
Rioja-Soria  
Municipal de Serveis, S.A.  
Seinsa  
Tirssa  
Tirmesa

Jordi Payet Pérez  
Manuel Liébana Andrés  
Pablo Martín Zamora  
Martín Juanola Carceles  
Jesús Padulles Caba  
Salvador Otero Caballero  
Pedro Moreno Gómez  
Ramón Marimón Marimón  
Francisco Campas Delmans  
Juan Almirall Sagué  
Ángel Fernández Omar

#### Zone II

Andalucía I  
Andalucía II  
Canarias  
Castilla y León  
Galicia  
Guipúzcoa-Navarra  
Levante II  
Murcia-Almería  
Vizcaya

Juan Hernández Rodríguez  
Blas Campos Gabucio  
Manuel Calderón Capilla  
Miguel Ángel Castanedo Samper  
César Trueba Diego  
Guillermo de Cal Alonso  
Ignacio Eguiguren Tellechea  
Francisco Javier del Olmo Gala  
José Alcolea Heras  
Carlos Martínez Osset

#### Zone III

Center  
Madrid  
North

Agustín García Gila  
José María Moreno Arauz  
Jesús Medina Peralta  
Ernesto Barrio Vega

### Industrial Waste

Managing Director  
Activity Director  
Cataluña  
Aragón  
Center  
North  
South  
Development  
Administration and Finance  
Technical Director  
Studies

Aurelio Blasco Lázaro  
Íñigo Sáenz Pérez  
Felip Serrahima Viladevall  
Julián Imaz Escorihuela  
Javier Fuentes Martín  
José María Diego Gardeazabal  
Manuel Cuerva Sánchez  
Jorge Sánchez Almaraz  
Domingo Bauzá Mari  
María Jesús Kaifer Brasero  
Antonio Sánchez-Trasancos Álvarez

#### ■ Water Management

Managing Director  
Deputy Managing Director  
Development and Stockholdings  
Central Zone  
Eastern Zone  
Northern Zone  
  
Southern Zone

Technical Director  
Contracting  
Commerical  
Studies  
Administration and Finance  
Management Control  
Marketing

Fernando Moreno García  
Luis Velasco Romero  
Miguel Jurado Fernández  
Félix Parra Mediavilla  
Jordi Hernández Blanch  
Santiago Lafuente Pérez-Lucas  
José Luis García Ibáñez (Assistant)  
Leandro Melgar Chacón  
Alberto Gutiérrez Montoliu (Assistant)  
Benito Pérez Santos (Assistant)  
Pedro Rodríguez Medina  
Antonio Vasal'lo Reina  
Cecilio Sánchez Martín  
Alejandro Benedé Augusto  
Isidoro Marbán Fernández  
Manuel Castañedo Rodríguez  
Juan Pablo Merino Guerra

#### ■ International

England  
Egypt

Tomás Núñez Vega  
  
Tony Adamson  
Manuel Ramírez Ledesma

#### ■ Proactiva de Medio Ambiente, S.A.

Chairman  
Managing Director  
Northern Zone  
Central Zone  
Brazil  
Southern Zone  
Legal Affairs  
Administration and Finance

Olivier Orsini  
Hervé Leblanc  
Roberto Gómez-Morodo Suárez  
Michel Fourré  
Marlik Bentabet  
Ramón Rebuelta Megarejo  
Ignacio Montes Pérez del Real  
Marcos García García

#### ■ Central Services

Machinery  
Provisions  
Studies  
Quality Assurance and Environment  
Waste Treatment  
Coordination and Development

Agustín García Gila  
  
Alfonso García García  
Pedro Gaviña Martínez  
Antonio Pousa Blasco  
José María López Pérez  
Sylvain Cortés  
Catherine Milhau

#### ■ Administration and Finance

Alberto Alcañiz Horta

## Versia

### Chairman of FCC Versia, S.A.

#### Managing Director

##### Transport

Corporación Española de Transporte, S.A.  
Detren, S.L.

##### Corporate Development

##### Street Furniture and Advertising

Corporación Europea de Mobiliario Urbano, S.A.

##### Zona I

Car Parks and Services

Vehicle Technical Inspections

##### Zona II

Conservation and Systems

Handling-Flightcare, S.L.

##### Logistics

Aitena, S.A. y Logística Navarra, S.A.

Grupo Logístico Santos, S.A.

Administration and Finance

José Luis de la Torre Sánchez

Agustín J. Usallán Ortiz

José Luis Rubio Díaz de Tudanca

José María Pérez-Lozano

Joaquín Martínez-Vilanova

Carlos Barón Thaidigsmann

Carlos Barón Thaidigsmann

Raúl González Lorente

Vicente Beneyto Perlés

José María Paz Sánchez

Ignacio Santamaría Goiri

Luis Marceñido Ferrón

José Luis Ramírez Camacho

Ángel Luis Pérez Buitrago (Assistant)

Ignacio Garrido Santamaría

Miguel Ángel Gómez Ibañez

Gonzalo Sanz Fernández

Juan Carlos Andradas Oveja

## Construction

### Chairman of FCC Construcción, S.A.

#### Managing Director

##### Deputy Directors

Area I: Zones I, V, VII and Prefabricados Delta, S.A.

Area II: Zones II, VIII, IX and Europe

Area II: Zones III and VI

Area II: Zone IV, Portugal and America

Studies and Contracts

Study Service

Development and Management

Administration and Finance

Institutional Relations

José Mayor Oreja

Francisco José García Martín

Santiago Ruiz González

Alejandro Tuya García

Jorge Piera Coll

José Ordóñez Sáinz

Francisco Varona López

Valentín García Domínguez

Jaime Redondo Vergé

José Ramón Ruiz Carrero

Julio Senador-Gómez Odériz

### Construction Technical Services

#### Managing Director

##### Technical Director

Quality and Training

Special Systems

Machinery

José Enrique Bofill de la Cierva

José Luis Álvarez Poyatos

Enrique Carrasco Ruiz de la Fuente

Luis Viñuela Rueda

Juan Antonio Muro Murillo

## ■ Domestic Construction

### Zone I

Andalucía West Construction  
Andalucía West Civil Work

Andalucía East Construction

Andalucía East Civil Work  
Technical Director

### Zone II

Madrid Construction I  
Madrid Construction II  
Madrid Construction III  
Madrid Construction IV  
Technical Director

### Zone III

Cataluña Construction I

Cataluña Construction II  
Technical Director

### Zone IV

Las Palmas  
Tenerife

### Zone V

Valencia Construction  
Valencia Civil Work  
Balears  
Murcia

### Zone VI

Cataluña Civil Work I  
Cataluña Civil Work II  
Technical Director

### Zone VII

Castilla-La Mancha and Extremadura  
Madrid Civil Work

Aragón, Navarra y Rioja

### Zone VIII

Castilla y León Construction  
Castilla y León Civil Work  
Galicia  
North  
País Vasco  
Technical Director

### Zone IX

Transport

Technical Manager Zones IV, V, VII and IX

José María Torroja Ribera  
Francisco Campos García (Deputy Director)  
Jesús Amores Martín  
Vicente Gimeno Merino  
Guillermo Mateos Dorado (Assistant)  
Andrés García Sáiz  
Luciano Hidalgo Salas (Deputy Director)  
José Antonio Madrazo Salas  
Ángel Luis Ochoa Fernández

Emilio Giraldo Olmedo  
Alfonso García Muñoz  
Francisco Mérida Hermoso  
Antonio Moreno-Aurioles Serra  
Carlos García León  
Fernando Arrechea Veramendi

Santiago Sardá Argilagós  
Antonio Torrens Potau  
Rafael Cañas Clemente (Deputy Director)  
Juan Antonio Rodríguez Callao  
María Teresa de Ugarte Peiró

Juan Madrigal Martínez-Pereda  
Enrique Hernández Martín  
Pablo López Marzo

Teodoro Velázquez Rodríguez  
Leopoldo Marzal Sorolla  
Rafael Catalá Reig  
Mateo Estrany Pieras  
Guillermo Gómez Martínez

Francisco Vallejo Gómez  
Josep Torrens Fonts  
Francisco Diéguez Lorenzo  
Javier Ainchil Lavín

Antonio Pérez Gil  
Aurelio Callejo Rodríguez  
Carlos Izarra de la Cruz  
Angel Serrano Manchado (Deputy Director)  
Roberto Monteagudo Fernández  
José Manuel Ojanguren Gamba  
(Deputy Director)

Francisco Javier Lázaro Estarta  
Florentino Rodríguez Palazuelos  
José Manuel San Miguel Muñoz  
Juan Sanmartín Ferreiro  
Javier Hidalgo González  
Norberto Ortega Lázaro  
Mariano Martín Serrano

Avelino Acero Díaz  
Alejandro Cisneros Müller  
Ricardo Gil Edo (Deputy Director)  
Jesús Mateos Hernández-Briz

## ■ International Construction

Zona Portugal: Ramalho Rosa-Cobetar  
America  
Central America  
Europe

Eugenio del Barrio Gómez  
Eugenio del Barrio Gómez  
Julio Casla García  
Alcibiades López Cerón

## ■ Specialised Construction and Investee Companies

Managing Director  
Specialised Construction  
Ibérica de Servicios y Obras, S.A.  
Auxiliar de Pipelines, S.A.(APL)  
Mantenimiento de Infraestructuras, S.A. (Matinsa)

Pinturas Jaque, S.L  
Investee Companies  
Proyectos y Servicios, S.A. (Proser)  
Megaplas, S.A.  
Megaplas Italia, S.p.A.  
Naturmas  
Reparalia  
Empresas Industriales  
Espelsa  
Internacional Tecair, S.A. y Eurman, S.A  
Technical Director

General Manager, Deputy to the Chairman

José Ordóñez Sáinz  
José Miguel Janices Pérez  
Fernando Rodríguez Madinabeitia  
Eduardo Yges Peña  
Fernando Martín Barrios  
Ignacio Sánchez Salinero (Subdirector)  
Fernando Martín Barrios  
Ramón Fontcuberta García  
José Miguel Colio Sola  
José Antonio Martínez Jiménez  
José Antonio Martínez Jiménez  
José Luis de Pedro Poza  
Jaime Asúa Arrizabalaga

Dámaso Bueno Crespo  
Daniel Candil Menes  
Miguel Ángel Lobato Kropnick

Rafael Pérez de Miguel

## ■ Concessions

Spanish Concessions  
International Concessions

Jesús E. Duque Fernández del Rivero  
Javier Villalobos Giménez

## ■ Cement

Chairman of Cementos Portland Valderrivas, S.A.

Managing Director

General Secretary  
Managing Directors  
Deputy Managing Director  
Administration and Finance  
Commercial  
Corporate  
Operations  
Aggregates  
Concrete

Rafael Martínez-Ynzenga Cánovas  
del Castillo

José Ignacio Martínez-Ynzenga  
Cánovas del Castillo  
Vicente Ynzenga Martínez-Dabán

José Manuel Revuelta Lapique  
Fernando Ferreras Fernández  
Ángel Luis Heras Aguado  
Manuel Melgar Oliver  
Pablo Espeso Martínez  
Federico Bernabeu Morón  
José Ramón Bujanda Saénz

## ■ Real Estate

Chairman Realia Bussines, S.A

Managing Director  
Deputy Managing Director  
Deputy General Manager and Promotions Manager  
Area Directors:  
Assets  
Planning  
Administration and Finance  
Secretary of the Board of Directors

Ignacio Bayón Marín  
Íñigo Aldaz Barrera  
Antonio Moyano Paredes  
Pedro Javier Rodera Zazo

Agustín González Sánchez  
Jaime Llorens Coello  
Juan Antonio Franco Díez  
Daniel Ángel Rodríguez Olay

## Administration and Finance

Director of Administration and Finance  
Administration Managing Director  
Deputy Managing Director  
Administrative Coordination  
Taxes

Administrative Organization and Budgets

Finance Director Financiero

Stock Market and Investor Relations  
Financing  
Afigesa  
Asiris, S.A.

José E. Trueba Gutiérrez  
José Luis Vasco Hernando  
Carlos Pujol Lianas  
Alberto Farré Ramos  
Miguel Mata Rodríguez  
Daniel José Gómez-Olano González  
José M<sup>a</sup> Alamañac Gil

Manuel Somoza Serrano  
Esther Alcocer Koplowitz (Assistant)  
Alicia Alcocer Koplowitz (Assistant)  
Íñigo Morenés Mariategui  
José Manuel Carrasco Delgado  
Luis Mora Callejas  
Miguel Angel Jabal Madrid

## Secretary General's Office

General Secretary

Director of Legal Affairs  
Information Technology Development  
Information and Communication Systems  
Communications  
Corporate Image

Felipe Bernabé García Pérez

José María Verdú Ramos  
Fernando Sáez Manero  
José Luis Tortajada Pastor  
Francisco Javier Hernández Fernández  
Antonio de Lorenzo Vázquez

## Human Resources

Managing Director

Antonio Pérez Colmenero  
Francisco Santos Martín (Deputy Director)

## Internal Audits

Director

Antonio Gómez Ciria  
José María Martínez Basanta (Deputy Director)

 **Investor Relations**

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