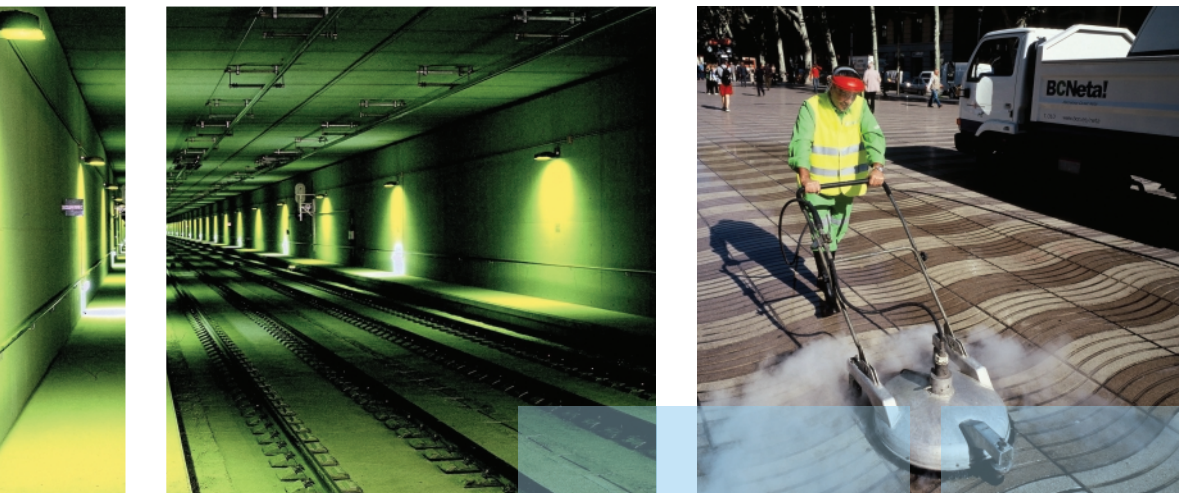




FINANCIAL STATEMENTS MANAGEMENT REPORTS AUDITOR'S REPORTS 2002

FINANCIAL STATEMENTS
MANAGEMENT REPORT
AUDITOR'S REPORTS



2002





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FINANCIAL STATEMENTS MANAGEMENT
REPORTS, 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	12/31/2002	12/31/2001
Due from shareholders for uncalled capital	239	361
Fixed and other noncurrent assets	2,874,139	2,487,654
Start-up expenses	16,223	12,952
Intangible assets	597,624	409,818
- Research and development expenses	3,262	1,472
- Concessions, patents, licenses, trademarks and other	369,913	378,710
- Goodwill	230,943	—
- Computer software	16,037	16,474
- Rights on leased assets	179,995	136,015
- Allowances	(181)	(1,527)
- Accumulated amortization	(202,345)	(121,326)
Tangible fixed assets	1,595,994	1,414,835
- Land and structures	674,911	661,137
- Plant and machinery	1,676,522	1,510,878
- Other fixtures, tools and furniture	313,322	303,000
- Advances and construction in progress	201,799	101,643
- Other tangible fixed assets	131,491	128,893
- Allowances	(1,182)	(3,522)
- Accumulated depreciation	(1,400,869)	(1,287,194)
Long-term investments	661,016	625,137
- Investments in Group and associated companies	1,858	1,851
- Investments accounted for by the equity method	466,525	416,838
- Loans to companies accounted for by the equity method	40,911	35,953
- Long-term investment securities	96,967	91,781
- Other loans	49,867	47,918
- Long-term deposits and guarantees	33,035	42,576
- Allowances	(28,147)	(11,780)
Parent company shares	3,282	24,912
Consolidation goodwill	254,604	367,591
Deferred charges	41,716	33,500
Current assets	3,629,977	3,254,584
Inventories	428,773	355,927
- Merchandise	140,097	106,025
- Raw materials and other supplies	162,066	129,206
- Work-in-process and semifinished goods	87,366	78,252
- Finished goods	33,029	36,686
- Advances	13,674	13,150
- Allowances	(7,459)	(7,392)
Accounts receivable	2,480,824	2,106,126
- Trade receivables for sales and services	2,104,086	1,771,970
- Receivable from associated companies	91,479	106,806
- Sundry accounts receivable	128,603	110,466
- Employee receivables	2,644	2,668
- Taxes receivable	295,583	246,625
- Allowances	(141,571)	(132,409)
Short-term investments	427,300	466,110
- Loans to companies carried by the equity method	29,406	29,077
- Short-term investment securities	151,135	228,932
- Other loans	202,909	208,804
- Short-term guarantees and deposits given	47,132	4,490
- Allowances	(3,282)	(5,193)
Cash	275,600	307,213
Accrual accounts	17,480	19,208
TOTAL ASSETS	6,800,675	6,143,690

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 29).
In the event of a discrepancy, the Spanish-language version prevails.

As of december 31, 2002

(Thousands of Euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	12/31/2002	12/31/2001
Shareholders' equity	1,645,513	1,290,985
Capital stock	130,567	120,102
Additional paid-in capital	242,133	129,897
Reserves of the Parent Company	383,945	392,586
Consolidation reserves	694,583	433,967
Translation differences	(39,951)	7,020
Income attributable to the Parent Company	273,015	241,042
- Consolidated	327,303	319,805
- Attributed to minority interests	(54,288)	(78,763)
Interim dividend	(38,779)	(33,629)
Minority interests	392,250	623,989
Negative consolidation difference	37,086	37,227
Deferred revenues	45,701	41,205
- Capital subsidies	26,276	25,471
- Other deferred revenues	19,425	15,734
Provisions for contingencies and expenses	238,289	244,756
- Provisions	205,887	216,611
- Reversion reserves	32,402	28,145
Long-Term Debt	756,747	774,163
Payable to credit institutions	464,244	581,046
- Loans and other payables	431,325	562,992
- Long-term lease payments payable	32,919	18,054
Other payables	285,432	189,301
- Long-term taxes payable	92,987	100,706
- Limited recourse project financing loans	58,562	58,490
- Other payables	122,651	20,206
- Long-term guarantees and deposits received	11,232	9,899
Uncalled capital payments payable	7,071	3,816
Current liabilities	3,685,089	3,131,365
Payable to credit institutions	769,641	479,439
- Loans and other payables	709,477	439,436
- Interest payable	5,476	5,613
- Short-term lease payments payable	54,688	34,390
Payable to associated companies	19,920	28,187
Trade accounts payable	2,182,828	1,848,378
- Advances received on orders	332,961	300,855
- Accounts payable for purchases and services	1,059,660	818,543
- Notes payable	790,207	728,980
Other nontrade payables	601,269	636,659
- Taxes payable	364,145	392,046
- Notes payable	28,034	26,174
- Limited recourse project financing loans	12,089	7,086
- Other loans	120,777	148,883
- Compensation payable	69,777	60,354
- Short-term guarantees and deposits received	6,447	2,116
Operating provisions	110,453	137,698
Accrual accounts	978	1,004
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,800,675	6,143,690

Consolidated Statement of Income

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

DEBIT	12/31/2002	12/31/2001
Total operating expenses	5,166,301	4,835,365
Cost of materials used and other external expenses	2,599,876	2,393,975
Personnel expenses	1,475,045	1,386,288
- Wages, salaries and similar expenses	1,136,061	1,071,983
- Employee welfare expenses	338,984	314,305
Depreciation and amortization expense	230,063	205,486
Variation in operating allowances	8,734	18,589
Other operating expenses	852,583	831,027
Operating income	498,090	475,809
Financial expenses	81,139	84,779
Variation in investment valuation allowances	3,033	5,656
Exchange losses	25,773	10,367
Amortization of consolidation goodwill	19,908	27,701
Income from ordinary activities	469,296	434,147
Variation in tangible fixed asset and intangible asset provisions	90	3,107
Extraordinary expenses and losses	39,911	29,389
Extraordinary income	—	35,755
Consolidated income before taxes	455,346	469,902
Corporate income tax	128,043	150,097
Consolidated income for the year	327,303	319,805
Income attributed to minority interests	(54,288)	(78,763)
Income for the year attributed to the Parent Company	273,015	241,042

As of december 31, 2002

(Thousands of Euros)

CREDIT	12/31/2002	12/31/2001
Total operating revenues	5,664,391	5,311,174
Net sales	5,497,160	5,173,230
Increase in finished goods and work-in-process inventories	6,019	27,430
Capitalized expenses of Group work on fixed assets	72,083	30,700
Other operating revenues	89,129	79,814
Revenues from equity investments	210	72
Revenues from other marketable securities and noncurrent loans	6,195	8,210
Other financial revenues	35,355	36,007
Exchange gains	17,259	5,932
Financial loss	50,926	50,581
Share in the income of companies accounted for by the equity method	42,040	36,620
Gains on fixed assets and control portfolio	13,269	52,204
Capital subsidies transferred to income for the year	2,476	2,416
Extraordinary revenues and income	10,306	13,631
Extraordinary loss	13,950	—

Notes to Consolidated Financial Statements

Fomento de Construcciones y Contratas, S.A. and Subsidiaries
Consolidated Group as of december 31, 2002

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Exhibit I. Consolidable Subsidiaries

Exhibit II. Multigroup Companies

Exhibit III. Companies Carried by the Equity Method

Exhibit IV. Changes in the Composition of the
Consolidated Group

1. Companies' Business Activities

The activities of the FCC Group are structured in five management units which constitute the following specialized areas:

- **Construction:** construction and related activities.
- **Services:** groups together activities relating to urban cleaning, industrial waste treatment and the integral water cycle.
- **Urban Environment:** provides services such as vehicle parking lots, street furniture, passenger transport, vehicle roadworthiness tests, ground passenger and aircraft assistance (handling), etc.
- **Cement:** the working of quarries and mines, the operation of cement, lime, plaster and premanufactured product plants and the production of concrete.
- **Grucyrsa:** channels the activities not included in the aforementioned areas.

The most notable of these activities are Construction and Services, which account for 47% and 29%, respectively, of total net sales.

2. Disclosure Relating to Mergers Performed in 2002

In 2002 the merger of the subsidiary Portland Valderrivas, S.A. (the absorbed company) into the Parent Company Fomento de Construcciones y Contratas, S.A. (the absorbing company) took place, effective for economic purposes January 1, 2002. Accordingly, although Portland Valderrivas, S.A. was excluded from consolidation, its assets and liabilities remained at the FCC Group. The merger was instrumented through a share exchange whereby the minority shareholders of Portland Valderrivas, S.A. received six shares of Fomento de Construcciones y Contratas, S.A. for every five shares of the absorbed company. Consequently, the Parent Company made a capital increase through the issuance of 13,235,784 shares of €1 par value each, with additional paid-in capital of €112,236 thousand.

Following the merger the FCC Group's structure was considerably simplified, allowing the Group greater direct economic participation in the cement activities carried on by it through Cementos Portland, S.A., and giving the Parent Company a direct holding in the Torre Picasso building, which it now manages itself. From a financial standpoint, the merger will make it possible to increase the income per share of Fomento de Construcciones y Contratas, S.A. over the coming years.

Also, in 2002 various mergers by absorption took place within the Group in order to reorganize and simplify management, mainly in the areas of water, passenger and aircraft handling and cement. Consequently, the Aqualia Gestión Integral del Agua Group was formed, to group together companies providing water services and, accordingly, companies such as Sociedad Mediterránea de Aguas, S.A. and other subsidiaries engaging in the same line of business were merged into it by absorption. Also, the Flightcare Group was formed, to group together the handling companies. Furthermore, in the cement line of business the merger by absorption took place of Cementos Atlántico, S.A. into Cementos Portland, S.A. Since in all cases these mergers took place between subsidiaries, the exclusion of the absorbed companies from the scope of consolidation have not in any case led to the retirement of their assets and liabilities, all of which have remained in the FCC Group. Nor did these mergers give rise to any retirements of funds, since either the absorbed companies were already wholly owned by the FCC Group, or else the absorbing company owned substantially all of the absorbed company's capital stock.

3. 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, 2001, of Fomento de Construcciones y Contratas, S.A. and its investees, are presented in accordance with current legislation and 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' Meeting. However, it is considered that they will be approved without any changes.

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 in them, either directly or through other companies controlled by it, have been fully consolidated.

The equity of minority interests in the net worth and earnings 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 income for the year after taxes of these companies is reflected in the accompanying consolidated statement of income as "Share in Income of Companies Carried by the Equity Method".

The companies whose business activities differ from those of the Group or whose effect on the consolidated financial statements is not material were excluded from consolidation.

c) Changes in the consolidated Group

Exhibit IV shows the changes in 2002 in the consolidated companies and companies accounted for by the equity method.

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

d) Joint ventures and joint property 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 operations, after elimination of the reciprocal assets and liabilities and revenues and expenses. Also, as a result of the absorption of Portland Valderrivas, S.A., referred to in Note 2, the Parent Company Fomento de Construcciones y Contratas, S.A. has an 80% ownership interest in the Torre Picasso building, which is being operated on a joint property basis, and includes in the relevant captions its equity in the assets, liabilities, revenues and expenses based on its ownership interest.

4. Valuation Standards

a) Goodwill and negative consolidation difference

The differences arising in the acquisition of holdings in companies were 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 purposes 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 over which the investment will be recovered, up to a limit of 20 years.

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.

Notwithstanding the foregoing general amortization principles, in previous years the Group, in accordance with the accounting principle of prudence, took accelerated amortization with a charge to consolidation reserves on all the goodwill of certain companies operating in Spanish territory within the Services business area. The Group does not foresee any material problems in connection with the recovery of this goodwill, since the related companies will contribute to the generation of revenues for the Group and, accordingly, the goodwill will maintain its effectiveness over a period of ten years, which is the same as the amortization period formerly applied by the Group. In any case, the impact of having amortized this goodwill over a ten-year period, in comparison with the method adopted by the Group, would not be material in relation to the 2002 consolidated financial statements.

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. The intercompany results on in-house work on fixed assets were eliminated in consolidation and will be 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 in order to present the consolidated financial statements in accordance with the Parent Company's general and uniform valuation principles and standards.

The fiscal year of all 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:

- d.1) Capital and reserves, which were translated at historical exchange rates.
- d.2) The items in the income statements 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 included 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 applied the monetary-nonmonetary method, the nonmonetary items were translated at historical exchange rates and the monetary items at year-end rates, the effect of translation being reflected in the consolidated statement of income.

The financial statements of Group companies in certain Latin American countries were adjusted for inflation in accordance with the legislation in force in these countries and with generally accepted accounting principles. This adjustment gave rise to a change in consolidated reserves (see Note 15).

e) Start-up expenses

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

f) Intangible assets

Intangible assets are recorded at cost, which does not include financing interest.

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

Goodwill includes all the intangible assets, such as the customer roster or corporate name, that imply value for the Group companies and which were acquired for valuable consideration. It is amortized systematically over the period during which it contributes to the obtainment of revenues, up to a maximum of 20 years.

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 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 in-house work on fixed assets is valued at production cost.

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	7 – 12
Computer hardware	3
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 until they come into services is included in the acquisition price. The amount of this interest is in no case material.

Additionally, in accordance with the regulations adapting the Spanish Chart of Accounts to the water supply/treatment and toll road, tunnel and bridge concession businesses, the interest on the loans used to finance the fixed assets required in order to carry on these activities are 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 during the contract term on the basis of the principal to be repaid.

The interest capitalized as described in the two 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, 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.

j) Inventories

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

The assets received in payment of loans are valued at the amount at which the loan relating to the asset received is recorded or at the lower of production cost or market.

k) Parent Company shares held by the Group

Parent Company shares are valued at the lower of average cost or market. Gains or losses on intercompany transactions involving these shares are eliminated in consolidation.

l) Subsidies

Nonrefundable capital subsidies are taken to income in proportion to the period depreciation of the subsidized assets.

m) Provisions for pensions and similar obligations

Except in the cement business, the companies have not established pension plans to supplement the social security pension benefits.

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 related assets and of the obligations incurred was performed by independent experts and €12,552 thousand and €7,374 thousand, respectively, were recorded in this connection under the "Long-Term Deposits and Guarantees" and "Provisions for Contingencies and Expenses" captions in the accompanying consolidated financial statements. €9,183 thousand were charged to extraordinary income as a result of the decline in value of these assets and the fall in interest rates. In addition, this company has undertaken to maintain its medical and life insurance commitments to certain of its employees after termination of their employment. These commitments were recorded under the "Provisions for Contingencies and Expenses" caption for €14,079 thousand.

In 2002, pursuant to the revised Pension Fund and Plan Law, the Spanish Group companies externalized their pension and other similar commitments to their employees. A provision amounting to €10,246 thousand had been recorded in prior years for substantially all these commitments.

In some cases, including for certain executives and directors, the companies have undertaken to pay retirement bonuses, permanent occupational disability or other benefits. All these commitments had previously been externalized.

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 2002 was not material.

n) Other provisions for contingencies and expenses

The companies have recorded provisions for contingencies and expenses, which are basically booked in accordance with the accounting principle of prudence, to cater for any general and extraordinary contingencies which might arise.

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.

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 assets subject to reversion 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 valued at 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 variations are charged to income by the same timing of recognition method used for the costs of the main debt hedged.

q) Corporate income tax

The corporate income tax expense is recorded in the consolidated statement of income. The effect of the differences between taxable income and book income before taxes, which in some cases revert in subsequent periods, and the tax relief and tax credits to which the companies are entitled were considered in determining the amount of corporate income tax payable.

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 arising are taken to income as stipulated by current regulations.

The differences arising 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) 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 service 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 of the work or services carried out which, although not yet approved, are reasonably certain to be recovered) 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, interest for late payment is recognized as revenues at the date of the approval and/or definitive collection thereof.

The difference between the recorded amount of production 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 "Customer Receivables for Sales and Services" caption. Certificate prebillings under sundry headings 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 during the customary payment period in these business areas at market rates, 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.

t) Environmental information

In general, the Group companies do not carry on activities that require the implementation of specific environmental procedures, except for, most notably, companies in the Services and Cement areas, which are obliged to take environmental protection measures. In the Services area, in view of the nature of the activities carried on, special attention must be paid to controlling the impact on the environment; for example, companies authorized to operate landfills are, in general, responsible for sealing, control and forestry regeneration thereof on completion of operations, and cement companies have fixed assets for filtering gases emitted into the atmosphere and must fulfill commitments relating to the environmental restoration of depleted quarries.

The acquisition costs of these landfills and of the fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" and "Intangible Assets" captions in accordance with the type of investment, and are amortized on the basis of their useful life. Also, the companies record the expenses and provisions arising from such environmental commitments in accordance with current accounting regulations.

5. Start-up Expenses

The variations in 2002 in the balance of this caption in the consolidated balance sheet were as follows:

Balance at 12/31/01	12,952
Additions	8,363
Variation in Consolidated Group	(1,907)
Amortization	(3,185)
Balance at 12/31/02	16,223

6. Intangible Assets

The variations in 2002 in the balance of this caption in the consolidated balance sheet were as follows:

	Balance at 31/12/01	Translation Differences and Variation in Consolidated Group	Additions or Provisions	Retirements or Reductions	Transfers	Balance at 12/31/02
Research and development expenses	1,472	—	1,790	—	—	3,262
Concessions, patents, licenses, trademarks and other	378,710	(15,866)	46,911	(568)	(39,274)	369,913
Goodwill	—	(638)	10,956	—	220,625	230,943
Computer software	16,474	(292)	2,123	(2,268)	—	16,037
Rights on leased assets	136,015	1,305	94,676	—	(52,001)	179,995
Allowances	(1,527)	108	(7)	1,245	—	(181)
Amortization	(121,326)	2,764	(54,824)	1,484	(30,443)	(202,345)
	409,818	(12,619)	101,625	(107)	98,907	597,624

The "Concessions, patents, licenses, trademarks and other" caption 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.

In the "Translation Differences and Variation in Consolidated Group" column, the effect of translation differences on concessions was a reduction of €20,376 thousand.

The "Goodwill" caption includes as transfers those relating to the consolidation goodwill of Cementos Atlántico, S.A., for €182,340 thousand, and of Logística de Mercancías Aeroportuarias, S.L., for €4,248 thousand, which were absorbed by the subsidiaries Cementos Portland, S.A. and Flightcare, S.L., respectively. In addition, the

reclassifications included that of the goodwill relating to Automóviles Portillo, S.A. for €20,519 thousand, which had been recorded under the "Concessions, Patents, Licenses, Trademarks and Other" caption. The accumulated amortization relating to this goodwill amounts to €50,783 thousand.

The features of the financial lease contracts in force at 2002 year-end were as follows:

	Movable Property	Real Estate	Total
Original cost of the assets	175,414	4,581	179,995
Value of purchase options	2,465	1,381	3,846
Contract term (years)	2 a 5	10	—
Lease payments paid in the year	58,109	675	58,784
Lease payments paid in prior years	38,860	2,987	41,847
Lease payments outstanding, including purchase option	85,350	2,257	87,607

The detail of leased assets as of December 31, 2002, is as follows:

Land and structures	4,581
Plant and machinery	139,237
Other fixtures, tools and furniture	26,281
Other tangible fixed assets	9,896
	179,995

7. Tangible Fixed Assets

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2002, is as follows:

	Cost	Accumulated Depreciation	Provisions	Net
Land and structures	674,911	(121,471)	(1,064)	552,376
Technical installations and machinery	1,676,522	(992,630)	(110)	683,782
Other installations, tools and furniture	313,322	(196,024)	(3)	117,295
Advances and construction in progress	201,799	—	—	201,799
Other tangible fixed assets	131,491	(90,744)	(5)	40,742
	2,998,045	(1,400,869)	(1,182)	1,595,994

The variations in tangible fixed asset accounts as a result of additions and retirements in 2002 were as follows:

	Balance at 12/31/01	Translation Differences and Variation Consolidated Group	Additions or Provisions	Retirements or Reductions	Transfers	Balance at 12/31/02
Land and structures	661,137	(28,419)	24,161	(5,862)	23,894	674,911
Plant and machinery	1,510,878	(37,888)	97,517	(33,671)	139,686	1,676,522
Other fixtures, tools and furniture	303,000	(15,817)	27,554	(9,932)	8,517	313,322
Advances and construction in progress	101,643	(931)	220,643	(2,286)	(117,270)	201,799
Other tangible fixed assets	128,893	(2,564)	15,081	(12,330)	2,411	131,491
Allowances	(3,522)	179	(83)	2,244	—	(1,182)
Accumulated depreciation	(1,287,194)	29,630	(172,054)	49,089	(20,340)	(1,400,869)
	1,414,835	(55,810)	212,819	(12,748)	36,898	1,595,994

Translation differences reduced the total balance of the "Translation Differences and Variation in Consolidated Group" column by €133,903 thousand.

All the tangible fixed assets were being used in production at 2002 year-end; however, €678,343 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 €550,912 thousand and €135,165 thousand, respectively.

8. Consolidation Goodwill

The variations in the balance of this caption in the consolidated balance sheet in 2002 were as follows:

Balance at 12/31/01		367.591
Additions:		
Euroresiduos, S.A.	21,738	
Jaime Franquesa, S.A.	16,934	
Gestión Medioambiental Enviland, S.A.	12,107	
Other	10,373	61,152
Sale of a 25% holding in Tratamientos y Recuperaciones Industriales, S.A.		(4,605)
Amortization:		
Giant Cement Holding, Inc.	(4,162)	
Ekonor Group	(2,514)	
Tratamientos y Recuperaciones Industriales, S.A.	(1,972)	
Equipamientos Urbanos de Mexico, S.A. de C.V.	(1,817)	
Cementos Portland, S.A.	(1,347)	
Other	(8,096)	(19,908)
Extraordinary amortization:		
Ecovec, S.A.	(2,747)	
CTV, S.A.	(2,705)	
Concesionaria Zona 5, S.A.	(2,631)	
Verauto La Plata, S.A.	(2,026)	
Other	(3,712)	(13,821)
Transfer to intangible assets: (Note 6)		
Cementos Atlántico, S.A.	(131,742)	
Logística de Mercancías Aeroportuarias, S.L.	(4,063)	(135,805)
Balance at 12/31/02		254,604

In 2002, due to the economic situation in Argentina, the Group amortized all the consolidation goodwill of the Argentine companies, amounting to €13,821 thousand. This extraordinary amortization was recorded under the "Extraordinary Loss" caption in the accompanying consolidated statement of income.

The breakdown of the balance of the "Consolidation Goodwill" caption in the accompanying consolidated balance sheet as of December 31, 2002, is as follows:

Giant Cement Holding, Inc.	70,832
Ekonor Group	46,906
Euroresiduos, S.A.	20,651
Cementos Portland, S.A.	20,560
Jaime Franquesa, S.A.	16,934
Tratamientos y Recuperaciones Industriales, S.A.	11,832
Gestión Medioambiental Enviland, S.A.	11,502
Equipamientos Urbanos de Mexico, S.A. de C.V.	10,137
Grucycsa, S.A.	5,520
Canteras de Alaiz, S.A.	4,639
Cementos Alfa, S.A.	4,073
Other	31,018
	254,604

The balance of this caption in the accompanying consolidated balance sheet includes €3,041 thousand of goodwill relating to companies accounted for by the equity method.

9. Negative Consolidation Difference

The negative difference of €37,086 thousand recorded in the accompanying consolidated balance sheet arose mainly as a result of the market valuations of the assets contributed to the Realia Business Group by its shareholders in 2000.

10. 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 2002, by item, were as follows:

Balance at 12/31/01	416,838
Purchases and subscriptions	45,547
2002 income	42,040
Translation differences	(12,716)
Dividends paid in the year	(22,415)
Retirements and transfers to securities portfolio	(2,769)
Balance at 12/31/02	466,525

The main purchases and capital subscriptions in 2002 relate to the acquisition of a 25% holding in Cleon, S.A. for €25,328 thousand and the subscription of 50% of the capital increase made by Grubar Hoteles, S.L. for €10,295 thousand.

Noteworthy in terms of income for the year was that obtained at the Realia Business Group amounting to €27,214 thousand.

The main translation differences related to exchange losses of €15,182 thousand, which arose at the companies located in South America, in which the Company has ownership interests through the Proactiva Medio Ambiente Group.

11. 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:

1) Long-term investments

Investment securities

Breakdown of the balance at 12/31/02:

	% of Effective Ownership	Asset Value	Provisions	Net Book Value
Investments of over 5%:				
Alazor Inversiones, S.A.	15.75	22,255	(25)	22,230
Venditelecom España, S.L. ^(*)	17.23	15,534	(12,884)	2,650
World Trade Center Barcelona, S.A.	16.52	9,611	(2,915)	6,696
Artscapital Investments, S.A.	8.63	5,469	(3,661)	1,808
Transportes Ferroviarios de Madrid, S.A.	12.19	5,122	(1,615)	3,507
S.C.L. Terminal Aéreo de Santiago, S.A.	14.77	5,048	—	5,048
Tacel Inversiones, S.A.	13.32	3,803	(4)	3,799
Grupo Inversiones y Estudios Financieros Group	10.00	3,547	—	3,547
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	3,078	—	3,078
Shopnet Brokers, S.A.	16.70	3,005	(821)	2,184
Polux Capital, S.L.	8.63	2,344	(2,344)	—
Other		8,666	(2,808)	5,858
Investments of less than 5%				
Parque Temático de Madrid, S.A.	2.00	3,516	(54)	3,462
Other		4,002	(281)	3,721
Fixed-income securities		1,967	(359)	1,608
		96,967	(27,771)	69,196

[*] Venditelecom España, S.L. owns 29.49% of Xfera Móviles, S.A.'s capital stock.

The variations in the long-term investment securities in 2002 were as follows:

	Cost	Provisions
Balance at 12/31/01	91,781	(11,329)
Additions and provisions:		
Venditelecom España, S.L.	—	(12,884)
Polux Capital, S.L.	—	(1,551)
Artscapital Investments, S.A.	—	(1,449)
Terra Mítica PTB, S.A.	1,352	—
Scutvias-Autoestradas Da Beira Interior, S.A.	1,294	—
Parque Temático de Madrid, S.A.	1,048	(54)
Other	1,775	(1,680)
Transfers of investments accounted for by the equity method:		
Build2Edifica, S.A.	2,053	(977)
Retirements, reductions and provisions used:		
S.C.L. Terminal Aéreo de Santiago, S.A.	—	1,388
Other	(2,336)	765
Balance at 12/31/02	96,967	(27,771)

In relation to the Parent Company's effective ownership, through Venditelecom España, S.L. of a 5.08% holding in Xfera Móviles, S.A. with a total investment of €25,768 thousand, recorded under the "Investment Securities" and "Other Long-Term Loans" captions for €15,534 thousand and €10,234 thousand, respectively, in the accompanying consolidated financial statements, in 2002 an allowance was recorded, with a charge to extraordinary income, for 50% of this investment, i.e., €12,884 thousand, due to the difficulties relating to the commercial development of the UMTS technology. Xfera Móviles, S.A. is the concession-holder of a UMTS wireless telephony license. It should also be noted that the Parent Company has provided guarantees to Xfera Móviles, S.A. for €9,352 thousand.

In 2002 the subsidiary Grucycsa, S.A. announced that it had exercised a sales option on 10% of its holding in the capital stock of Inversiones y Estudios Financieros, S.A. Subsequently, a request for arbitration was filed at the International Court of Arbitration against BIPOP España Holding, S.A. and its Parent Company claiming the amount of this option together with late-payment interest. The Group expects gains to arise as a result of the final decision handed down on the request filed.

III) Short-term investments

Breakdown of the balance as of December 31, 2002:

Issuers	Fixed-Income Securities	Equity Securities	Total
Government debt securities	69,999	—	69,999
Shares	—	34,184	34,184
Corporate promissory notes and other	46,952	—	46,952
	116,951	34,184	151,135

This caption includes the investments of cash surpluses in high-liquidity and high-rotation assets, which are valued at the lower of cost or market.

Other loans

The "Other Loans" account includes other investments of cash surpluses in high-liquidity, high-rotation bank deposits of various different types.

The average rate of return obtained in 2002 on the investments in fixed-income securities and other loans was 3.34%.

12. Deferred Charges

The variations in the balance of this caption in 2002 were as follows:

Balance at 12/31/01	33,500
Financing of fixed assets assigned to concessions (Note 3-h)	4,591
Variation in the Consolidated Group and other variations	9,458
Amounts used	(5,833)
Balance at 12/31/02	41,716

The main amounts included in the balance of this caption as of December 31, 2002 relate to €13,816 thousand of deferred financial expenses on the financing of fixed assets assigned to water supply and treatment concessions and to €10,876 thousand capitalized at the Cementos Portland Group originating from the subsidiary Giant Cement Holding, Inc.

13. Inventories

The "Inventories – Merchandise" account relates mainly to the building lots intended for sale that were acquired by the FCC Construcción Group, especially those related to the Madrid Community's Urban Development Plans, amounting to €88,276 thousand, in exchange for the construction work performed to implement the aforementioned plans.

14. Trade Receivables for Sales and Services

The balance of this caption in the accompanying consolidated balance sheet relates basically to the amounts receivable for construction work performed, for services provided and other activities.

Construction certificates receivable and customer receivables for sales	1,541,280
Completed production pending certification	533,695
Retentions	29,111
Customer receivables for sales and services	2,104,086
Advances received on orders	(332,961)
Total customer receivables, net	1,771,125

The foregoing total is the net balance of customer receivables after deduction of the "Advances Received on Orders" balance on the liability side of the accompanying consolidated balance sheet which, as required by accounting regulations, includes collected and uncollected certificate prebillings under sundry headings and the advances received (normally in cash) for future supplies.

The "Construction Certificates Receivable and Customer Receivables for Sales" account mainly reflects the amount of the certificate billings to customers for completed work and services provided pending collection as of December 31, 2001. Of the total amount, €31,905 thousand of notes receivable had been discounted and the debt to the credit entities is shown on the liability side of the consolidated balance sheet.

As indicated in Note 4-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, 2002, 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, 2002, which will be certified in the next few months either because they are specified in the main 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 relating to work units not supported by contracts entered into with the owners in the year in which they are approved by the owner or for which the companies consider that there is no doubt as to their recovery in order to proceed to certify them.

The Group companies transfer customer loans to financial institutions, without the possibility of recourse against such institutions in the case of unpaid accounts. The amount deducted from the trade receivables balance at year-end amounted to €288,783 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 continued to be carried on by Group companies.

In 2002 certain future collection rights arising from construction project contracts awarded on the "total price payment" basis were sold. These rights, amounting to €28,372 thousand, were recorded as a reduction in the "Completed Production Pending Certification" caption balance.

The balance of trade receivables for construction activities, before deduction of the receivables sold, amounted to €873,777 thousand, of which €102,055 thousand related to foreign customers. The detail of Spanish trade accounts receivable for construction activities, classified into public and private sector, is as follows:

Entities	
Central government	115,342
Autonomous Community governments	108,623
City councils	82,545
Autonomous agencies and State-owned companies	167,092
Public sector	473,602
Private sector	298,120
	771,722

The average age of the construction activity balances relating to the public sector is approximately 3.5 months.

15. Shareholders' Equity

The variations in equity accounts in 2002 were as follows:

	Balance at 12/31/01	2001 Retained Earnings	Absorption of Portland Valderrivas, S.A. ^(*)	Retirement of Parent company shares ^(**)	Translation Differences and Other Variations	Balance at 12/31/02
Capital stock	120,102	—	13,235	(2,770)	—	130,567
Additional paid-in capital	129,897	—	112,236	—	—	242,133
Legal reserve	24,020	—	—	—	—	24,020
Reserve for treasury stock	16,327	—	—	—	(14,162)	2,165
Reserve for retired capital stock	—	—	—	2,770	—	2,770
Voluntary reserves	352,239	41,087	—	(52,498)	14,162	354,990
Reserves of the Parent Company	392,586	41,087	—	(49,728)	—	383,945
Consolidation reserves	433,967	137,897	117,956	2,647	2,116	694,583
Translation differences	7,020	—	6,100	—	(53,071)	(39,951)
Total capital and reserves	1,083,572	178,984	249,527	(49,851)	(50,955)	1,411,277

[*] See notes 2 and 15-a.

[**] See notes 15-a and 15-e.

The "Translation Differences and Other Variations" column in the table above includes €2,116 thousand arising from adjustments for inflation made at Group companies located in Latin America pursuant to current legislation in these countries. The exchange losses are due mainly to the appreciation of the euro against the dollar and against other South American currencies as of December 31.

The consolidation reserve arising from the revaluation pursuant to Royal Decree-Law 7/1996 amounts to €22,725 thousand.

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.

As a result of the absorption of Portland Valderrivas, S.A. referred to in Note 2, capital stock was increased by €13,235 thousand through the issuance of 13,235,784 shares of €1 par value each.

On October 31, 2002, the capital reduction at Fomento de Construcciones y Contratas, S.A., which was carried out pursuant to a resolution of the Company's Shareholders' Meeting on June 28, 2002, was completed. The reduction was made through the retirement of 2,770,277 shares of €1 par value each with a charge to unrestricted reserves of €52,498 thousand.

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 holding of 52.48% in the Parent Company's capital stock. The principal shareholders of B-1998, S.L. are Esther Koplowitz Romero de Juseu and the Vivendi Environment Group with holdings of 51% and 49%, respectively.

The CNP Group (Compagnie Nationale à Portefeuille) has an investment of 9.3%.

b) Additional paid-in capital

As a result of the absorption of Portland Valderrivas, S.A. referred to in Note 2, the Parent Company's additional paid-in capital increased by €112,263 thousand in 2002.

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.

d) Treasury stock

As of December 31, 2002, the Parent Company held 108,000 shares of treasury stock, representing 0.08% of its capital stock, with a net book value of €2,165,000.

Also, the subsidiaries Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A., as a result of the exchange of shares that they owned in Portland Valderrivas, S.A. for shares of Fomento de Construcciones y Contratas, S.A., arising from the merger of the two companies referred to in Note 2, held 316,008 and 475 shares, respectively, of the Parent Company, which represented 0.24% of the latter's capital stock and are recorded in these Group companies' accounting records at a net value of €1,117 thousand.

€3,282 thousand of all the reserves are considered to be restricted for so long as the treasury stock held by Fomento de Construcciones y Contratas, S.A. and the shares which the Group companies hold in the latter are not 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.

Once the related intragroup transactions had been eliminated, the variations in treasury stock in 2002 were as follows:

	No. of Shares	%	Amount
Balance at 12/31/01	1,867,000	1.55	24,912
Purchases	1,011,277	0.77	27,104
Exchange for absorption of Portland Valderrivas, S.A.	316,483	0.24	1,117
Capital reduction	(2,770,277)	(2.12)	(49,851)
Balance at 12/31/02	424,483	0.33	3,282

e) Reserve for retired capital stock

This reserve includes the par value of the shares retired with a charge to income or unrestricted reserves. The reserve for retired capital stock is restricted, unless it meets the same requirements as those stipulated for capital reductions.

The variations in this caption relate to the recording of this reserve as a result of the capital reduction described in Note 15-a pursuant to Article 167.3 of the Spanish Corporate Income Tax Law.

f) Consolidation reserves

This account 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:

Cementos Portland Group	214,007
Asesoría Financiera y de Gestión, S.A.	206,879
Corporación Financiera Hispánica, S.A.	50,044
Grucysa Group	42,637
FCC Medio Ambiente, S.A.	37,320
FCC Agua y Entorno Urbano, S.A.	31,228
Other, and adjustments in consolidation	112,468
Total Consolidation Reserves	694,583

€22,725,00 of the total reserves at fully or proportionally consolidated companies relate to the effect of the asset revaluations made as indicated in Note 4-g.

16. 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 there are minority interests. The variations in this account in 2002 were as follows:

Balance at 12/31/01	623,989
Income for the year	54,288
Distribution of dividends	(28,601)
Inclusion in shareholders' equity minority interests of Portland Valderrivas, S.A. ^(*)	(249,527)
Variation in the Consolidated Group and other changes	(7,899)
Balance at 12/31/02	392,250

(*) See Notes 2 and 15.

The 2002 year-end detail, by item, of the main companies with minority interests is as follows:

	Net Worth		Income	Total
	Capital Stock	Reserves		
Cementos Portland Group	17,193	259,242	53,198	329,633
Grucycsa Group	26,551	12,557	753	39,861
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	(6)	1	7,233
Other	20,850	(5,663)	336	15,523
	71,832	266,130	54,288	392,250

€15,906 thousand of total reserves relate to the revaluation of assets by the cement business companies, as indicated in Note 4-g.

17. Subsidies

The accompanying consolidated balance sheet includes €40,298 thousand of subsidies received in the past, €14,022 thousand of which had been taken to income, including €2,476 thousand in the year ended December 31, 2002.

18. Provisions for Contingencies and Expenses

a) Provisions

The caption includes, in addition to the benefits indicated in Note 4-m, other provisions recorded in accordance with the accounting principle of prudence to cover any general or extraordinary contingencies that may arise.

b) Reversion reserve

The companies record the reversion reserve as described in Note 4-o.

The variations in this caption in 2002 were as follows:

Balance at 12/31/01	28,145
Provisions	4,459
Retirements and reversions	(202)
Balance at 12/31/02	32,402

19. Nontrade Payables

a) The long-term debts in each of the related accounts in the accompanying consolidated balance sheet mature as follows:

	2004	2005	2006	2007	2008 and subsequent years	Total
Payable to credit entities	171,666	186,893	47,389	24,810	33,486	464,244
Limited recourse project financing loans	9,850	10,787	7,734	8,790	21,401	58,562
Taxes payable	3,762	3,832	3,889	3,278	78,226	92,987
Other payables	56,514	3,497	3,043	46,086	24,743	133,883
Uncalled capital payments payable	7,047	—	—	—	24	7,071
	248,839	205,009	62,055	82,964	157,880	756,747

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, if 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 foreign currency payables to credit institutions include most notably €188,400 thousand relating to loans denominated in dollars obtained to finance the FCC Group's international activities.

The average interest rates on the long-term debt to credit institutions are basically those of the various interbank markets, tied to Mibor, Euribor and Libor.

The detail of the balance of the "Taxes Payable" caption is disclosed in Note 21 ("Tax Matters").

The "Other Payables" caption includes mainly payables for the acquisition of fixed assets for €74,851 thousand and the acquisition of merchandise (see Note 13) for €46,222 thousand. Of the total amount included under this caption, €45,992 thousand bear interest at market rates, of which €42,751 thousand are recorded under the "Short-Term Deposits and Guarantees Given" caption on the asset side of the accompanying consolidated balance sheet, earmarked for the modernization of factories belonging to Giant Cement Holding Inc.

b) The short-term accounts payable to associated companies include operating payables and the current account and loan balances with these companies. The loans bear interest at market rates.

c) As indicated in Note 14 ("Trade Receivables for Sales and Services"), there are bank loans secured by €31,905 thousand of notes receivable.

The Group had credit facilities amounting to €2,041,589 thousand as of December 31, 2002, of which €900,786 thousand had not been drawn down at that date.

20. Operating Provisions

The detail of this caption in the accompanying consolidated balance sheet is as follows:

Allowance for claims	82,907
Allowance for construction contract settlements	27,546
	110,453

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 is intended to meet the expenses arising on completed projects through final settlement thereof.

21. Tax Matters

The detail of the balances of the “Taxes Receivable” 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 €92,987 thousand relates to deferred corporate income tax which will be payable in years subsequent to 2003.

€77,560 thousand of this liability, which is interest-free, relate to the tax effect of the difference between the acquisition cost and tax value of certain fixed assets of Giant Cement Holding, Inc. The remaining €15,427 thousand relate to the accelerated depreciation of fixed assets in accordance with various benefits provided for by tax legislation and include most notably €13,212 thousand relating to 35% of the early depreciation of the Torre Picasso building in accordance with 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 19 are based on the years of useful life of the related assets.

II) Short-term

Taxes receivable:

Prepaid corporate income tax and tax credits	176,748
VAT recoverable	87,073
Tax refunds and other items	31,762
	295,583

Taxes payable:

Personal and corporate income tax withholdings (from salary income and income from movable capital)	22,944
Deferred corporate income tax	81,423
Corporate income tax payable	40,037
VAT payable	140,842
Levies on construction certificates, services and other items	48,327
Accrued social security taxes payable	30,572
	364,145

Reconciliation of the consolidated income per books to the taxable income for corporate income tax purposes:

Consolidated income for the year per books			455,346
	Increase	Decrease	
Adjustments and eliminations in consolidation	—	27,058	(27,058)
Permanent differences	36,696	66,138	(29,442)
Adjusted consolidated income per books			398,846
Timing differences:			
Arising in the reporting year	150,390	60,905	89,485
Arising in prior years	47,562	53,365	(5,803)
Consolidated taxable income			482,528

Adjusted consolidated income per books	398,846
Corporate income tax charge (35%)	139,596
Tax credits and relief	(11,553)
Corporate income tax payable	128,043

The Group's tax cost, 28.1% of consolidated income before taxes, includes the deduction of tax relief of 17% for reinvestment of gains which, in accordance with the change in legislation introduced in Law 24/2001, were taxable at 18% instead of 35% if the reinvestment requirement was complied with, a regulation which certain Group companies have availed themselves of. This tax credit was deducted from the 2001 corporate income tax charge of each of the Group companies that availed themselves of this legislation, following the 2001 year-end closing and preparation of the related financial statements, and, accordingly, the effect thereof was included in the 2002 financial statements. Consequently, in 2002 the deferred taxes relating to the aforementioned event, which were recorded in the financial statements for the year ended December 31, 2001 for €31,513 thousand, were canceled. Of this amount, corporate income tax at 18% was paid (€16,206 thousand) and the tax cost for 2002 was reduced by the tax relief of 17% (€15,307 thousand), which led to a reduction of the tax cost of 3.4% of consolidated income before taxes.

- a) The Fomento de Construcciones y Contratas Group generally capitalizes the prepaid tax relating to timing differences. Any variations in taxable income for which the related tax is not or was not capitalized are reflected in the above detail as "Permanent Differences".
- b) The variations due to timing differences arose mainly as follows:
 - b.1) Items recorded as increases include mainly provisions for customer bad debts, third-party liability and other items, which will become deductible in subsequent years when the conditions stipulated by tax legislation are met, and the tax effect arising from the losses for the year of the joint ventures whose tax bases are included in the Group's corporate income tax base of the following year. The related prepaid corporate income tax was recorded on the asset side of the consolidated balance sheet.
 - b.2) Items recorded as decreases are: the deferral due to the special amortization of lease contracts executed after January 1, 1996, under Law 43/1995, and the period income of the joint ventures, which will be included in the corporate income tax base of the following year. The related deferred tax is reflected on the liability side of the consolidated balance sheet.

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 might 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.

22. Guarantee Commitments to Third Parties and Other Contingent Liabilities

As of December 31, 2002, the Group had provided €1,770,479 thousand of guarantees to third parties, mostly to government agencies and private customers, as security for the performance of construction projects and urban cleaning contracts.

The Group companies have guaranteed for its employees the investments made in 2000 for a five-year period in the group 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 counter-guaranteed by the Vivendi Universal Group.

23. Revenues and Expenses

a) Transactions with associated companies

The net sales figure in the accompanying consolidated statement of income includes €153,514 thousand of billings by Group companies to associated companies.

b) Net sales

The breakdown of net sales, by Group activity, is as follows:

	2002	2001
Construction	2,613,143	2,395,959
Services	1,605,889	1,579,273
Urban environment	305,215	250,532
Cement	831,430	791,741
Grucyrsa	218,673	213,353
Eliminations of intercompany transactions and other items	(77,190)	(57,628)
	5,497,160	5,173,230

€758,549 thousand of the net sales were made abroad.

In substantially all the net construction sales the Group acted as the general contractor.

The detail of net construction sales, by type of project, once €127,968 thousand had been deducted from various activities, is as follows:

Civil engineering	1,387,150
Residential building	415,692
Nonresidential building	682,333
	2,485,175

The construction work carried out by subcontractors amounted to €1,177,060 thousand.

The detail of net construction sales, by type of customer, is as follows:

Central government	408,766
Autonomous Community governments	358,397
City councils	162,508
Autonomous agencies and State-owned companies	483,855
Public sector	1,413,526
Private sector	1,024,814
Total Spain	2,438,340
Abroad	174,803
	2,613,143

The detail of the backlog for construction work at 2002 year-end is as follows:

	Contracts in Progress	Contracts Not Yet Commenced	Total Backlog
Civil engineering	1,941,842	230,533	2,172,375
Residential building construction	296,260	44,035	340,295
Nonresidential building construction	860,038	36,192	896,230
	3,098,140	310,760	3,408,900

	Geographical Distribution					
	Andalucía	Castilla-León	Cataluña	Madrid	Other Spain	Abroad
Civil engineering construction	284,267	180,795	537,561	514,688	572,120	82,943
Residential building construction	44,600	1,740	26,030	173,528	82,596	11,801
Nonresidential building construction	135,247	27,675	105,552	284,660	343,004	93
	464,114	210,210	669,143	972,876	997,720	94,837

c) Operating income by business line

The breakdown, by business line, of operating income and the percentage it represents of net sales is as follows:

c.1) Gross operating income

	2002		2001	
	Income	% of Net sales	Income	% of Net sales
Construction	123,629	4.73	113,964	4.76
Services	239,878	14.94	229,502	14.53
Urban environment	72,217	23.66	61,988	24.74
Cement	272,091	32.73	254,950	32.20
Grucycsa	10,048	4.59	10,872	5.10
Other	23,483	—	33,068	—
	741,346	13.49	704,344	13.62

c.2) Net operating income

	2002		2001	
	Income	% of Net sales	Income	% of Net sales
Construction	92,175	3.53	83,126	3.47
Services	126,335	7.87	135,438	8.58
Urban environment	46,862	15.35	41,380	16.52
Cement	184,999	22.25	171,757	21.69
Grucycsa	5,594	2.56	7,453	3.49
Other	42,125	—	36,655	—
	498,090	9.06	475,809	9.20

d) Labor force

The average number of employees at the companies in 2002 was as follows:

Managers and university graduate employees	2,662
Other line personnel (junior college graduates)	2,901
Clerical and similar staff	4,986
Other salaried employees	44,125
	54,674

Of the foregoing total, the headcount in the construction activity was 8,205 employees, of whom 2,933 were permanent employees.

e) Consolidated income

The contribution of the main companies in the Group to the income attributable to the Parent Company, net of eliminations, adjustments and allocation of the amortization of consolidation goodwill, was as follows:

Fomento de Construcciones y Contratas, S.A.	75,623
FCC Construcción Group	70,156
Cementos Portland Group	67,732
Afigesa Group	15,941
FCC Medio Ambiente Group	7,721
FCC Agua y Entorno Urbano Group	17,301
Other	18,541
	273,015

The contributions attributed to the FCC Medio Ambiente Group and the Agua y Entorno Urbano Group are not representative of the services and urban environment business areas, respectively, since some of their activities are carried on through the Parent Company Fomento de Construcciones y Contratas, S.A. or other companies which are not subsidiaries of FCC Medio Ambiente, S.A. and FCC Agua y Entorno Urbano, S.A.

24. Environmental Information

As indicated in Note 4-t, of the Group's various activities, the Services and Cement areas have the greatest impact on the environment.

The activities in the Services area are by their nature aimed at environmental protection and conservation, arising not only from production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also from the performance of these

activities through the use of production techniques and systems aimed at reducing environmental impact in accordance with the limits stipulated in the legislation relating to this area, such as the methanization of organic waste, the use of sludge from WWT plants through transformation into compost, recycling, the segregation and storage of hazardous waste until its delivery to the authorized manager, etc.

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, 2002, fixed assets relating to production in the Services area amounted to €986,272 thousand, net of depreciation of €423,759 thousand.

At year-end the Cementos Portland Group had fixed assets relating to environmental conservation and protection for € 25,517 thousand, net of depreciation of €1,409 thousand.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement as of December 31, 2002, would not have a significant impact on the accompanying consolidated financial statements, which include provisions for contingencies and expenses to meet any general and extraordinary contingencies that may arise.

25. Fees Paid to Auditors

The fees for financial audit 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 during 2002 amounted to €2,133 thousand.

Additionally, the fees for other professional services provided to the various Group and Multigroup companies by the principal auditor and by other auditors participating in the audit of the various Group companies, and by other entities related to them during 2002 amounted to €1,465 thousand.

26. Other Information

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 amounted to €4,616 thousand.

Except as indicated in Note 4-m, there were no advances, loans or guarantees of any kind to the directors, and no pension or life insurance obligations to former or present directors.

27. Statement of Changes in Financial Position

Source of funds	2002	2001
Funds obtained from operations	577,642	505,770
Capital subsidies	3,060	2,284
Long-term debt	367,015	177,545
Disposal of tangible fixed assets and long-term investments	27,080	80,277
Parent Company shares retired	49,851	—
Amortization or transfer to short term of long-term investments	9,467	23,920
Decrease in working capital	203,167	104,054
	1,237,282	893,850

Application of funds	2002	2001
Start-up expenses	8,363	427
Fixed asset additions:		
Intangible assets	156,456	123,742
Tangible fixed assets	384,956	250,772
Long-term investments	38,168	59,795
Acquisition of Parent Company shares	27,104	1,196
Reduction of the Parent Company's shareholders' equity	49,851	—
Dividends	93,126	83,655
Consolidation goodwill	61,152	69,339
Funds used for the acquisition of holdings in consolidated companies	64,859	50,792
Repayment or transfer to short term of long-term debt	347,044	207,439
Provisions for contingencies and expenses	6,203	46,693
	1,237,282	893,850

Variation in Working Capital

	2002		2001	
	Increase	Decrease	Increase	Decrease
Inventories	72,846	—	30,419	—
Accounts receivable	374,698	—	191,039	—
Accounts payable	—	553,724	—	439,271
Short-term investments	—	38,810	64,304	—
Parent Company shares	—	—	—	2,070
Cash	—	31,613	55,593	—
Accrual accounts	—	1,728	1,736	—
	447,544	625,875	343,091	441,341
Variation in the Consolidated Group and other	—	24,836	—	5,804
Decrease in working capital	203,167	—	104,054	—
	650,711	650,711	447,145	447,145

The reconciliation of income per books for the year to the funds obtained from operations in the foregoing consolidated statements of changes in financial position is as follows:

	2002	2001
Ordinary income for the year after taxes	350,588	296,876
Depreciation and amortization expense	249,971	233,187
Deferred revenues	4,653	1,388
Deferred charges	(8,147)	(4,369)
Provisions for contingencies and expenses	(731)	(4,544)
Income of companies accounted for by the equity method	(42,040)	(36,620)
Exchange differences	(7,274)	1,503
Dividends paid by companies accounted for by the equity method	22,415	15,867
Deferred taxes	5,257	(2,705)
Variation in long-term investment allowances	2,950	5,187
Funds obtained from operations	577,642	505,770

28. Consolidated Cost Accounting Statements of Income

	12/31/02		12/31/01	
	Amount	%	Amount	%
Net sales	5,497,160	100.00	5,173,230	100.00
+ Other operating revenues	89,129	1.62	79,814	1.55
+ Variation in finished goods and work-in-process inventories	6,019	0.11	27,430	0.53
+ Capitalized expenses of Group work on fixed assets	72,083	1.31	30,700	0.59
Production value	5,664,391	103.04	5,311,174	102.67
- Net purchases	1,008,399	18.34	908,460	17.56
+ Variation in inventories of merchandise, materials and other consumables	49,099	0.89	(9,009)	(0.17)
- External and operating expenses	2,488,700	45.27	2,303,073	44.52
- Personnel expenses	1,475,045	26.83	1,386,288	26.80
Gross operating income	741,346	13.49	704,344	13.62
- Depreciation and amortization expense	230,063	4.19	205,486	3.97
- Period provision to reversion reserve	4,459	0.08	4,460	0.09
- Bad debts written off and variation in operating provisions	8,734	0.16	18,589	0.36
Net operating income	498,090	9.06	475,809	9.20
+ Financial revenues	59,019	1.07	50,221	0.97
- Financial expenses	106,912	1.94	95,146	1.84
- Variations in investment valuation allowances	3,033	0.06	5,656	0.11
Financial loss	(50,926)	(0.93)	(50,581)	(0.98)
+ Share in income of companies accounted for by the equity method	42,040	0.76	36,620	0.71
- Amortization of goodwill in consolidation	19,908	0.36	27,701	0.54
Income from ordinary activities	469,296	8.54	434,147	8.39
+ Gains on fixed assets and extraordinary revenues	26,051	0.47	68,251	1.32
- Losses on fixed assets and extraordinary expenses	39,911	0.73	29,389	0.57
- Variation in tangible fixed asset and intangible asset provisions	90	—	3,107	0.06
Income before taxes	455,346	8.28	469,902	9.08
- Corporate income tax	128,043	2.33	150,097	2.90
Consolidated income for the year	327,303	5.95	319,805	6.18
- Income attributed to minority interests	54,288	0.99	78,763	1.52
Income for the year attributed to the Parent Company	273,015	4.97	241,042	4.66

29. 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 Value	%	Nominal Percentage of Ownership and Holder
Construction area			
FCC Construcción, S.A. Balmes, 36 - Barcelona (a)	275,551	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
Alpetrol, S.A. Camino Casa Sola, 1 - Chiloeches (Guadalajara)	126	99.99 0.01	Ibérica de Enclaves, S.A. Sincler, S.A. Sole-shareholder company
Aprovechamientos Madereros y Tratamientos para Exteriores, S.A. Polígono Industrial La Nava N-234 Km. 384 Cabrejas del Pinar (Soria) - Development and maintenance of greenfield areas -	457	99.99 0.01	Naturaleza, Urbanismo y Medio Ambiente, S.A. Sincler, S.A. Sole-shareholder company
Auxiliar de Pipelines, S.A. Alcalá, 265 B - Madrid (e)	601	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Binatex Al Maghreb, S.A. 213, Rond-Point de L'Europe - Casablanca (Morocco)	87	99.40 0.10 0.10 0.10 0.10 0.10	FCC Construction International B.V. Contratas y Ventas, S.A. Ibérica de Servicios y Obras, S.A. Mantenimiento de Infraestructuras, S.A. Megaplas, S.A. Proyectos y Servicios, S.A. Servicios y Procesos Ambientales, S.A.
Compañía Concesionaria del Túnel de Sóller, S.A. Porto Pi, 8 - Palma de Mallorca (d) - Concession-holder -	8,735	56.53	FCC Construcción, S.A.
Conservial, S.L. Manuel Lasala, 36 - Zaragoza	289	99.99 0.01	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Construcción y Filiales Mexicanas, S.A. de C.V. Homero, 109 - Colonia Chapultepec-Morales - Mexico City	180	99.98 0.01 0.01	FCC Construcción, S.A. Proyectos y Servicios, S.A. Sincler, S.A. Sole-shareholder company
Contratas y Ventas, S.A. Asturias, 41 - Oviedo (a)	1,516	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Dizara Inversión, S.L. Avda. General Perón, 36 - Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
FCC Construction International B.V. Amsteldijk, 166 -Amsterdam (Netherlands)	1,853	99.76 0.24	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
FCC Construcción Puerto Rico Corp. 1225 Ponce de León Avenue - Santurce San Juan de Puerto Rico (USA) (e)	1	100	FCC Construcción, S.A.
Ibérica de Enclaves, S.A. Arquitecto Gaudí, 4 - Madrid	519	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Ibérica de Servicios y Obras, S.A. Federico Salmón, 13 - Madrid (b)	1,504	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Mantenimiento de Infraestructuras, S.A. Avda. General Perón, 36 - Madrid (b)	3,601	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Marcas Andaluzas, S.L. Hilera, 10 - Málaga	248	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Megaplas, S.A. Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid) (b)	2,642	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Motre, S.L. Córcega, 368 - Barcelona	3,950	63.77 36.23	Servià Cantó, S.A. Moviterra, S.A.
Moviterra, S.A. Enginyer Algarra, 65 - Pals (Girona)	600	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Naturaleza, Urbanismo y Medio Ambiente, S.A. Autovía de Castilla N-620 Km. 13 - Simancas (Valladolid) (e) - Development and maintenance of greenfield areas -	4,448 36	99.95 0.05	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Nevasa Inversión, S.L. Avda. General Perón, 36 - Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
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Norseñal, S.L. Juan Florez, 64 – La Coruña	35	99.99 0.01	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Participaciones Teide, S.A. Avda. General Perón, 36 – Madrid - Portfolio company -	714	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Pinturas Jaque, S.L. Pol. Ind. Oeste, Paraje Sangonera El Palmar – Murcia (b)	4,194	99.99 0.01	Mantenimiento de Infraestructuras, S.A. Sincler, S.A. Sole-shareholder company
Prefabricados Delta, S.A. Arquitecto Gaudí, 4 - Madrid (b)	16,914	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Proyectos y Servicios, S.A. Torregalindo, 1 - Madrid (b) -Engineering-	522	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Ramalho Rosa Cobetar Sociedade de Construções, S.A. Rua Soeiro Pereira Gomes, 7 - Lisbon (Portugal) (a)	6,645	99.98 0.01 0.01	FCC Construcción, S.A. Participaciones Teide, S.A. Sincler, S.A. Sole-shareholder company
Reparalia, S.A. Parque Empresarial Cerro de los Gamos, 1 Pozuelo de Alarcón - Madrid (e)	405	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Sanfilippo Messaggi Luminosi, S.R.L. Vía Piemonte, 1 – Borgaro-Turin (Italy)	200	100	Megaplas, S.A.
Señalizaciones de Vías Públicas, S.L. Avda. de Barber, 2 - Toledo	273	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Señalizaciones Levante, S.L. Itálica, 25 – Alicante	342	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Señalizaciones Rusadir, S.L. Menéndez Pelayo, 2 – Melilla -In liquidation-	6	70.06	Pinturas Jaque, S.L.
Servia Cantó, S.A. Enginyer Algarra, 65 – Pals (Girona)	2,400	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Servicios y Procesos Ambientales, S.A. Avda. General Perón, 36 - Madrid (c)	1,108	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Sincler, S.A. Sole-shareholder company Federico Salmón, 13 - Madrid	53	100	FCC Construcción, S.A.
Tulsa Inversión, S.L. Avda. General Perón, 36 – Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Viales de Andalucía, S.L. Avda. Kansas City - Seville	470	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Vñedos y Maderas para Exteriores, S.L. Autovía de Castilla N-620 Km. 136 – Simancas (Valladolid) - Development and maintenance of greenfield areas -	—	99 1	Naturaleza, Urbanismo y Medio Ambiente, S.A. Sincler, S.A. Sole-shareholder company
Xequievia Sinalização de Vias de Comunicação, Ltda. Quinta da Mata-Sete-Casa - Loures (Portugal)	39	100	Pinturas Jaque, S.L.
Yeste Gestión, S.L. Avda. General Perón, 36 –Madrid	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company

Services area

FCC Medio Ambiente, S.A. Federico Salmón, 13 – Madrid (a)	35,102 442	98.98 1.02	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A.
Urban cleaning			
AEBA, Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321 – 3º – Buenos Aires (Argentina)	363	50 5	Fomento de Construcciones y Contratas, S.A. AESAs, Aseo y Ecología, S.A.
Alfonso Benítez, S.A. Federico Salmón, 13 - Madrid (a)	374	99.95 0.05	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Castellana de Servicios, S.A. Federico Salmón, 13 – Madrid (a)	6	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Compañía Catalana de Servicios, S.A. Balmes, 36 – Barcelona (b)	29	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Corporación Inmobiliaria Ibérica, S.A. Ulises, 18 - Madrid	442	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Egypt Environmental Services, S.A.E. Cairo – Egypt	7,953	97 1 1 1	Fomento de Construcciones y Contratas, S.A. FCC Medio Ambiente, S.A. Alfonso Benítez, S.A. International Services Inc., S.A. Sole-shareholder company
Empresa Comarcal de Serveis Mediambientals del Baix Penedès – ECOBP, S.L. Pza. del Centre, 3 – El Vendrell (Tarragona) (e)	240	80	Fomento de Construcciones y Contratas, S.A.
Focsa Services, U.K. Ltd. Brook House – Oldham Road-Middleton - Manchester (United Kingdom) (a)	1,161	100	FCC Medio Ambiente, S.A.
Focsa Serviços de Saneamento Urbano de Portugal, S.A. Rua Castilho, 75-1º - Lisbon (Portugal) (a)	641	99.96 0.01 0.01 0.01 0.01	FCC Medio Ambiente, S.A. Alfonso Benítez, S.A. FCC International, B.V. International Services Inc., S.A. Sole-shareholder company Servicios Especiales de Limpieza, S.A.
Giza Environmental Services, S.A.E. Cairo – Egypt	7,754	97 1 1 1	Fomento de Construcciones y Contratas, S.A. FCC Medio Ambiente, S.A. Alfonso Benítez, S.A. International Services Inc., S.A. Sole-shareholder company
International Services Inc., S.A. Sole-shareholder company Arquitecto Gaudí, 4 – Madrid	60	100	FCC Medio Ambiente, S.A.
Jaume Oro, S.L. Avda. de Las Garrigas, 15 – Bellpuig (Lleida) (e)	840 8	99.97 0.03	Compañía Catalana de Servicios, S.A. International Services Inc., S.A. Sole-shareholder company
Limpieza e Higiene de Cartagena, S.A. Sor Francisca Armendáriz, 6 – Cartagena (Múrcia) (a)	270	90	FCC Medio Ambiente, S.A.
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Polígono Industrial – Manacor (Balearic Islands) (e)	5,208	99.92 0.08	Fomento de Construcciones y Contratas, S.A. International Services Inc., S.A. Sole-shareholder company
Municipal de Serveis, S.A. Joan Torrá i Cabrosa, 7 – Girona (e)	96	80	FCC Medio Ambiente, S.A.
Onyx Gibraltar, Ltd. 2º Floor, Imossi House, 1/5 Irish Town – Gibraltar (United Kingdom)	4	100	FCC Medio Ambiente, S.A.
Recollida i Neteja Oro-Vila, S.L. Avda. de Les Garrigues, 15 – Bellpuig (Lleida) (e)	174	99.99 0.01	Compañía Catalana de Servicios, S.A. International Services Inc., S.A. Sole-shareholder company
Saneamiento y Servicios, S.A. Ronda Vigilancia, s/nº – Cádiz (a)	63	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Serveis d'Escombreries i Neteja, S.A. Pardinyes Altes, 13 – Lleida (a)	21	99.94 0.06	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Servicios de Levante, S.A. Ctra. de Valencia, Km. 3 – Castellón de la Plana (a)	63	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Servicios Especiales de Limpieza, S.A. Federico Salmón, 13 – Madrid (a)	202	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Solpre, S.A. Tambre, 12 – Madrid	4,762	99.99 0.01	Corporación Inmobiliaria Ibérica, S.A. International Services Inc., S.A. Sole-shareholder company
Telford & Wrekin Services, Ltd. Granville House, St. Georges Road – Donnington Wood (United Kingdom)	12	80	Focsa Services, U.K. Ltd.
Valorización y Tratamiento de Residuos, S.A. Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya) (e)	6,777	99 1	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Water treatment and distribution			
Abastecimientos y Saneamientos del Norte, S.A. Uruguay, 11 – Vigo (Pontevedra)	601	100	Aqualia Gestión Integral del Agua, S.A.
Adobs Orgànics, S.L. Puig – El Pont de Vilomara i Rocafort (Barcelona)	22	60	Aqualia Gestión Integral del Agua, S.A.
Agua Jaén, S.A. Plaza de los Jardinillos, 6 – Jaén (a)	1,118	60	Aqualia Gestión Integral del Agua, S.A.
Agua Torrelavega, S.A. La Viña, 4 – Torrelavega (Cantabria) (e)	307	51	Aqualia Gestión Integral del Agua, S.A.
Aigües de l'Alt Empordà, S.A. (ADAMSA) Lluís Companys, 43 – Roses (Girona)	31	51.40	Aqualia Gestión Integral del Agua, S.A.
Aqua Campiña, S.A. Avda. Blas Infante, 6 – Écija (Seville) (e)	363	90	Aqualia Gestión Integral del Agua, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Aqualia Gestión Integral del Agua, S.A. (*) Federico Salmón, 13 – Madrid (a)	254,768	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Colaboración, Gestión y Asistencia, S.A. Federico Salmón, 13 – Madrid (e)	546	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Compañía Onubense de Aguas, S.A. Avda. Martín Alonso Pinzón, 8 – Huelva	27	60	Aqualia Gestión Integral del Agua, S.A.
Conservación de Infraestructuras Urbanas, S.A. Federico Salmón, 13 – Madrid (e)	301	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Empresa Mixta Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A. Princesa, 3 – Madrid	—	70	Aqualia Gestión Integral del Agua, S.A.
F.S. Colaboración y Asistencia, S.A. Ulises, 18 Edificio H - Madrid (e)	—	65	Colaboración, Gestión y Asistencia, S.A.
Inversora Riutort, S.L. Alfonso XIII, 42 – Sabadell (Barcelona)	1	90	Aqualia Gestión Integral del Agua, S.A.
Sociedad Ibérica del Agua, S.I.A., S.A. Federico Salmón, 13 – Madrid	57	100	Aqualia Gestión Integral del Agua, S.A.
Tratamiento Industrial de Aguas, S.A. Federico Salmón, 13 – Madrid (e)	652	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Waste treatment			
Aecosol, S.L. Sole-shareholder company Común de las Eras-Fustiñana (Navarre)	156	100	Ekonor, S.A. Sole-shareholder company
Azuser, S.L. Sole-shareholder company Polígono Artana, Nave III – Villareal (Castellón)	2,312	100	FCC Medio Ambiente, S.A.
Baltecma, Gestión de Residuos Industriales, S.L. Conradors, parc. 34 P.I. Marratxi – Mallorca	53	70	Ekonor, S.A. Sole-shareholder company
Bistibieta, S.L. Trinidad, 9 – Algorta (Vizcaya)	1,460 77	95 5	Ekonor, S.A. Sole-shareholder company FCC Medio Ambiente, S.A.
Compañía de Control de Residuos, S.L. Peña Redonda, 27 – Pol. Silvota – Llanera (Asturias)	25	64	Ekonor, S.A. Sole-shareholder company
Ekonor, S.A. Sole-shareholder company Larras de San Juan – Iruña de Oca (Álava) (b)	53,511	100	FCC Medio Ambiente, S.A.
Equipos de Protección Ambiental, S.L. Sole-shareholder company Trinidad, 9 – Algorta (Vizcaya)	—	100	Ekonor, S.A. Sole-shareholder company
Euroresiduos, S.A. Sole-shareholder company Cr. Puebla Albortón a Zaragoza Km. 25 – Zaragoza (a)	23,995	100	FCC Medio Ambiente, S.A.
Fepanor, S.L. Ctra. Andalucía, Km. 56 – Ocaña (Toledo)	20	78	Ekonor, S.A. Sole-shareholder company
Gamasur Campo de Gibraltar, S.L. Pz. de la Iglesia, 1 – Loa Barrios (Cádiz)	80	80	Gestiones Medioambientales del Sur, S.L.
Gestiones Medioambientales del Sur, S.L. Polígono Industrial Las Quemadas, parc. 271 – Córdoba (b)	1,596	98.49	Ekonor, S.A. Sole-shareholder company
Hidrocen, S.L. Sole-shareholder company Camino del Valle, 12 – Arganda del Rey (Madrid)	2,019	100	Ekonor, S.A. Sole-shareholder company
Ingetma, S.A. Juan Bautista Zabala, 12 – Guecho (Vizcaya)	171	75	T.P.A., Técnicas de Protección Ambiental, S.A.
Innovación y Gestión Medioambiental, S.A. Avda. Blasco Ibáñez, 200 – Valencia	768	98	Ekonor, S.A. Sole-shareholder company
Ipodec Riscop, S.A. Ctra. Sabadell a Mollet, Km. 1 Molí d'en Gall-Barberà del Vallés (Barcelona) (b)	2,673	90	FCC Medio Ambiente, S.A.
Jaime Franquesa, S.A. Carmen, 15 – Sant Cugat del Vallés (Barcelona)	18,030	100	FCC Medio Ambiente, S.A.
Ligete, S.L. Sole-shareholder company Trinidad, 9 – Algorta (Vizcaya)	691	100	Ekonor, S.A. Sole-shareholder company
Lizarreka, S.L. Sole-shareholder company Bº Elbarrena – Aduna (Guipúzcoa)	4	100	Ekonor, S.A. Sole-shareholder company
Noulas-Resevi, S.L. Sole-shareholder company Avda. Diagonal, 12 – Noules (Castellón)	673	100	Azuser, S.L. Sole-shareholder company
Progesco Azuser Asociados Soluciones Medio Ambientales, S.L. Edif. Centro de Empresas P.E. Poniente – Cádiz	—	55	Azuser, S.L. Sole-shareholder company

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Recitermia, S.A. Cr. Andalusia Km. 12 Políg. Indus. "Los Olivos" – Getafe. (Madrid)	1,627	66.67	T.P.A., Técnicas de Protección Ambiental, S.A.
Transferencia y Recuperación Baix Llobregat, S.A. Sole-shareholder company Riera de la Salud, s/n – Sant Feliu de Llobregat (Barcelona)	1,232	100	Ipodec Riscop, S.A.
Tratamiento y Reciclado Integral de Ocaña, S.A. Federico Salmón, 13 – Madrid	60	99.90 0.10	FCC Medio Ambiente, S.A. T.P.A., Técnicas de Protección Ambiental, S.A.
Tratamientos y Recuperaciones Industriales, S.A. Angli, 31 – Barcelona (b)	21,455 14	74.92 0.08	Fomento de Construcciones y Contratas, S.A. International Services Inc., S.A. Sole-shareholder company
T.P.A. Fugro, S.A. Federico Salmón, 13 – Madrid	215	60	T.P.A., Técnicas de Protección Ambiental, S.A.
T.P.A., Técnicas de Protección Ambiental, S.A. Federico Salmón, 13 – Madrid (b)	4,904	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Urban environment area			
FCC Agua y Entorno Urbano, S.A. Federico Salmón, 13 – Madrid (a)	62,624	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
Street furniture			
Beta de Administración, S.A. Federico Salmón, 13 – Madrid (b)	5,282	99.99 0.01	FCC Agua y Entorno Urbano, S.A. Aragonesa de Servicios I.T.V., S.A.
Camusa Corporación Americana de Mobiliario Urbano, S.A. Arenales, 1123 – Buenos Aires (Argentina)	11	99 1	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. General de Servicios, I.T.V., S.A.
Cemusa Amazonia, S.A. Rua Comendador Clementino, 566 Manaus – Estado de Amazonas (Brazil)	990	100	Cemusa Do Brasil Ltda.
Cemusa Brasilia, S.A. SAA/Norte Quadra, 02,25 – Brasília (Brasília DF – Brazil)	2,475	100	Cemusa Do Brasil Ltda.
Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Francisco Sancha, 24 – Madrid (b)	51,502	99.99 0.01	FCC Agua y Entorno Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Do Brasil Ltda. Avda. Nossa Senhora de Copacabana, 680/502 – Rio de Janeiro (Brazil) (b)	1,866	99.96 0.04	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Inc. City of Dover – County Kent – Delaware (USA)	—	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Italia, S.R.L. Via Vincenzo Monti, 8 – Milan (Italy)	—	99.95 0.05	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Miami, Ltd. Florida – USA	—	79 21	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Inc.
Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A. Avda. de Pádua, 14 – Lisbon (Portugal) (b)	7,569	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Rio, S.A. Avda. Atlántica, 1130 – Copacabana – Río de Janeiro (Brazil)	3,482 113	99.99 0.01	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Do Brasil Ltda.
Cemusa Salvador, S.A. Rua Dr. Altino Teixeira, 302. Loteamento Porto Seco Piraja. Salvador Bahía (Brazil) (b)	61 5	60 5	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Do Brasil, Ltda.
Servicios de Publicidad Urbanos, S.A. Atenas, 46 Pol. Ind. San Luís – Málaga	451	75	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Zona Verde Promoçao e Marketing Lim. R. Cândido dos Reis, 90 – Aveiro (Portugal)	507	100	Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.
Traffic services			
Aparcamientos Concertados, S.A. Arquitecto Gaudí, 4 – Madrid (a)	1,188	99.99 0.01	Estacionamientos y Servicios, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Casa Park Moulay Youseff, S.A.R.L. 27 Rue Bapaume – Casablanca (Morocco)	473	99.90	Estacionamientos y Servicios, S.A.
Casa Park, S.A. 27 Rue Bapaume – Casablanca (Morocco)	298	97.87 0.01 0.01 0.01	Estacionamientos y Servicios, S.A. Aparcamientos Concertados, S.A. FCC Agua y Entorno Urbano, S.A. Beta de Administración, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Empresa Mixta de Tráfico de Gijón, S.A. P. Ind. Promosa Nave 27 – El Plano- Tremañes – Gijón (Asturias) (a)	595	60	Estacionamientos y Servicios, S.A.
Estacionamientos y Servicios, S.A. Federico Salmón, 13 – Madrid (a)	11,080	99.99 0.01	FCC Agua y Entorno Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Sistemas de Control y Comunicaciones, S.A. Federico Salmón, 13 – Madrid (a)	301	99.99 0.01	C.G.T. Corporación General de Transportes, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Transport			
Belgian Ground Services, S.A. Avenue Louise, 149 – Ixelles (Bruxelles) – Belgium (a)	14,446	99.99 0.01	Flightcare, S.L. Beta de Administración, S.A.
C.G.T. Corporación General de Transportes, S.A. Federico Salmón, 13 – Madrid (d)	11,358	99.99 0.01	FCC Agua y Entorno Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Flightcare, S.L. (**) Federico Salmón, 13 – Madrid (a)	22,534	99.99 0.01	FCC Agua y Entorno Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Miami Cargo Inc. 1013 Centre Road – Wilmington – Delaware (USA)	—	70	FCC International, B.V.
Vehicle roadworthiness testing			
Aragonesa de Servicios I.T.V., S.A. Federico Salmón, 13 – Madrid (e)	2,585	99.99 0.01	General de Servicios I.T.V., S.A. I.T.V. Insular, S.A.
Argam, S.A. Galileo, 2446 - Buenos Aires (Argentina) (e)	106	99.99 0.01	I.T.V. Insular, S.A. Beta de Administración, S.A.
Concesionaria Zona 5, S.A. C/7 Número 374 – La Plata – Buenos Aires (Argentina) (a)	561 128	50 50	CTV, S.A. General de Servicios I.T.V., S.A.
CTV, S.A. Coronel Esteban Bonorino, 277 – Buenos Aires (Argentina) (e)	177	99.99 0.01	General de Servicios I.T.V., S.A. Beta de Administración, S.A.
Ecovec, S.A. Coronel Esteban Bonorino, 271 – Buenos Aires (Argentina) (e)	521	99.99 0.01	I.T.V. Insular, S.A. Beta de Administración, S.A.
General de Servicios I.T.V., S.A. Federico Salmón, 13 – Madrid (e)	5,567	99.99 0.01	Beta de Administración, S.A. Aragonesa de Servicios I.T.V., S.A.
Geral I.S.V. Brasil Ltda. Av. Rio Branco, 131, 10º Andar Parte Centro Rio de Janeiro (Brazil)	138	99.99 0.01	FCC International, B.V. Aragonesa de Servicios I.T.V., S.A.
I.T.V., S.A. Luzuriaga, 345 – Buenos Aires (Argentina) (a)	164	99 1	General de Servicios I.T.V., S.A. I.T.V. Insular, S.A.
I.T.V. Insular, S.A. Federico Salmón, 13 – Madrid (e)	3,375	99.99 0.01	General de Servicios I.T.V., S.A. Aragonesa de Servicios I.T.V., S.A.
Verauto La Plata, S.A. Avda. Belgrano, 634 – Buenos Aires (Argentina) (a)	674 139 135	50 37.50 10	Ecovec, S.A. I.T.V. Insular, S.A. Argam, S.A.
VTV Verificaciones Técnicas Vehiculares de Argentina, S.A. San Martín, 140 – Buenos Aires (Argentina) (a)	305	99.95 0.05	Aragonesa de Servicios I.T.V., S.A. Industrial de Limpieza y Servicios, S.A. Sole-shareholder company
Other activities			
Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid (b) -Portfolio company-	301	100	FCC Agua y Entorno Urbano, S.A.
Servicios Aragoneses de Energía y Biomasa, S.A. Autovía de Logroño Km. 12 Utebo (Zaragoza) - Electricity generation -	800	80	Flightcare, S.L.
Grucyca			
Grucyca, S.A. Plaza Pablo Ruiz Picasso, 1 – Madrid (a)	116,871	80.42	Fomento de Construcciones y Contratas, S.A.
Logistics			
Aitena Portugal, Almacenage Transporte e Distribuição de Mercaderias, S.A. Cr. Nacional 1, km. 33,4 – Alenquer (Portugal) (e)	1,754	99.99	Aitena, S.A. Inmobiliaria y de Transportes
Aitena, Sociedad Anónima Inmobiliaria y de Transportes	826	99.99	Logistic Activities, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Avda. Fuentemar, 19 – Coslada (Madrid) (a)		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Logistic Activities, S.A.	8,551	99.99	Grucycsa, S.A.
Avda. de la Industria, 18 – Coslada (Madrid) (a)		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Logística Navarra, S.A.	4,520	99.99	Grucycsa, S.A.
C/E Polígono Arazuri Orcoyen Parc 3.8 – Pamplona (a)		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
LNP-Logística, Lda.	196	90	Logística Navarra, S.A.
Estrada Nacional nº 3 km. 5,7	22	10	Aitena Portugal Almacenage Transporte e Distribuição de Mercaderias, S.A.
Azambuja (Portugal) (e)			
Electrical installations			
Especialidades Eléctricas, S.A.	2,668	99.99	Grucycsa, S.A.
Acanto, 22 – Madrid (b)		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Espelsa-Luwat, S.A.	35	60	Especialidades Eléctricas, S.A.
Acanto, 22 – Madrid			
Air conditioning installations			
Aremi Tecair, S.A.	36	60	Internacional Tecair, S.A.
Avda. de les Corts Valencianes, 50 – Valencia			
Eurman, S.A.	120	99.99	Internacional Tecair, S.A.
Valentín Beato, 24-26 – Madrid		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Internacional Tecair, S.A.	2,190	99.99	Grucycsa, S.A.
Valentín Beato, 24-26 – Madrid (b)		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Industrial equipment			
Equipos y Procesos, S.A.	150	80.73	Sistemas y Vehículos de Alta Tecnología, S.A.
Conde de Peñalver, 45 – Madrid			
High Technology Vehicles, Inc.	38	100	Sistemas y Vehículos de Alta Tecnología, S.A.
Centre Road, 1013 Wilmington – Delaware (USA)			
Sistemas y Vehículos de Alta Tecnología, S.A.	180	99.99	Grucycsa, S.A.
Conde de Peñalver, 45-3º – Madrid (b)		0.01	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Security and surveillance			
Falcon Contratas y Seguridad, S.A.	311	70	Grucycsa, S.A.
Ronda de Poniente, 13 Locales E2 y P1 – Tres Cantos (Madrid) (e)			
Falcon Contratas y Servicios Auxiliares, S.A.	60	99.90	Falcon Contratas y Seguridad, S.A.
Ronda de Poniente, 13 Local E5 – Tres Cantos (Madrid)		0.10	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Formación y Contratas, S.A.	60	99.90	Falcon Contratas y Seguridad, S.A.
Ronda de Poniente, 13 Local E1 – Tres Cantos (Madrid)		0.10	T.A.C.K. Inversiones, S.L. Sole-shareholder company
Company promotion and development			
T.A.C.K. Inversiones, S.L. Sole-shareholder company	6	100	Grucycsa, S.A.
María de Molina, 40 – Madrid			
Cement area			
Cementos Portland, S.A.	175,953	58.72	Fomento de Construcciones y Contratas, S.A.
Estella, 6 – Pamplona (a)	571	0.06	Comp. Aux. de Agencia y Mediación, S.A. Sole-shareholder company
		0.01	Navarra de Transportes, S.A.
		0.01	Comp. Gral. de Servicios Empresariales, S.A. Sole-shareholder company
		0.01	Corporación Española de Servicios, S.A.
		0.01	Corporación Financiera Hispánica, S.A.
		0.01	Europea de Gestión, S.A. Sole-shareholder company
Almacenes, Tránsitos y Reexpediciones, S.A. Sole-shareholder company Calderón de la Barca, 4 - Santander	3,601	100	Cementrade, S.A. S.L. Sole-shareholder company
Áridos de Navarra, S.A.	2	66	Hormigones Arkaitza, S.A. S.L. Sole-shareholder company
Estella, 6 – Pamplona			
Áridos y Premezclados, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a)	25,437	100	Cementos Portland, S.A.
Atracem, S.A. Sole-shareholder company	1,000	100	Cementos Portland, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
José Abascal, 59 – Madrid (a) - Goods transportation and sale of construction materials -			
Cántabra Industrial y Minera, S.A. Sole-shareholder company Calderón de la Barca, 4 – Santander	519	100	Cementos Alfa, S.A.
Canteras de Aláiz, S.A. Estella, 6 – Pamplona (c)	14,237	70.02	Cementos Portland, S.A.
Canteras del Pirineo Occidental, S.A. Estella, 6 – Pamplona	1,159	60 40	Cementos Portland, S.A. Cementos Lemona, S.A.
Canteras Villallano, S.L. Poblado de Villallano – Palencia	3,481	100	Cementos Alfa, S.A.
Cemensilos, S.A. Calderón de la Barca, 4 – Santander - Sale of construction materials -	674	100	Cementos Alfa, S.A.
Cementos Alfa, S.A. Calderón de la Barca, 4 - Santander (b)	26,403	76.56 0.01 0.01	Cementos Portland, S.A. Comp. Auxiliar de Bombeo de Hormigón, S.A. Sole-shareholder company Participaciones Estella 6, S.L. Sole-shareholder company
Cementrade, S.A. Sole-shareholder company Paseo de la Castellana, 45 – Madrid - Wholesale of construction materials -	196	100	Cementos Alfa, S.A.
Compañía Auxiliar de Bombeo de Hormigón, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a)	451	100	Hormigones y Morteros Preparados, S.A. Sole-shareholder company
Explotaciones San Antonio, S.L. Sole-shareholder company Calderón de la Barca, 4 - Santander - Quartz mining -	919	100	Cementos Alfa, S.A.
Giant Cement Holding, Inc. 320-D Midland Parkway – Sumerville-South Carolina (USA) (e)	286,202	100	Cementos Portland, S.A.
Hormigones Aláiz, S.A. Sole-shareholder company Estella, 6 – Pamplona	97	100	Canteras de Aláiz, S.A.
Hormigones Araquil, S.A. Sole-shareholder company Estella, 6 – Pamplona	386	100	Canteras de Aláiz, S.A.
Hormigones Arkaitza, S.A. Sole-shareholder company Estella, 6 – Pamplona (c)	5,738	100	Cementos Portland, S.A.
Hormigones de la Jacetania, S.A. Llano de la Victoria, s/n – Jaca (Huesca)	141	50 25	Cementos Portland, S.A. Hormigones y Áridos del Pirineo Aragonés, S.A.
Hormigones del Zadorra, S.A. Sole-shareholder company Estella, 6 – Pamplona	1,294	100	Canteras del Pirineo Occidental, S.A.
Hormigones Herrero, S.A. Romanceros, 42-44 – Burgos -Company in liquidation-	2,462 1,434	63.92 36.08	Cementos Portland, S.A. Cementos Alfa, S.A.
Hormigones Reinoso, S.A. Sole-shareholder company Calderón de la Barca, 4 - Santander	942	100	Cementos Alfa, S.A.
Hormigones y Morteros Preparados, S.A. Sole-shareholder company José Abascal, 59 – Madrid (a)	5,786	100	Cementos Portland, S.A.
Industrias Calizas Álvarez, S.A. Nueva, 36 – Gilena (Seville)	1,942	100	Áridos y Premezclados, S.A. Sole-shareholder company
Participaciones Estella 6, S.L. Sole-shareholder company Estella, 6 – Pamplona - Inactive -	6	100	Cementos Portland, S.A.

Other activities

Portfolio and instrumentality companies

Abies Re Anstalt (***) Josef Rheinbergerstrasse, 6 – Vaduz (Liechtenstein)	421	100	Fomento de Construcciones y Contratas, S.A.
Afigesa Inversión, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid (b)	73,607	100	Asesoría Financiera y de Gestión, S.A.
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13 – Madrid (b)	220,962 3,008	56.15 43.84	Corporación Financiera Hispánica, S.A. Fomento de Construcciones y Contratas, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
		0.01	Compañía General de Servicios Empresariales, S.A. Sole-shareholder company
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-shareholder company José Abascal, 59 – Madrid	1,657	100	Fomento de Construcciones y Contratas, S.A.
Compañía General de Servicios Empresariales, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid	60	100	Fomento de Construcciones y Contratas, S.A.
Corporación Española de Servicios, S.A. Federico Salmón, 13 – Madrid	44	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
Corporación Financiera Hispánica, S.A. Federico Salmón, 13 – Madrid	69,818	99.98 0.01	Fomento de Construcciones y Contratas, S.A. Compañía General de Servicios Empresariales, S.A. Sole-shareholder company
		0.01	Europea de Gestión, S.A. Sole-shareholder company
Europea de Gestión, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid	63	100	Fomento de Construcciones y Contratas, S.A.
Eusko Lanak, S.A. Federico Salmón, 13 – Madrid	59	99.99 0.01	Corporación Financiera Hispánica, S.A. Compañía General de Servicios Empresariales, S.A.
FCC Construcciones y Contratas Internacional, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
FCC Finance, B.V. Amsteldijk, 166 – Amsterdam (Netherlands) (b)	38,246	100	FCC International, B.V.
FCC Fomento de Obras y Construcciones, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
FCC Inmobiliaria Conycon, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
FCC International, B.V. Amsteldijk, 166 – Amsterdam (Netherlands) (b)	39,948	100	Fomento de Construcciones y Contratas, S.A.
FCC 1, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
Fomento Internacional, Focsa, S.A. Federico Salmón, 13 – Madrid	69	99.93 0.07	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Sole-shareholder company
F-C y C, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid	3	100	Fomento de Construcciones y Contratas, S.A.
Puerto Cala Merced, S.A. Arquitecto Gaudí, 4 – Madrid	58	99.99 0.01	Corporación Financiera Hispánica, S.A. Compañía General de Servicios Empresariales, S.A.
Insurance and reinsurance brokerage			
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 156 – Madrid (a)	60 30	50 25	Asesoría Financiera y de Gestión, S.A. Fomento de Construcciones y Contratas, S.A.
Fir Re Société Anonyme (***) L-8011 Strassen 283 Route d'Arlon – Luxembourg (b)	1,382 5	99.67 0.33	FCC International, B.V. Asesoría Financiera y de Gestión, S.A.
Management of buildings			
Fedemes, S.L. Federico Salmón, 13 – Madrid	10,764 1,018	92.67 7.33	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A.
Per Gestora Inmobiliaria, S.L. Pz. Pablo Ruiz Picasso – Madrid (a)	48	80	Fomento de Construcciones y Contratas, S.A.

NOTES:

- The financial statements of all the companies listed above are as of December 31, 2002.
- As required by Article 86 of the revised Corporations Law, in 2001 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, Price Waterhouse Coopers, 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 Seragua, S.A.

(**) Formerly Electra Vulcano, S.A.

(***) Companies not included in consolidation due to the nature of the business activity carried on, which overall have shareholders' equity of €24,096 thousand.

EXHIBIT II. Multigroup Companies

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Construction area			
Ace Acessibilidade Das Antas Construção e Obras Públicas Rua da Constituição, 797 – Oporto (Portugal)	—	50 25 25	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Constructora Do Tâmega, S.A. Sanague Engenharia, S.A.
Ace Acestrada Construção de Estradas Na rua Julieta Ferrao, 12 – Lisbon (Portugal)	—	13.33 20 20 20	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Sociedade de Construções Sarea da Costa, S.A. Teixeria Duarte Engenharia e Const., S.A. Grupo Dragados, S.A.
Ace Epos-Dragados-Sopol-Ramalho Rosa Cobetar Avda. Casal Riberio, 18 – Lisbon (Portugal)	—	13.33 43.33 13.34 13.34	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Empresa Portuguesa de Obras Subterrâneas, Ltda. Sociedades Gral. de Construção e Obras Públicas, S.A. Dragados Obras y Proyectos, S.A.
Ace FCC Construcción e Edifer Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	50 50	FCC Construcción, S.A. Edifer Construções Pires Coelho e Fernández, S.A.
Ace Fomento de Construcciones y Contratas e Soares da Costa Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	50 50	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Sociedade de Construções Soares Da Costa, S.A.
Ace Ramalho Rosa Cobetar e Edifer Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	55.90 0.10 44	Ramalho Rosa Cobetar Sociedade de Construções, S.A. FCC Construcción, S.A. Edifer Construções Pires Coelho e Ferrandes, S.A.
Ace Ramalho Rosa Cobetar & Soares Da Costa Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)	—	50 50	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Sociedade de Construções Soares Da Costa, S.A.
Ace Spie, Ramalho Rosa Cobetar, Etemar Avda. Marechal Craveiro Lopes, 8 – Lisbon (Portugal)	—	35 35 30	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Spie Batignolles T.P. Etemar, Emp. de Obras Terrestres y Marítimas
Constructora Aeropuerto Santiago Limitada Alfredo Barros Errazuriz, 1953 – Santiago (Chile) (e)	31	50 50	FCC Construcción, S.A. Grupo Dragados, S.A.
Dragados FCC Canadá, Inc. 200 King Street West -Toronto (Canadá)	—	50 50	FCC Construction International, B.V. Dragados FCC Netherlands, B.V.
Inversora Latinoamericana de Infraestructuras, A.I.E. Avda. General Perón, 36 – Madrid	15	25 25 25 25	FCC Construcción, S.A. Acciona, S.A. ACS Proyectos, Obras y Construcciones, S.A. Sacyr, S.A.
Itam Delta de la Tordera, A.I.E. Travessera de Gracia, 58 – Barcelona	3	27 20 20 33	FCC Construcción, S.A. Servicios y Procesos Ambientales, S.A. Aqualia Gestión Integral del Agua, S.A. Proyectos e Instalaciones de Desalación, S.A.
Services			
Urban cleaning			
Beacon Waste Limited 106 High Street – Evesham-Worcestershire (United Kingdom) (a)	986	100	Mercia Waste Management, Ltd.
Compañía de Servicios Medioambientales Do Atlántico, S.A. Cr. de Cedeira Km. 1 – Naron (San Xulian) – La Coruña (e)	295	49 51	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento de Naron
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93 – Barcelona	5,551 1,388	54 18 10	Tratamiento Industrial de Residuos Sólidos, S.A. Fomento de Construcciones y Contratas, S.A. Tractament i Selecció de Residus, S.A.
Ecoserveis Urbans de Figueres, S.L. Polígono Industrial Empordà Internacional p. 50 Vilamallà (Girona)	301	50 50	Fomento de Construcciones y Contratas, S.A. Tractaments Alt Empordà, S.L.
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pza. Al Andalus, 1 – Rincón de la Victoria – Málaga (b)	301	50 50	Fomento de Construcciones y Contratas, S.A. Ayuntamiento de Rincón de la Victoria

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
FASSA Environnement, S.A. 76 Av. du Président Wilson – La Plaine Saint Denis (France)	–	99.90 0.02 0.02 0.02 0.03 0.01	Française d'Assainissement et de Service, S.A. FCC Medio Ambiente, S.A. Saneamiento y Servicios, S.A. Via Environnement, S.A. CGEA Connex, S.A. Núñez Vegas, Tomás
Fisersa Manteniment Urbà, S.A. Alemania, 5 – Figueres (Girona)	532	72.72 27.28	Ecosservis Urbans de Figueres, S.L. Figueres de Serveis, S.A. Sole-shareholder company
Française d'Assainissement et de Service, S.A. Av. de Colmar 55/57. Rueil Malmaison (France)	3,197	49.97 0.01 0.01 0.01 49.98 0.01 0.01	FCC Medio Ambiente, S.A. Compañía Catalana de Servicios, S.A. International Services Inc, S.A. Sole-shareholder company Proactiva Medio Ambiente, S.A. CGEA Connex, S.A. Benoist, Jean Onix Est
Mercia Waste Management, Ltd. Brook House – Oldham Road, Middleton – Manchester (United Kingdom) (a)	77	50 50	Focsa Services U.K. Ltd. Urbaser, S.A.
Servicios de Limpieza Integral de Málaga III, S.A. Camino de la Térmica, 83 – Málaga (b)	3,065	51 49	Servicios Urbanos de Málaga, S.A. Ayuntamiento de Málaga
Servicios Urbanos de Málaga, S.A. Ulises, 18 – Madrid	1,610	51 49	Fomento de Construcciones y Contratas, S.A. Urbaser, S.A.
Severn Waste Services Limited Brook House – Oldham Road, Middleton – Manchester (United Kingdom) (a)	192	50 50	Focsa Services U.K. Ltd. Urbaser, S.A.
Sirr Basse Normandie, S.A. 14.350 La Graverie – Le Beny Bocage (France)	–	99.97 0.01 0.01 0.01	Française d'Assainissement et de Service, S.A. FASSA Environnement S.A. Société d'Exploitation et de Transports d'Ordures Industrielles et Menageres, S.A. Fouillaud, Didier
Société d'Exploitation et de Transports d'Ordures Industrielles et Menageres, S.A. Le Nid Coquet – Soudan (France)	–	99.95 0.01 0.01 0.01 0.01 0.01	Française d'Assainissement et de Service, S.A. FCC Medio Ambiente, S.A. Saneamiento y Servicios, S.A. Via Environnement, S.A. Ralu Jean – Lionel CGEA Connex, S.A.
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Catalunya, 91-93 – Barcelona	1,286	33.33 33.33 33.33	FCC Medio Ambiente, S.A. Concesionaria Barcelonesa, S.A. Urbaser, S.A.
Via Environnement, S.A. 1 Rue de Berri – Paris (France)	–	99.93 0.01 0.01 0.01 0.01 0.01 0.01 0.01	Française d'Assainissement et de Service, S.A. Compañía Catalana de Servicios, S.A. FCC Medio Ambiente, S.A. Saneamiento y Servicios, S.A. CGEA Connex, S.A. Fouillaud Didier Piquand Jacques Schelfhaut Jean Pierre
Water treatment and distribution			
Aguas y Servicios de la Costa Tropical de Granada, A.I.E. Plaza de la Aurora, s/n – Motril (Granada)	828	51 49	Aqualia Gestión Integral del Agua, S.A. Proyectos e Instalaciones de Desalación, S.A.
Aigües de Girona, Salt i Sarrià de Ter, S.A. Ciutadans, 11 – Girona	481	80 14 4 2	Girona, S.A. Ayuntamiento de Girona Ayuntamiento de Salt Ayuntamiento de Sarrià de Ter
Empresa Mixta de Aguas y Servicios, S.A. Alarcos, 13 – Ciudad Real	106	55	Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.
Empresa Municipal de Aguas de Benalmádena, EMABESA Expl. Aparc. Tívoli, s/n – Arroyo de la Miel (Málaga) (e)	1,310	50 50	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento Benalmádena
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E. Ramírez de Arellano, 15 – Madrid	–	75 25	Aqualia Gestión Integral del Agua, S.A. Proyectos e Instalaciones de Desalación, S.A.
Girona, S.A. Travesía del Carril, 2 – Girona	365	33.61	Aqualia Gestión Integral del Agua, S.A.
Searsa – Cañellas, A.I.E. Pasaje Can Faixina, 11 – Palma de Mallorca	–	50	Sociedad de Explotación de Aguas Residuales, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Sociedad de Explotación de Aguas Residuales, S.A. Bruc, 49 – Barcelona [a]	1,044	50	Aqualia Gestión Integral del Agua, S.A. Corporación Agbar, S.A.
Sociedad Española de Aguas Filtradas, S.A. Jacometrezo, 4 – Madrid [a]	575	50	Aqualia Gestión Integral del Agua, S.A. Corporación Agbar, S.A.
The Composting Company Ltd. Ryton Organic Gardens – Coventry (United Kingdom)	–	50	Beacon Waste Limited HDRA Consultants Limited
Zabalgarbi, S.A. Alameda de Urquijo, 9 – 4º – Bilbao	7,445	26	Valorización y Tratamiento de Residuos, S.A.
		26	Sener Grupo de Ingeniería, S.A.
		20	Diputación Foral de Bizkaia
		10	Ente Vasco de la Energía
		8	Instituto para la Diversificación y Ahorro de la Energía, S.A.
		5	Bilbao Bizkaia Kutxa
		5	Mancomunidad de Municipios de la Margen Izquierda del Nervión
Waste treatment			
Electrorecycling, S.A. Ctra. BV-1224 km. 6,750 – El Pont de Vilomara i Rocafort [Barcelona]	792	66.67	Pilagest, S.L.
		33.33	Indumetal Recycling, S.A.
Gestión Medioambiental Enviland, S.A. Viriato, 47 – Barcelona	11,945	50	FCC Medio Ambiente, S.A.
Pilagest, S.L. Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort [Barcelona]	400	50	T.P.A. Técnicas de Protección Ambiental, S.A.
		50	Senda Ambiental, 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 its percentages of direct and indirect ownership.			
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216 – Madrid [a]	69,164	50	Fomento de Construcciones y Contratas, S.A.
		50	Vivendi Environnement, S.A.
AESA, Aseo y Ecología, S.A. Avda. Camacué. 5335 – Avellaneda – [Argentina] [e]		99.90	Proactiva Medio Ambiente, S.A.
		0.10	FCC Medio Ambiente, S.A.
AESA Misiones, S.A. 25 de Mayo, 1840 – Ciudad de Posadas – Misiones [Argentina] [e]		86.75	Proactiva Medio Ambiente, S.A.
		13.25	AESA, Aseo y Ecología, S.A.
Aguas del Valle, S.A. Avda. Ocampo, 1013 – Catamarca [Argentina] [d]		70.03	Proactiva Medio Ambiente, S.A.
		19.97	AESA, Aseo y Ecología, S.A.
Agencias Compagnie Generale des Eaux Chile, Ltda. Silvina Hurtado, 1782 – Providencia – Santiago de Chile [Chile]		100	Proactiva Medio Ambiente, S.A.
Aseo de Candelaria, S.A. E.S.P. Ctra. Candelaria 33 A, 19-25 Valle del Cauca [Colombia] [e]		87.99	Proactiva Medio Ambiente, S.A.
		0.01	Proactiva Medio Ambiente Venezuela, C.A.
Aseo El Cerrito, S.A. E.S.P. Calle 5, 10-77 – Cerrito, Valle del Cauca [Colombia] [e]		63.99	Proactiva Medio Ambiente, S.A.
		0.01	Proactiva Medio Ambiente Venezuela, C.A.
Aseo Pradera, S.A. E.S.P. Calle 7, 19-32 – Pradera, Valle del Cauca [Colombia] [e]		90.12	Proactiva Medio Ambiente, S.A.
		0.01	Proactiva Medio Ambiente Venezuela, C.A.
Aseo Yumbo, S.A. E.S.P. Municipio de Yumbo – Valle del Cauca [Colombia] [e]		62	Proactiva Medio Ambiente, S.A.
		15	Proactiva Colombia, S.A.
		1	FCC Medio Ambiente, S.A.
		1	International Services Inc., S.A. Sole-shareholder company
		1	Servicios Especiales de Limpieza, S.A.
Bugueña de Aseo, S.A. E.S.P. Cra. 16 Norte 32-01– Buga, Valle del Cauca [Colombia] [e]		87.51	Proactiva Medio Ambiente, S.A.
		0.01	Proactiva Medio Ambiente Venezuela, C.A.
CES Compañía Ecológica Sudamericana, S.A. Tucumán, 1321 – Buenos Aires [Argentina] [d]		99.99	Proactiva Medio Ambiente, S.A.
CGEA Brasil Participações s/c Ltda. Avda, Presidente Wilson, 231 – Rio de Janeiro [Brazil] [a]		99.99	Proactiva Medio Ambiente, S.A.
		0.01	Empresa Geral de Serviços s/c Ltda.
CIMA, Obras y Servicios, S.A. de C.V. [*] Tomás Alva Edison, 176 – Cuauhtemoc [Mexico] [a]		99.99	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Coinca, S.A. Silvina Hurtado, 1782 – Providencia – Santiago de Chile. [Chile] [d]		99.99	Proactiva Medio Ambiente Chile, S.A.
		0.01	Agencia Compagnie Generale des Eaux Chile, Ltda.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Compañía de Aguas de Puerto Rico Inc. 604 Barbosa Ave HR – San Juan (Puerto Rico) (e)		100	Proactiva Medio Ambiente, S.A.
Compañía de Limpieza y Embellecimiento C por A Avda. Los Restauradores, 56 – Sabana Perdida (Santo Domingo) (a)		99.94 0.01 0.01 0.01 0.01 0.01 0.01	Proactiva Medio Ambiente, S.A. Alfonso Benítez, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. International Services, Inc., S.A. Sole-shareholder company Servicios de Levante, S.A. Servicios Especiales de Limpieza, S.A.
Compañía General de Servicios Urbanos, S.A. de C.V. P ^a de las Palmas n° 930–Lomas de Chapultepec Ciudad de México - (Mexico) (e)		99.99	Proactiva Medio Ambiente, S.A.
Concesionaria de Aguas de Aguascalientes, S.A. de C.V. Ecuador, 205 – Aguascalientes (Mexico) (a)		99.99	Consortio Internacional de Medio Ambiente, S.A. de C.V.
Concesionaria Tibitoc, S.A. E.S.P. Trans, 21 n° 100-20 Santa Fé de Bogotá (Colombia) (b)		33.33	Proactiva Medio Ambiente, S.A.
Consortio Internacional de Medio Ambiente, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (a)		50	Proactiva Medio Ambiente, S.A.
Cotécnica Caracas, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)		100	Inversiones Cotécnica, C.A.
Cotécnica Chacao, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)		100	Inversiones Cotécnica, C.A.
Cotécnica La Bonanza, C.A. Avda. Fco. de Miranda. Los Palos Grandes – Caracas (Venezuela) (e)		100	Inversiones Cotécnica, C.A.
DIVAG, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (a)		98 2	Consortio Internacional de Medio Ambiente S.A. de C.V. Servicios de Agua Potable, S.A. de C.V.
Deltacom, S.A. Tucumán, 1321 – Buenos Aires (Argentina) (d)		55.37 44.63	CES Compañía Ecológica Sudamericana, S.A. Proactiva Medio Ambiente, S.A.
Deltaliq, S.A. Tucumán, 1321 – Buenos Aires (Argentina) (d)		60	Deltacom, S.A.
Derclase, S.A. Cerrito, 461 – 1° - Montevideo (Uruguay)		70 30	Proactiva Medio Ambiente, S.A. AESa, Aseo y Ecología, S.A.
Dominicana Sanitary Services, B.V. Brinkwal, 11 – Nieuwegein (Netherlands) (a)		100	Proactiva Medio Ambiente, S.A.
Empresa Geral de Serviços s/c Ltda. Avda. Presidente Wilson, 231 – Rio de Janeiro (Brazil) (a)		99.89	Proactiva Medio Ambiente, S.A.
ESETASA, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (a)		98 2	Consortio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Tecnología Ambiental, S.A. de C.V.
FCC Servicios Santo Domingo, S.A. Prol. Ave 27 de Febrero-Manz. 44 – Las Caobas Santo Domingo (Dominican Republic) (a)		94 1 1 1 1 1	Proactiva Medio Ambiente, S.A. Alfonso Benítez, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company Servicios de Levante, S.A. Servicios Especiales de Limpieza, S.A.
Formacco Transambiental, Ltda. Rua Ferreira de Oliveira, 197 – Sao Paulo (Brazil) (e)		80	Intranscol, S.A. Coleta e Recação de Resíduos Ltda.
Fospuca, C.A. Edif. Delta 5° Avda. Fco. Miranda – Caracas (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.
Fospuca Baruta, C.A. Edif. Delta 5° Avda. Fco. Miranda – Caracas (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.
Fospuca Carrizal, C.A. Edif. Delta 5° Avda. Fco. Miranda – Caracas (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.
Fospuca Guaicaipuro, C.A. Los Teques – Miranda (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.
Fospuca Libertador, C.A. Edif. Delta 5° Avda. Fco. Miranda – Caracas (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.
Fospuca Nueva Esparta, C.A. Calle Miranda con Calle Fuentes, Caserío Fajardo – Porlamar (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Fospuca Puerto Cabello, C.A. Edif. Delta 5º Avda. Fco. Miranda - Caracas (Venezuela)		60	Proactiva Medio Ambiente, S.A.
Fospuca Zamora, C.A. Edif. Delta 5ª Avda. Fco. Miranda - Caracas (Venezuela) (a)		60	Proactiva Medio Ambiente, S.A.
GCIMA, S.A. de C.V. Tomás Alva Edison, 176 - Cuauhtemoc (Mexico) (a)		98 2	Consortio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Agua Potable
Inmobiliaria Multiaseo, S.A. Carretera General s/n - Quilicura (Chile) (d)		99.90 0.10	Multiaseo, S.A. Proactiva Medio Ambiente Chile, S.A.
Intrascot SA Coleta e Recoção de Resíduos, Ltda. Rua Ferreira de Oliveira, 59 - Sao Paulo (Brazil)		80	CGEA Brazil Participações s/c Ltda.
Inversiones Cotécnica, C.A. Avda. Fco. de Miranda. Los Palos Grandes - Caracas (e). (Venezuela)		60	Proactiva Medio Ambiente, S.A.
Lamcef, S.A. Calle 11, 690- Ciudad de la Plata (Argentina) (d)		99.99	CES Compañía Ecológica Sudamericana, S.A.
Mantenimiento Urbano, C.A. Avda. Fco. de Miranda. Los Palos Grandes - Caracas. (Venezuela) (e)		99.99 0.01	Inversiones Cotécnica, C.A. Servicios Cotécnica, C.A.
Mexicana de Medio Ambiente, S.A. de C.V. Pº de las Palmas 930 - Mexico D.F. (Mexico) (a)		99.99 0.01	Consortio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Tecnología Ambiental, S.A. de C.V.
Multiaseo, S.A. Carretera General San Martín 9600 - Quilicura (Chile) (d)		58	Proactiva Medio Ambiente de Chile, S.A.
Palmirana de Aseo, S.A. E.S.P. Ctra. 33 A, 19-25 - Valle del Cauca (Colombia) (e)		55.99 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.
Proactiva Aguas de Montería, S.A. E.S.P. Cl. 27, 8-70 Municipio de Montería, Dpto. Córdoba - (Colombia) (e)		94.99 2 1 1 1 0.01	Proactiva Colombia, S.A. Aqualia Gestión Integral del Agua, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. Servicios Especiales de Limpieza, S.A. Proactiva de Servicios ESP, S.A.
Proactiva Colombia, S.A. Cl. 98 nº 9 - 03 Edif. Torre Sancho (e) Santa Fe de Bogotá (Colombia)		94 1.50 1.50 1.50 1.50	Proactiva Medio Ambiente, S.A. Alfonso Benítez, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company Servicios Especiales de Limpiezas, S.A.
Proactiva de Servicios, S.A. E.S.P. Carrera, 4 - Santiago de Cali (Colombia) (e)		90 7 1 1 1	Proactiva Medio Ambiente, S.A. Proactiva de Colombia E.S.P., S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company Servicios Especiales de Limpieza, S.A.
Proactiva Doña Juana E.S.P., S.A. Calle 98, 9 - Santa Fe de Bogotá - Colombia (e)		50.50 23.75 0.50 0.50	Proactiva Colombia, S.A. Fomento de Construcciones y Contratas, S.A. Alfonso Benítez, S.A. FCC Medio Ambiente, S.A.
Proactiva Medio Ambiente Chile, S.A. (**) Silvina Hurtado, 1782 - Providencia - Santiago de Chile. (Chile) (d)		99.99	Proactiva Medio Ambiente, S.A.
Proactiva Medio Ambiente Venezuela, C.A. Torre Sede Gerencial La Castellana, Piso 6 - Caracas. (Venezuela) (a)		100	Proactiva Medio Ambiente, S.A.
Proactiva Oriente, S.A. E.S.P. Municipio San José de Cucutá. Dpto. Norte de Santander (Colombia) (e)		88.25 8.51 0.25 0.25 0.25	Proactiva Colombia, S.A. Proactiva de Servicios, S.A. E.S.P. Compañía de Limpieza y Embellecimiento C por A FCC Servicios Santo Domingo, S.A. Proactiva Medio Ambiente Venezuela, C.A.
Sanedo, Ltda. Avda. Presidente Wilson, 231 - Río de Janeiro (Brazil) (a)		99.98 0.01	Société d'Investissement et de Gestion 41 - Sig 41, S.A. Cía en Comandita Empresa Geral de Serviços s/c Ltda.
Sera Q.A. Tunja E.S.P., S.A. Cra. 3ª, Este 1120 - Tunja - (Colombia) (e)		93.98 5.80 0.01 0.01	Proactiva Medio Ambiente, S.A. Proactiva Colombia, S.A. Aqualia Gestión Integral del Agua, S.A. Proactiva de Servicios, S.A. E.S.P.
Servicios Cotécnica, C.A. Avda. Fco. de Miranda. Los Palos Grandes - Caracas. (Venezuela) (e)		100	Inversiones Cotécnica, C.A.
Servicios de Agua Potable, S.A. de C.V. Tomás Alva Edison, 176 - Cuauhtemoc (Mexico) (a)		99.99	Consortio Internacional de Medio Ambiente, S.A. de C.V.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Servicios de Tecnología Ambiental, S.A. de C.V. Tomás Alva Edison, 176 – Cuauhtemoc (Mexico) (a)		100	Consortio Internacional de Medio Ambiente, S.A. de C.V.
Servicios Plasticot 405, C.A. 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. Sociedad en Comandita José Abascal, 45 – Madrid		100	Proactiva Medio Ambiente, S.A.
Transactional Technologies International, Inc. 252 Ponce de León Avenue, Citibank Tower Hato Rey (Puerto Rico)		70	Proactiva Medio Ambiente, S.A.
Tulueña de Aseo, S.A. E.S.P. Cra. 24, 24-03 Tulua, Valle del Cauca (Colombia) (e)		61.99 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.

Urban Environment area

Street furniture

Equipamientos Urbanos de Costa Rica, S.A. Av. 6, CL 17-19 N° 1753 – San José (Costa Rica) (b)	1,482	100	Equipamientos Urbanos de Mexico, S.A. de C.V.
Equipamientos Urbanos de El Salvador, S.A. de C.V. Pasaje Stahl, 117 – San Salvador (El Salvador) (b)	286	99.50 0.50	Equipamientos Urbanos de Mexico, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos de Guatemala, S.A. 6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala) (b)	1,938	99.98 0.02	Equipamientos Urbanos de Mexico, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos de Mexico, S.A. de C.V. Avda. Reforma, 905 – Mexico City (Mexico) (b)	21,879	50 50	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. G-40, S.L.
Equipamientos Urbanos de Panamá, S.A. Panama	–	99.99 0.01	Equipamientos Urbanos de Mexico, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos Dominicanos, S.A. El Conde, 451 – Santo Domingo, D.N. – (Dominican Republic)	1,252	99.99	Equipamientos Urbanos de Mexico, S.A. de C.V.
Medios de Publicidad, S.A. de C.V. Mexico	–	100	Tenedora de Acciones de Mobiliario, S.A. de C.V.
Servicio y Tecnología Especializada, S.A. de C.V. Avda. Reforma, 905 – Mexico City (Mexico)	246	98 2	Equipamientos Urbanos de Mexico, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Servicios de Comercialización de Publicidad, S.A. de C.V. Avda. Reforma, 905 – Mexico City (Mexico)	131	98 2	Equipamientos Urbanos de Mexico, S.A. de C.V. Servicio y Tecnología Especializada, S.A. de C.V.
Stoc, S.A. de C.V. Mexico	–	100	Tenedora de Acciones de Mobiliario, S.A. de C.V.
Tenedora de Acciones de Mobiliario, S.A. de C.V. Mexico City (Mexico)	5,250	50	Equipamientos Urbanos de Mexico, S.A. de C.V.

Transport

Almeraya, S.A. Ulises, 18 – Madrid	60	50 45 5	Corporación Española de Transporte, S.A. Autonibus Interurbanos, S.A García Alonso, Gabriel
Corporación Española de Transporte, S.A. Ulises, 18 – Madrid (d)	25,232	99.99 0.01	FCC Connex Corporación, S.L. Detren Compañía General de Servicios Ferroviarios, S.L.
Corporación Jerezana de Transportes Urbanos, S.A. Sole-shareholder company 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. Ulises, 18 – Madrid	4	97.50 2.50	FCC-Connex Corporación, S.L. Corporación Española de Transporte, S.A.
Edetania Bus, S.A. Pasarell, s/n Polígono Industrial Benageber – Valencia	–	51 49	Corporación Española de Transporte, S.A. Autos Vallduxense, S.A.
FCC-Connex Corporación, S.L. Ulises, 18 – Madrid (d)	11,551	50 50	CGT Corporación General de Transportes, S.A. CGEA Connex, S.A.
Infoser Estacionamientos AIE Manuel Silvela, 8 – Madrid	–	33.33 33.33	Estacionamientos y Servicios, S.A. Dornier Sau
Transportes Urbanos de Sanlúcar, S.A. Ctra. de Jerez, Km. 1 – Sanlúcar de Barrameda (Cádiz) (e)	222	59.68 40.32	Corporación Española de Transporte, S.A. Ayuntamiento de Sanlúcar de Barrameda
Transports Municipals d'Egara, S.A. Ctra. Nacional 150 Km. 15 – Terrassa (Barcelona) (e)	721	80 20	Corporación Española de Transporte, S.A. Ayuntamiento de Terrassa

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Vehicle roadworthiness testing			
Valenciana de Servicios ITV, S.A.	905	30	General de Servicios ITV, S.A.
Polígono Industrial "El Oliveral" – Ribarroja de Turia (Valencia) (e)	603	20	Aragonesa de Servicios ITV, S.A.
		50	Aguas de Valencia, S.A.
Grucyca			
Logistics			
Linausa, S.A.	30	50	Grucyca, S.A.
Ctra. Madrid-Irún Km. 244 – Burgos (a)		50	Grupo Antolín-Irausa
Electrical installations			
Axel Electricidad Auxiliar, A.I.E.	4,507	75	Especialidades Eléctricas, S.A.
Acanto, 22 – Madrid		15	Fapsa Instalaciones y Obras, S.A.
		10	Tendisa, S.A.
Cement area			
CDN-USA Group	36,860	50	Cementos Portland, S.A.
Preble Street, 38 – Portland - Maine (USA) (b)	14,352	50	Cementos Lemona, S.A.

NOTES:

- The financial statements of all the companies listed above are as of December 31, 2001.
- The main multigroup companies were audited by Deloitte & Touche, Price Waterhouse Coopers, 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 Omsa Agua Potable, S.A. de C.V.

(**) Formerly Compagnie Generale d'Enterprises Automóviles Chile, S.A.

EXHIBIT III. Companies Accounted for by the Equity Method

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Construction area			
Autovía del Camino, S.A. Arrieta, 10 – Pamplona (Navarre) - Concession-holder -	8,000	40	FCC Construcción, S.A.
Cleon, S.A. Villanueva, 2 – Madrid	25,287	25	FCC Construcción, S.A.
Compañía Tecnológica de Corella Construcción, S.A. Polígono Industrial s/n – Corella (Navarre) (e)	(2,190)	48.63	Prefabricados Delta, S.A.
Concesiones de Madrid, S.A. Avda. de Europa, 18 – Alcobendas (Madrid) - Road concessions -	5,056	25	FCC Construcción, S.A.
Construcciones Olabarri, S.L. Plaza Pío Baroja, 3 – Bilbao	2,591	49	FCC Construcción, S.A.
Dinfra Cofimex, S.A. de C.V. Coahuila, 299 – Colonia Cuajimalca – Mexico City (Mexico)	64	49.90	Construcción y Filiales Mexicanas, S.A. de C.V.
ECCE Signs for Europe B.V. Essenestraat, 24 – Ternat (Belgium) - Commercial sign marketing -	2	25	Megaplas, S.A.
ECCE Signs for Europe B.V. S.L. Transpolis Schiphol Airport Polaris Ave 53 – J.H. Hofddorp (Netherlands) - Commercial sign marketing -	83	25	Megaplas, S.A.
Elaboración de Cajones Pretensados, S.L. Marcelo Spínola, 42 – Madrid (e)	1	50	FCC Construcción, S.A.
Foment de Construccions i Consulting, S.A. (*) Av. Copríncep Francès 11 – Encamp (Andorra)	–	33.30	FCC Construcción Internacional, B.V.
Marina de l'Empordà, S.A. (**) Avda. Diagonal, 512 – Barcelona - Operation of marinas -	18	20	FCC Construcción, S.A.
Marina Port Vell, S.A. Varadero, s/n. Ed. Torre de Control-Moll del Relletge (Barcelona) - Operation of marinas -	1,564	30.66	FCC Construcción, S.A.
Nàutic Tarragona, S.A. Moll de Costa, s/n – Tarragona - Operation of marinas -	218	25	FCC Construcción, S.A.
Operador Logístico Integral de Graneles, S.A. Explanada de Aboño-Puerto del Musel – Gijón (Asturias)	1,032	20	Contratas y Ventas, S.A.
Port Premià, S.A. Balmes, 36 – Barcelona - In liquidation -	(555)	39.72	FCC Construcción, S.A.
Port Torredembarra, S.A. Pza. Peig, 1 – Torredembarra (Tarragona) - Operation of marinas -	702	24.08	FCC Construcción, S.A.
Ruta de los Pantanos, S.A. Avda. Europa, 18 – Parque Empres. La Moraleja Alcobendas (Madrid) - Concession-holder -	3,010	25	FCC Construcción, S.A.
Sa Stria, Società Consortile a Responsabilità Limitata Piazza Fernando de Lucia, 60 Roma (Italy)	–	40	FCC Construcción, S.A.
Tramvía Metropolità, S.A. Córcega, 270 – Barcelona - Concession-holder -	6,692	18.53 3.41	FCC Construcción, S.A. CGT Corporación General de Transportes, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Túnel d'Envalira Concesionaria del Principat d'Andorra, S.A. Avda. Tarragona, 58-70 Edificio Les Colomnes – Andorra la Vella (Andorra) - Concession-holder -	3,476	40	FCC Construcción, S.A.
Viveros del río Razón, S.L. Camino del Guardatillo – Valdeavellano de Tera (Soria) -Tree nurseries and gardening-	11	48	Naturaleza, Urbanismo y Medio Ambiente, S.A.

Services

Urban cleaning

Clavegueram de Barcelona, S.A. Acer, 16 – Barcelona	902	22.50	Fomento de Construcciones y Contratas, S.A.
FC Environnement, SAS Av. L'Europe, 34 – Velizy Villacoublay (France)	72	48.98	Française d'Assainissement et de Service, S.A.
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2 – Valencia	1,767	49	Fomento de Construcciones y Contratas, S.A.
IDEX-FASSA Environnement, SAS Rue Escudier, 8-bis – Boulogne Billancourt (France)	10	49	Française d'Assainissement et de Service, S.A.
Tirme, S.A. Ctra. Sóller, km. 8 - Son Reus Camí – Balearic Islands	2,376	20	FCC Medio Ambiente, S.A.

Water treatment and distribution

Aguas de Denia, S.A. Pare Pere, 17 – Denia (Alicante)	187	33	Aqualia Gestión Integral del Agua, S.A.
Aguas de Ubrique, S.A. Avda. España, 9 – Ubrique (Cádiz)	47	49	Aqualia Gestión Integral del Agua, S.A.
Aigües de Blanes, S.A. Canigó, 5-7 – Blanes (Girona)	47	49	Girona, S.A.
Conducció del Ter, S.L. Bourg de Peage, 89 – Sant Feliu de Guíxols (Girona)	21	48	Aqualia Gestión Integral del Agua, S.A.
Empresa Municipal de Aguas de Algeciras, S.A. Virgen del Carmen, s/n – Algeciras (Cádiz) (e)	220	49	Aqualia Gestión Integral del Agua, S.A.
La Unión Servicios Municipales, S.A. Salvador Pascual, 7 – La Unión (Murcia) (e)	116	49	Aqualia Gestión Integral del Agua, S.A.
Nueva Sociedad de Aguas de Ibiza, S.A. Avda. Bartolomé de Rosselló, 18 – Ibiza	38	40	Aqualia Gestión Integral del Agua, S.A.
Proveïments d'Aigua, S.A. Asturias, 13 – Girona	82	45	Girona, S.A.
Sera Q.A. Duitama E.S.P., S.A. Duitama, Bocaya (Colombia)	42	30.60	Aqualia Gestión Integral del Agua, S.A.

Waste treatment

Aprochim Getesarp Rymoil, S.A. Polígono Industrial Logrenzana La Granda – Carreño (Asturias)	903	30	FCC Medio Ambiente, S.A.
Sogecar, S.A. Polígono Torrelarragoiti – Zamudio (Vizcaya)	168	30	Ekonor, S.A. Sole-shareholder company

Proactiva Group investees

Listed below is Proactiva Medio Ambiente, S.A.'s investee accounted for by the equity method, stating the percentage of direct or indirect ownership by Proactiva Medio Ambiente, S.A.

Domino Holdings, S.A. Avda. Candido Abreu, 651-80530 Curitiba (Brazil) (d)	14,616	30	Sanedo, Ltda.
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Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Urban Environment area			
Traffic services			
Bus Turístico de Málaga, S.L. Pº de los Tilos – Bus Station – Málaga	34	40	Corporación Española de Transporte, S.A.
Empresa Mixta de Tráfico, S.A. Mar de Kara, 9 – Madrid (e)	1,673	44	FCC Medio Ambiente, S.A.
Vehicle roadworthiness testing			
I.T.V. Córdoba, S.A. Dean Funes 802 – Córdoba (Argentina)	63	30	General de Servicios I.T.V., S.A.
Grucyca			
Hotel management and ownership			
Grupo Grubar Hoteles, S.L. Pza. Pablo Ruiz Picasso, 1 – Madrid (a)	93,874	50	Grucyca, S.A.
Cement area			
Aplicaciones Minerales, S.A. Camino Fuente Herrero, s/n – Cueva de Cardiel (Burgos)	241	24 12 12	Cementos Portland, S.A. Cementos Alfa, S.A. Cementos Lemona, S.A.
Canteras y Hormigones Quintana, S.A. Ctra. Irún-La Coruña, Km. 184 – Gama (Cantabria)	2,229	30	Cementos Alfa, S.A.
Canteras y Hormigones VRE, S.A. Avda. de Yerri, 10 – Estella (Navarre)	1,578	50	Cementos Portland, S.A.
Carbocem, S.A. Pº de la Castellana, 45 – Madrid -Importation of coal-	254	42.85 14.28	Cementos Portland, S.A. Cementos Alfa, S.A.
Cementos Lemona, S.A. y sociedades dependientes Alameda de Urquijo, 10 – Bilbao	31,694	30.71 0.01	Cementos Portland, S.A. Hormigón y Morteros Preparados, S.A. Sole-shareholder company
Dragon Alfa Cement Limited Harbour House-Deck Road, 138 – Gloucestershire (United Kingdom)	2,261	50	Cementos Alfa, S.A.
Energía Hidroeléctrica de Navarre, S.A. Yanguas y Miranda, 1 – Pamplona - Electricity production and sale -	34,759	15	Cementos Portland, S.A.
Exponor, S.A. Alameda de Urquijo, 10 – Bilbao -In liquidation-	1	32 23	Cementos Lemona, S.A. Cementos Portland, S.A.
Hormigones Alcanadre, S.L. Alcubierre, 11- Huesca	316	50	Cementos Portland, S.A.
Hormigones Aragón, S.A. Barrio Movera, 20 – Zaragoza	208	50	Cementos Portland, S.A.
Hormigones Arnedo, S.L. Término Sendero – Arnedo (La Rioja)	32	99.62 0.19	Hormigones Calahorra, S.A. Cementos Portland, S.A.
Hormigones Calahorra, S.A. Brebicio, 25 – Calahorra (La Rioja)	242	50	Cementos Portland, S.A.
Hormigones Cántabros, S.A. Barrio La Venta, s/n – Igollo de Camargo (Cantabria)	2,569	34.99	Cementos Alfa, S.A.
Hormigones Castro, S.A. Ctra. Irún-La Coruña, Km. 153 – Islares (Cantabria)	393	40	Cementos Alfa, S.A.
Hormigones del Baztán, S.L. Suspetxiki, 25 – Vera de Bidasoa (Navarre)	555	50	Hormigones Arkaitza, S.A. Sole-shareholder company
Hormigones Delfín, S.A. Venta Blanca, 6-1º - Peralta (Navarre)	883	50	Cementos Portland, S.A.
Hormigones en Masa de Valtierra, S.A. Ctra. de Cadreita, Km. 0,1 – Valtierra (Navarre)	1,387	50	Cementos Portland, S.A.

Company	Net Book Value	%	Nominal Percentage of Ownership and Holder
Hormigones Galizano, S.A. Ctra. Irún-La Coruña, Km. 184 – Gama (Cantabria)	262	50	Cementos Alfa, S.A.
Hormigones Giral, S.A. Alcubierre, 11 - Huesca	2,332	50	Cementos Portland, S.A.
Hormigones Reinares, S.A. Bretón de los Herreros, 8 – Calahorra (La Rioja)	765	50	Cementos Portland, S.A.
Hormigones San Adrián, S.A. Avda. de Navarre, 30 – San Adrián (Navarre)	98	50	Cementos Portland, S.A.
Hormigones y Áridos del Pirineo Aragonés, S.A. Ctra. de Biescas, s/n – Sabiñánigo (Huesca)	2,444	50	Cementos Portland, S.A.
Lázaro Echeverría, S.A. Isidoro Melero – Alsasua (Navarre)	4,493	40	Canteras de Aláiz, S.A.
Navarre de Transportes, S.A. Ctra. Pamplona-Vitoria, km. 52 – Olazagutia (Navarre) - Bulk goods transportation -	833	33.33	Cementos Portland, S.A.
Novhorvi, S.A. Portal de Gamarra, 25 – Vitoria	195	25	Canteras del Pirineo Occidental, S.A.
Silos y Morteros, S.L. General Vara del Rey, 1 – Logroño (La Rioja)	197	33.33	Hormigones y Morteros Preparados, S.A. Sole-shareholder company
Sociedad de Fomento Energético, S.A. Atrio de Santiago, 1 – Valladolid - Production of hydroelectricity -	4,093	49	Cementos Portland, S.A.
Other investees			
Realia Business Group Paseo de la Castellana, 216 – Madrid (b) -Real estate-	198,891	44.25 4.41 0.51	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A. Grucysa, S.A.
TOTAL COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	466,525		

NOTES:

- The financial statements of all the companies listed above are as of December 31, 2001.
- As required by Article 86 of the revised Corporations Law, in 2001 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 carried by the equity method were audited by Deloitte & Touche, Price Waterhouse Coopers, 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).

(*) Company not included in consolidation because of its scant material significance. Its book value amounts to €50 thousand for which a provision was recorded in full.

(**) Formerly Marina Brava de Golf, S.A.

EXHIBIT IV. Changes in the Composition of the Consolidated Group

Additions

Address

Fully consolidated companies

Aguas de Formentera, S.A. Sole-shareholder company (1)
Aprovechamientos Madereros y Tratamientos para Exteriores, S.A.

Azuser, S.L. Sole-shareholder company
Belgian Ground Services, S.A.
Cemusa Amazonia, S.A.

Cemusa Brasilia, S.A.
Cemusa Miami, Ltd.
Cemusa Río, S.A.
Compañía Control de Residuos, S.L.
Egypt Environmental Services, S.A.E.
Espelsa-Luwat, S.A.
Euroresiduos, S.A. Sole-shareholder company
Gamassur Campo de Gibraltar, S.L.
Giza Environmental Services, S.A.E.
Industrias Calizas Álvarez, S.A.
Jaime Franquesa, S.A.
Motre, S.L.
Moviterra, S.A.
Naturaleza, Urbanismo y Medio Ambiente, S.A.
Noulas-Resevi, S.L. Sole-shareholder company
Progesco Azuser Asociados Soluciones Medio Ambientales, S.L.
Servià Cantó, S.A.
Solpre, S.A.
Viñedos Y Maderas Para Exteriores, S.L.

Avda. de Bartolomé Rosselló, 18 - Ibiza
Polígono Industrial La Nava N-234 Km. 384 – Cabrejas del Pinar (Soria)
Polígono Artana, Nave III – Villareal (Castellón)
Avenue Lousie, 149 – Ixelles (Bruxelles) - Belgium
Rua Comendador Clementino, 566 Manaus – Estado de Amazonas (Brazil)
SAA/Norte Quadra 02,25 Brasilia – Brasilia D.F. (Brazil)
Florida – USA.
Avda. Atlántica, 1130 – Copacabana – Río de Janeiro (Brazil)
Peña Redonda, 27 Pol. Silvota – Llanera (Asturias)
Cairo - Egypt
Acanto, 22 - Madrid
Cr. Puebla Albortón a Zaragoza Km. 25 - Zaragoza
Pza. de la Iglesia, 1 – Loa Barrios (Cádiz)
Cairo - Egypt
Nueva, 36 – Gilena (Seville)
Carmen, 15 – Sant Cugat del Vallés (Barcelona)
Córcega, 368 - Barcelona
Enginyer Algarra, 65 – Pals (Girona)
Autovía de Castilla N-620, Km. 13 – Simancas (Valladolid)
Avda. Diagonal, 12 – Noules (Castellón)
Edif. Centro de Empresas P.E. Poniente – Cádiz
Enginyer Algarra, 65 – Pals (Girona)
Tambre, 12 - Madrid
Autovía de Castilla N-620, Km. 136 – Simancas (Valladolid)

Proportionally consolidated companies

ACE Acessibilidade Das Antas Construção e Obras Públicas
ACE Acestrada Construção de Estradas
ACE Epos-Dragados-Sopol-Ramalho Rosa Cobetar
ACE FCC Construcción e Edifer
ACE Fomento de Construcciones y Contratas e Soares Da Costa
ACE Ramalho Rosa Cobetar e Edifer
ACE Ramalho Rosa Cobetar & Soares da Costa
ACE Spie, Ramalho Rosa Cobetar, Etemar
Compañía de Servicios Medioambientales do Atlántico, S.A.
Detren Compañía General de Servicios Ferroviarios, S.L.
Ecoserveis Urbans Figueres, S.L.

FCC-Connex Corporación, S.L.
Formacco Transambiental Ltda.
Gestión Medioambiental Enviland, S.A.
Infofer Estacionamientos, A.I.E.
Medios de Publicidad, S.A. de C.V.
Stoc, S.A. de C.V.

Rua da Constituição, 797 – Oporto (Portugal)
Na rua Julieta Ferrao, 12 – Lisbon (Portugal)
Avda. Casal Ribeiro, 18 – Lisbon (Portugal)
Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)
Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)
Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)
Rua Soeiro Pereira Gomes, 7 – Lisbon (Portugal)
Avda. Marechal Craveiro Lopes, 8 – Lisbon (Portugal)
Cr. de Cedeira Km. 1 – Naron (San Xulian) – La Coruña
Ulises, 18 - Madrid
Polígono Industrial Empordà Internacional p. 50 – Vilamallà (Girona)
Ulises, 18 - Madrid
Rua Ferreira de Oliveria, 197 – Sao Paulo (Brazil)
Viriato, 47 - Barcelona
Manuel Silvela, 8 - Madrid
Mexico
Mexico

Companies accounted for by the equity method

Autovía del Camino, S.A.
Bus Turístico de Málaga, S.L.
Cleon, S.A.
Operador Logístico Integral Graneles, S.A.
Viveros del Río Razón, S.L.

Arrieta, 10 – Pamplona (Navarre)
Pº de los Tilos – Estación de Autobuses - Málaga
Villanueva, 2 - Madrid
Explanada de Aboño – Puerto del Musel – Gijón (Asturias)
Camino del Guardatillo – Valdeavellano de Tena (Soria)

Retirements

Fully consolidated companies

Abastecimientos y Saneamientos Generales, S.L.
 Aguas de Formentera, S.A. Sole-shareholder company [2]
 Aguas de La Mancha, S.A. Sole-shareholder company [2]
 Aguas Potables de Sant Feliu de Guíxols, S.A. Sole-shareholder company [2]
 Bahamas, S.A.
 Cementos Atlántico, S.A. [3]
 Compañía de Usos y Recursos, S.A. Sole-shareholder company [2]
 Ferrocarril del Tajuña, S.A. Sole-shareholder company [3]
 Gerundenses de Servicios, S.A. Sole-shareholder company [2]
 Logística de Mercancías Aeroportuarias, S.L. Sole-shareholder company [4]
 Portland Valderrivas, S.A. [5]
 Proyectos, Servicios e Instalaciones, S.A.
 Sole-shareholder company [2]
 Sanfilippo Messagi Luminosi, S.P.A. [6]
 Sociedad Mediterránea de Aguas, S.A. Sole-shareholder company [2]
 Sogesur – Sociedad de Gestión de Servicios Urbanos, S.A. [2]
 Silvarrey & Colón Cargo Service Corporation
 Técnica de Depuración, S.A. Sole-shareholder company [2]
 Viasa, S.A. Sole-shareholder company [2]

Proportionally consolidated companies

ACE Metrexpo
 Brumado, S.A.
 Dragados FCC Internacional de Construcción, S.A.
 Fospuca Maturín, C.A. [7]
 Servicios de Agua de Aguascalientes, S.A. de C.V. [8]

Companies accounted for by the equity method

Build2edifica, S.A. [9]
 Ecología Sistemas Ambientales, S.A.
 Empresas Constructoras Asociadas, S.A.
 Sociedad Anónima de Proyectos Industriales Conjuntos

Registered Office

Federico Salmón, 13 - Madrid
 Avda. de Bartolomé Rosselló, 18 – Ibiza
 Travesía de los Dos Godos, 1 – Toledo
 Bourg de Peage, 89-97 – Sant Feliu de Guíxols (Girona)
 Balmes, 36 – Barcelona
 Avda. Cardenal Bueno Monreal, 56 – Seville
 Federico Salmón, 13 – Madrid
 José Abascal, 59 – Madrid
 Avda. Madrid, 10 – Platja d'Aro (Girona)
 Ulises, 18 - Madrid
 José Abascal, 59 - Madrid
 Avda. San Francisco Javier, 15 – Seville
 Vía Piemonte, 1 – Borgaro – Turín (Italy)
 Federico Salmón, 13 - Madrid
 Federico Salmón, 13 – Madrid
 North West 66, Av. – Miami (USA)
 Federico Salmón, 13 – Madrid
 Plaza Bruel, 1 – Ampuriabrava (Girona)

Estrada do Outerio de Polima, Abóboba, Lote A – Parede (Portugal)
 Avda. Presidente Wilson, 231 – Rio de Janeiro (Brazil)
 Avda. Tenerife, 4-6 – San Sebastián de los Reyes (Madrid)
 Edif. Delta 5ª Avda. Fco. Miranda – Caracas (Venezuela)
 Ecuador, 205 – Aguascalientes (Mexico)

Avda. de Europa, 20 – Alcobendas (Madrid)
 Avda. Santa Coloma, 25 – Andorra la Vella (Andorra)
 Fernando Agulló, 22-2º-2ª - Barcelona
 Gran Vía, 1 - Bilbao

[1] See retirements due to full consolidation.
 [2] Company merged by absorption into Aqualia Gestión Integral del Agua, S.A.
 [3] Company merged by absorption into Cementos Portland, S.A.
 [4] Company merged by absorption into Flightcare, S.L.
 [5] Company merged by absorption into Fomento de Construcciones y Contratas, S.A.
 [6] Company merged by absorption into Sanfilippo Publicita, S.R.L. The new company changed its corporate name to SANFILIPPO MESSAGI LUMINOSI, S.R.L.
 [7] Company merged by absorption into Foscupa, C.A.
 [8] Company merged by absorption into Concesionaria de Aguas de Aguascalientes, S.A. de C.V.
 [9] Former Build2Build, S.A.

MANAGEMENT REPORT



CONSOLIDATED GROUP

Group performance in 2002

In 2002 the merger of the subsidiary Portland Valderrivas, S.A. (the absorbed company) into the Parent Company Fomento de Construcciones y Contratas, S.A. (the absorbing company) took place, effective for economic purposes January 1, 2002. Accordingly, although Portland Valderrivas, S.A. was excluded from consolidation, its assets and liabilities remained at the FCC Group. The merger was instrumented through a share exchange whereby the minority shareholders of Portland Valderrivas, S.A. received six shares of Fomento de Construcciones y Contratas, S.A. for every five shares of the absorbed company. Consequently, the Parent Company made a capital increase through the issuance of 13,235,784 shares of €1 par value each, with additional paid-in capital of €112.2 million.

Following the merger the FCC Group's structure was considerably simplified, allowing the Group greater direct economic participation in the cement activities carried on by it through Cementos Portland, S.A., and giving the Parent Company a direct holding in the Torre Picasso building, which it now manages itself. From a financial standpoint, the merger will make it possible to increase the income per share of Fomento de Construcciones y Contratas, S.A. over the coming years.

Also, in 2002 various mergers by absorption took place within the Group in order to reorganize and simplify management, mainly in the areas of water, passenger and aircraft handling and cement. Consequently, the Aqualia Gestión Integral del Agua Group was formed, to group together companies providing water services and, accordingly, companies such as Sociedad Mediterránea de Aguas, S.A. and other subsidiaries engaging in the same line of business were merged into it by absorption. Also, the Flightcare Group was formed, to group together the handling companies. Furthermore, in the cement line of business the merger by absorption took place of Cementos Atlántico, S.A. into Cementos Portland, S.A. Since in all cases these mergers took place between subsidiaries, the exclusion of the absorbed companies from the scope of consolidation have not in any case led to the retirement of their assets and liabilities, all of which have remained in the FCC Group. Nor did these mergers give rise to any retirements of funds, since either the absorbed companies were already wholly owned by the FCC Group, or else the absorbing company owned substantially all of the absorbed company's capital stock.

In 2002 the FCC Group recorded net sales of €5,497.2 million, up 6.3% on 2001, evidencing the growth contributed by each of the Group's business activities, which is detailed in the table below (in millions of euros).

Net Sales by Activity	2002	2001	% Variation
Construction	2,613,1	2,396,0	9.1
Services	1,605,9	1,579,3	1.7
Urban environment	305,2	250,5	21.8
Cement	831,4	791,7	5.0
Grucycsa	218,7	213,4	2.5
Eliminations in consolidation for intercompany transactions and other	(77,1)	(57,7)	
Total	5,497,2	5,173,2	6.3

By geographical area, sales in Spain rose by 9.3% while sales abroad amounted to €758.5 million, accounting for 13.8 % of total net sales.

The FCC Group's various business activities gave rise to gross and net operating income, which is detailed in the following tables (in millions of euros).

Gross operating income:

Activity	2002		2001	
	Amount	% of Total	Amount	% Total
Construction	123,6	16.7	114,0	16.2
Services	239,9	32.4	229,5	32.6
Urban environment	72,2	9.7	62,0	8.8
Cementos Portland	272,1	36.7	255,0	36.2
Grucyrsa	10,0	1.3	10,9	1.5
Other	23,5	3.2	32,9	4.7
Total	741,3	100	704,3	100

Net operating income

Activity	2002		2001	
	Amount	% of Total	Amount	% Total
Construction	92,2	18.5	83,1	17.5
Services	126,3	25.4	135,4	28.5
Urban environment	46,9	9.4	41,4	8.7
Cementos Portland	185,0	37.1	171,8	36.1
Grucyrsa	5,6	1.1	7,5	1.6
Other	42,1	8.5	36,6	7.7
Total	498,1	100	475,8	100

Income from ordinary activities was €469.3 million, up 8.1% on 2001, representing a return of 8.5% on net sales. A factor contributing to this growth, apart from the increase in operating income, was the stability in financial income due to the reduction in interest rates, and the increase in income at companies accounted for by the equity method, in particular the contribution of the Realia Group, which rose by approximately 50%. Also, there was a reduction in the amortization of consolidation goodwill, since as a result of the merger by absorption of Cementos Atlántico, S.A. into Cementos Portland, S.A. the amortization of its goodwill is recorded for accounting purposes as an operating expense.

Consolidated income before taxes amounted to €455.3 million, providing a return on net sales of 8.3%. In 2001 a return of 9.1% was obtained due to nonrecurring extraordinary income of €46.2 million, which contributed 0.9% of net sales. A provision was recorded for €12.9 million, equivalent to 50% of the investment in Xfera.

Net income attributable to the Parent Company amounted to €273 million, up 13.3% on 2001, representing a return of 5% on net sales. The reduction in the tax cost is a consequence of the amendment of the provisions of the Corporate Income Tax Law relating to tax credits for reinvestment of gains, which led to a reduction of 3.4

percentage points in the tax cost, measured as a percentage of income before taxes. Also, there was a reduction of €24.5 million in income attributed to minority interests due, basically, to the absorption of Portland Valderrivas into Fomento de Construcciones y Contratas, S.A.

Funds obtained amounted to €577.6 million, up 14.2% on 2001, representing 10.5% of net sales.

Investments in tangible fixed assets and intangible assets totaled €541.4 million and the additions to long-term financial investments amounted to €191.3 million.

At 2002 year-end the Group's shareholders' equity amounted to €1,645.5 million, up 27.5% on 2001. The main variations in the Group's shareholders' equity are shown in the following table (in millions of euros).

Merger by absorption of Portland Valderrivas, S.A.	249.5
Undistributed income for the year	234.2
Reduction of shareholders' equity due to retirement of treasury stock	(49.9)
Distribution of prior years' income	(28.4)
Foreign currency translation differences	(53.0)
Other	2.1
Total	354.5

Apart from the aforementioned merger by absorption of Portland Valderrivas, S.A., noteworthy among the above-mentioned variations is the capital reduction at the FCC Group's Parent Company pursuant to the resolution of the Shareholders' Meeting of June 28, 2002, which was filed at the Mercantile Registry on October 31, 2002. This reduction was made through the retirement of €2,770,277 shares of treasury stock and led to a reduction of €49.9 million in the Group's shareholders' equity.

The Group's net indebtedness at 2002 year-end amounted to €649.9 million, giving rise to a leverage ratio of 28.3%

Acquisitions of Treasury Stock

At 2002 year-end Fomento de Construcciones y Contratas, S.A. held 108,000 shares of treasury stock, representing 0.08% of capital stock, valued at €2,165 thousand.

Also in 2002 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, the variations in treasury stock in 2002 are presented below, reflecting the total effect on the FCC Group after the appropriate eliminations for intercompany transactions.

	FCC, S.A.	Portland Valderrivas,S.A.	Afigesa	Cía. Auxiliar de Agencia y Mediación	Grucycsa	FCC Group
At December 31, 2001	1,235,917	412,280	218,803	—	—	1,867,000
Intercompany purchases and sales	218,803	—	(218,803)	—	—	—
Purchases	1,011,277	—	—	—	—	1,011,277
Additions due to merger	412,280	(412,280)	—	316,008	475	316,483
Withdrawals due to retirement of shares	(2,770,277)	—	—	—	—	(2,770,277)
At December 31, 2002	108,000	—	—	316,008	475	424,483

The additions, due to mergers, of Parent Company shares in Fomento de Construcciones y Contratas, S.A. are the result of the inclusion of assets and liabilities arising from the absorption of Portland Valderrivas, S.A., while those relating to Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A. arise from the exchange of shares of Portland Valderrivas, S.A. for shares of Fomento de Construcciones y Contratas, S.A., also relating to the absorption of Portland Valderrivas, S.A.

The withdrawals due to retirement of Parent Company shares relate to the capital reduction with a charge to voluntary reserves performed by Fomento de Construcciones y Contratas, S.A. pursuant to the resolution of the Shareholders' Meeting held on June 28, 2002.

Research and Development

The FCC Group is actively present in the world of research, development and technological innovation and applies the most effective means of production and techniques to carry on its activities.

Noteworthy are the measures taken to improve environmental conditions, for example, in the area of urban cleaning, the continued research and development work relating to the design of new frames for vehicles used to collect high-volume urban waste that comply with current legislation in terms of weight and size. Also, special attention is paid to the design of compression and soundproofing systems for the interior of trucks and containers to reduce noise during waste collection.

Both public-sector institutions and private companies have taken part in a highly innovative project to combine the use of waste for energy with a combined gas cycle, enabling significant electricity output and maximum exploitation of waste.

In the Construction area work continued on two research projects financed by the European Union, the Brite Euram and Growth programs commenced in prior years. The Group is also participating in the organization of various project proposals for the Sixth Framework Program of the European Union. Also, a proposal for a research project was presented to the European Union's Directorate-General of the Environment as part of the Life Program, which involves the optimization of waste in the construction industry. Furthermore, the Group has been involved in various projects presented in the Ministry of Science and Technology's Profit program, including, inter alia, the study of soil aggregates and alternative soils, and cordless devices for the control of construction inspections.

Outlook for 2003

The development of the FCC Group will be driven mainly by profitability considerations.

Growth will be based on the expansion of activities relating to strategic industries: Services, Construction and Cement.

Maintenance of the securities portfolio representing investments in other industries will depend on the evolution of their value and on financial opportunities.

At 2002 year-end the Group's backlog exceeded €15,229 million, up 11.5% on 2001.

On the basis of the foregoing, it is expected that net sales and income in 2003 will exceed those obtained in 2002.

In the Services area an increase in net sales is expected based mainly on the contribution made by the contracts in the Environmental industry, which were renewed or extended in the final months of 2002, and on the opportunity to make new investments in waste activities.

In Water Management the trend towards privatization of integral management services continues, leading to a call for new tenders and, accordingly, expectations of further contracts.

Noteworthy in terms of activities in the Services area abroad is the start-up of contracts obtained in Egypt, although their global evolution will be affected by the crisis in Latin America.

At 2002 year-end the Services portfolio exceeded €11,500 million, up 11.1% on 2001.

Also, significant growth is expected in the Urban Environment area, basically in the vehicle parking lot and passenger and aircraft handling industries. This growth will affect both activities in Spain and those in other Euro-zone countries.

In Construction, following years of strong growth, it is expected that the level of activity will be consolidated, with slight increase, thanks to the execution of the contracts obtained in the last year, which have enabled a portfolio of more than €3,400 million to be obtained, representing the largest portfolio ever held by the Group.

In the Cementos Portland Group, sales projections for 2003 are favorable, although a moderate increase in demand is expected with respect to preceding years.

The entry into service in 2003 of the significant investments made in the extension and modernization of the factories located in Spain has given rise to increased earnings projections.

Also, an investment plan will be commenced which is expected to be implemented in the coming years in order to boost productivity and production capacity at the plants located in the U.S.A., and to renew certain facilities at Spanish plants, thereby enabling them to continue to step up productivity and to comply with environmental and safety regulations.

A U D I T O R ' S R E P O R T



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**Deloitte
& Touche**

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, 2002, 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 2002 financial statements of certain dependent and associated companies, whose aggregate assets and net income represent 40% and 27%, 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 2002 figures for each item in the consolidated balance sheet and consolidated statements of income and of changes in financial position, the figures for 2001. Our opinion refers only to the 2002 consolidated financial statements. Our auditors' report dated April 10, 2002, on the 2001 consolidated financial statements contained an opinion qualified for the accelerated amortization of certain goodwill (see Note 4-a).
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 2002 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, 2002, and of the results of their operations and of the funds obtained and applied by them 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.

Deloitte
Touche
Tohmatsu

Deloitte & Touche España, S.L., inscrita en el Registro Mercantil de Madrid, tomo 13.650, folio 106, sección 6, hoja M-54414, C.I.F.: B-79104469. Domicilio Social: Raimundo Fernández Vilaverde, 65, 28003 Madrid.



4. The accompanying consolidated management report for 2002 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 2002. 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 & TOUCHE ESPAÑA, S.L.
Registered in ROAC under no. S0692



Javier Parada Pardo

April 9, 2003

FINANCIAL STATEMENTS AND MANAGEMENT
REPORT AND AUDITOR'S REPORT OF
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	12/31/2002	12/31/2001
Fixed and other noncurrent assets	1,596,555	1,324,947
Intangible assets	108,122	81,600
- Concessions, patents, licenses, trademarks and other	30,322	26,090
- Rights on leased assets	106,534	78,216
- Accumulated amortization	(28,734)	(22,706)
Tangible fixed assets	211,708	114,727
- Land and structures	143,796	41,025
- Plant and machinery	225,986	190,707
- Other fixtures, tools and furniture	56,773	48,592
- Advances and construction in progress	11,403	5,565
- Other tangible fixed assets	14,046	9,893
- Allowances	(164)	(162)
- Accumulated depreciation	(240,132)	(180,893)
Long-term investments	1,274,560	1,112,293
- Investments in Group companies	1,099,841	915,930
- Investments in associated companies	238,976	190,479
- Loans to Group and associated companies	3,977	4,369
- Long-term investment securities	27,761	27,761
- Other loans	15,708	13,379
- Long-term deposits and guarantees given	3,841	1,310
- Allowances	(115,544)	(40,935)
Treasury stock	2,165	16,327
Deferred charges	4,944	4,405
Current assets	406,781	471,243
Inventories	18,956	6,834
- Raw materials and other supplies	16,307	3,696
- Finished goods	3,386	3,979
- Advances	22	48
- Allowances	(759)	(889)
Accounts receivable	332,796	406,512
- Trade receivables for sales and services	260,096	212,878
- Receivable from Group companies	12,871	147,831
- Receivable from associated companies	2,779	2,650
- Sundry accounts receivable	13,282	9,220
- Employee receivables	469	457
- Taxes receivable	53,213	49,295
- Allowances	(9,914)	(15,819)
Short-term investments	11,215	10,153
- Loans to Group companies	2,043	5,055
- Loans to associated companies	7,222	3,288
- Short-term investment securities	1,100	367
- Other loans	678	565
- Short-term deposits and guarantees given	352	1,022
- Allowances	(180)	(144)
Cash	37,835	44,210
Accrual accounts	5,979	3,534
TOTAL ASSETS	2,008,280	1,800,595

As of december 31, 2002

(Thousands of Euros)

SHAREHOLDERS' EQUITY AND LIABILITIES	12/31/2002	12/31/2001
Shareholders' equity	834,872	712,102
Capital stock	130,567	120,102
Additional paid-in capital	242,133	129,897
Reserves	383,945	392,586
- Legal reserve	24,020	24,020
- Reserves for treasury stock	2,165	16,327
- Reserve for retired capital	2,770	—
- Other reserves	354,990	352,239
Income for the year	117,006	103,146
Interim dividend	(38,779)	(33,629)
Deferred revenues	5,185	5,595
- Capital subsidies	5,185	5,583
- Exchange gains	—	12
Provisions for contingencies and expenses	102,141	122,174
- Provisions	93,182	114,042
- Reversion reserve	8,959	8,132
Long-term debt	36,985	22,742
Payable to credit institutions	2,834	727
- Loans and other payables	173	—
- Long-term lease payments payable	2,661	727
Other payables	34,151	22,015
- Limited recourse project financing loans	17,091	20,302
- Notes payable and other payables	3	595
- Long-term guarantees and deposits received	3,845	1,118
- Long-term taxes payable	13,212	—
Current liabilities	1,029,097	937,982
Payable to credit institutions	43,948	25,049
- Loans and other payables	4,349	2,548
- Interest payable	745	859
- Short-term lease payments payable	38,854	21,642
Payable to Group and associated companies	661,836	599,354
- Payable to Group companies	658,264	595,387
- Payable to associated companies	3,572	3,967
Trade accounts payable	143,805	125,564
- Advances received on orders	17,182	20,741
- Accounts payable for purchases and services	69,201	58,876
- Notes payable	57,422	45,947
Other nontrade payables	147,806	162,033
- Taxes payable	46,459	86,960
- Notes payable	5,222	7,104
- Limited recourse project financing loans	3,213	2,855
- Other payables	71,702	50,936
- Compensation payable	20,052	14,118
- Short-term guarantees and deposits received	1,158	60
Operating allowances	31,560	25,940
Accrual accounts	142	42
TOTAL SHAREHOLDERS' EQUITY	2,008,280	1,800,595

Statements of Income

Fomento de Construcciones y Contratas, S.A.

DEBIT	12/31/2002	12/31/2001
Total operating expenses	685,022	587,623
Reduction in finished goods and work-in-process inventories	590	1,310
Cost of materials used and other external expenses	130,514	117,374
- Raw materials and other consumables used	66,108	57,877
- Other external expenses	64,406	59,497
Personnel expenses	398,260	337,029
- Wages, salaries and similar expenses	303,396	254,426
- Employee welfare expenses	94,864	82,603
Depreciation and amortization expense	41,399	31,589
Variation in operating allowances	(15,720)	1,118
- Variation in inventory allowances	(132)	(288)
- Variation in allowances for and losses on uncollectible receivables	(134)	(355)
- Variation in other operating allowances	(15,454)	1,761
Other operating expenses	129,979	99,203
- Outside services	125,702	96,162
- Taxes other than income tax	3,481	2,434
- Provision to the reversion reserve	796	607
Operating income	93,875	73,124
Financial expenses	24,803	28,488
- On debts to Group and associated companies	18,230	23,013
- On debts to third parties and similar expenses	6,573	5,475
Variation in investment valuation allowances	3,389	3,588
Exchange losses	514	258
Financial income	73,103	56,766
Income from ordinary activities	166,978	129,890
Variation in intangible asset, tangible fixed asset and control portfolio allowances	58,868	18,674
Losses on fixed assets	3,038	—
Extraordinary expenses and losses	15,022	8,727
Income before taxes	104,693	106,379
Corporate income tax	12,313	(3,233)
Income for the year	117,006	103,146

As of december 31, 2002

(Thousands of Euros)

CREDIT	12/31/2002	12/31/2001
Total operating revenues	778,897	660,747
Net sales	706,822	601,018
Capitalized expenses of in-house work on fixed assets	421	313
Other operating revenues	71,654	59,416

Revenues from equity investments	100,251	87,261
- Group companies	83,427	76,719
- Associated companies	16,824	10,542
Revenues from other marketable securities and noncurrent loans	678	631
- Associated companies	155	240
- Nongroup companies	523	391
Other financial revenues	447	727
- Group and associated companies	18	72
- Other interest	429	655
Exchange gains	433	481
Gains on fixed assets and control portfolio	—	403
Capital subsidies transferred to income for the year	368	373
Extraordinary revenues	14,275	3,114
Extraordinary loss	62,285	23,511

Notes to Financial Statements

Fomento de Construcciones y Contratas, S.A

As of december 31, 2002

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Exhibit I. Group Companies

Exhibit II. Joint Ventures

Exhibit III. Associated and Multigroup Companies

Exhibit IV. Report of the Board of Directors of Fomento de Construcciones y Contratas, S.A. for 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 cleaning and maintenance, and water treatment and distribution. 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. Merger by Absorption of Portland Valderrivas, S.A.

On September 27, 2002, the merger by absorption of Portland Valderrivas, S.A. (the absorbed company) into Fomento de Construcciones y Contratas, S.A. (the absorbing company) was registered at the Mercantile Registry. The merger was approved by the respective Shareholders' Meetings on June 28 and 27, 2002. As a result of the merger the absorbed company was dissolved without liquidation and its assets and liabilities were transferred en bloc to the absorbing company, which acquired the absorbed company's rights and obligations by way of universal succession.

The merger process was structured as follows:

- a) The merger balance sheets were those as of December 31, 2001, verified by the companies' auditors.
- b) The exchange ratio, which was determined on the basis of the actual value of the related corporate assets and liabilities, was established as six shares of Fomento de Construcciones y Contratas, S.A. of €1 par value each for every five shares of Portland Valderrivas, S.A., also of €1 par value each. In order to carry out this exchange Fomento de Construcciones y Contratas, S.A. performed a capital increase through the issuance of €13,235,784 new shares.

The additional paid-in capital (€112,236 thousand) for the new shares issued was established on the basis of the difference between the par value of these shares and the book value of the assets and liabilities contributed as a result of the merger.

- c) The transactions performed by the absorbed company from January 1, 2002 are considered to be carried out by the absorbing company.

The detail of the assets and liabilities transferred to Fomento de Construcciones y Contratas, S.A. is as follows:

Tangible fixed assets	73,307
Long-term investments	106,939
Long-term debt	(22,381)
Assets less current liabilities	(32,394)
Increase in shareholders' equity	125,471

The material variations resulting from the merger are described in these notes to financial statements under the heading "Additions/Retirements Due to Merger".

3. 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, as a result of the absorption of Portland Valderrivas, S.A., referred to in Note 2 to these financial statements, 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 2002 individual financial statements of Fomento de Construcciones y Contratas, S.A., the 2002 consolidated financial statements of the Fomento de Construcciones y Contratas Group, which will also be submitted for approval by the Shareholders' Meeting.

4. Distribution of Income

The proposed distribution of the income for 2002 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	117,006
Distribution:	
To legal reserve	2,093
Interim dividend	€0.2970 per share
Final dividend	€0.2536 per share
To voluntary reserve:	
The amount remaining after payment of the interim and supplementary dividends will be allocated to outstanding shares with the right to remuneration at the date of payment.	

An interim dividend out of 2002 income of 29.70% (gross) on the par value of the shares of Fomento de Construcciones y Contratas, S.A. (€0.2970 per share) was declared on December 19, 2002, and paid after January 7, 2003.

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.

5. Valuation Standards

a) Intangible assets

Intangible assets are recorded at cost, which does not include financing interest.

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

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 adapt the carrying values to market, if lower. Allowances are also recorded for the decline in value of obsolete inventories.

The assets received in payment of loans are valued at the amount at which the loan relating to the asset received is recorded or at the lower of production cost or market.

f) Treasury stock

Treasury stock is valued at the lower of average cost or market.

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 pension plans to supplement the social security pension benefits. In some cases, the Company has undertaken to pay retirement bonuses, permanent occupational disability or other benefits.

In 2002, pursuant to the revised Pension Fund and Plan Law, the Company externalized its pension and other similar commitments to its employees, for which a provision amounting to €2,242 thousand had been recorded in prior years.

In addition, in certain individual cases, including certain executives and directors, the companies have undertaken to pay retirement bonuses, permanent occupational disability or other benefits. All these commitments had previously been externalized.

i) Other provisions for contingencies and expenses

The Company has recorded provisions for contingencies and expenses, which are basically booked in accordance with the accounting principle of prudence, to cater for any general and extraordinary contingencies which might arise.

j) Reversion reserve

The Company generally 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 assets subject to reversion 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 valued at 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 balances of these captions are allocated to income on the basis of the principal amount outstanding.

l) Corporate income tax

The corporate income tax expense is recorded in the statement of income. The effect of the differences between taxable income and book income before taxes, which in some cases revert in subsequent periods, and the tax relief and tax credits to which the Company is entitled were considered in determining the amount of corporate income tax payable.

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 arising are taken to income as stipulated by current regulations.

The differences arising 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, or at the sale price of other services for which, despite being as yet unapproved, there is reasonable assurance of recovery), and the costs incurred. Additionally, late-payment interest is recognized as a revenue at the date it is approved and/or finally collected.

The difference between the recorded amount of production and the amount certified for each project 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 under sundry headings 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.

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, the holding under concessions and operation of landfills for which, in general, the Company is responsible for the subsequent sealing, control and reforestation on completion of operations. Also, the Company has fixed assets for the protection of the environment and bears any expenses that may be necessary for this purpose when carrying on its activities.

The acquisition costs of these fixed assets used in environmental conservation are recorded, depending on the type of asset, under the "Tangible Fixed Assets" or "Intangible Assets" caption and amortized or depreciated over their useful life. Also, the company records the expenses and provisions relating to its environmental commitments in accordance with current accounting regulations.

6. Intangible Assets

The variations in 2002 in this caption in the accompanying balance sheet were as follows:

	Balance at 12/31/01	Additions or Provisions	Retirements or Reductions	Transfers to Tangible Fixed Assets	Balance at 12/31/02
Concessions, patents, licenses, trademarks and other	26,090	4,232	—	—	30,322
Rights on leased assets	78,216	63,965	—	(35,647)	106,534
Accumulated amortization	(22,706)	(14,984)	—	8,956	(28,734)
	81,600	53,213	—	(26,691)	108,122

The "Concessions, Patents, Licenses, Trademarks and Other" account relates mainly to joint ventures and includes most notably the amounts paid for concessions for, among others, 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 2002 year-end are as follows:

Original cost of the assets	106,534
Value of purchase options	1,122
Contract term (years)	2
Lease payments paid in the year	43,128
Lease payments paid in prior years	23,632
Lease payments outstanding, including purchase option	41,515

The detail of leased assets as of December 31, 2002, is as follows:

Plant and machinery	92,852
Other fixtures, tools and furniture	12,454
Other tangible fixed assets	1,228
	106,534

7. Tangible Fixed Assets

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2002, is as follows:

	Cost	Accumulated Depreciation	Allowances	Net
Land and structures	143,796	(45,091)	(164)	98,541
Plant and machinery	225,986	(148,867)	—	77,119
Other fixtures, tools and furniture	56,773	(36,602)	—	20,171
Advances and construction in progress	11,403	—	—	11,403
Other tangible fixed assets	14,046	(9,572)	—	4,474
	452,004	(240,132)	(164)	211,708

€48,064 thousand of the net balance of tangible fixed assets relate to joint ventures.

All the tangible fixed assets were being used in production at 2002 year-end; however, €137,476 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 as a result of additions and retirements in 2002 were as follows:

	Balance at 12/31/01	Due to Merger	Additions or Provisions	Retirements or Reductions	Transfers	Balance at 12/31/02
Land and structures	41,025	102,189	2,670	(2,088)	—	143,796
Plant and machinery	190,707	210	6,849	(7,066)	35,286	225,986
Other fixtures, tools and furniture	48,592	1,548	6,322	(1,691)	2,002	56,773
Advances and construction in progress	5,565	—	7,703	—	(1,865)	11,403
Other tangible fixed assets	9,893	2,189	1,806	(66)	224	14,046
Allowances	(162)	—	(2)	—	—	(164)
Accumulated depreciation	(180,893)	(32,829)	(26,415)	8,961	(8,956)	(240,132)
	114,727	73,307	(1,067)	(1,950)	26,691	211,708

As indicated in Notes 2 and 3 to these financial statements, the 80% ownership interest in the Torre Picasso building was included in the “Due to Merger” column.

8. 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:

I) Long-term

Investments in Group companies

The detail, by company, of this account in the accompanying balance sheet is presented in Exhibit I, showing for each company in which the Company has a direct holding: corporate name, address, line of business, percentage of direct or indirect ownership, amount of capital and reserves, income (loss), dividends received, whether listed or unlisted, and the book value of the holding.

The variations in the balance of this caption in 2002 were as follows:

	Cost	
Balance at 12/31/01		915,930
Capital increases and purchases:		
Egypt Environmental Services S.A.E.	7,760	
FCC Agua y Entorno Urbano, S.A.	10,757	
Gyza Environmental Services S.A.E.	7,566	26,083
Retirements or disposals:		
Tratamiento y Recuperaciones Industriales, S.A.	(7,152)	
Other	(278)	(7,430)
Variations arising from the absorption of Portland Valderrivas, S.A. referred to in Note 2:		
a) Purchases from Group companies:		
Portland Valderrivas, S.A.	84,548	
b) Additions and retirements due to merger:		
Cementos Portland, S.A.	175,953	
Grucycsa, S.A.	15,803	
Cía. Auxiliar de Agencia y Mediación, S.A.	1,657	
Portland Valderrivas, S.A.	(112,781)	
Asiris, S.A. Correduría de Seguros	30	
Per Gestora Inmobiliaria, S.L.	48	165,258
Balance at 12/31/02		1,099,841

The Group company Seragua, S.A. changed its corporate name in 2002 to Aqualia Gestión Integral del Agua, S.A., which then absorbed Mediterránea de Aguas, S.A. and other subsidiaries (all belonging to the Fomento de Construcciones y Contratas Group), in order to centralize the water activities, without any adverse economic impact on Fomento de Construcciones y Contratas, S.A.

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 company in which the Company has a direct holding as that presented for the Group companies.

The variations in the balance of this caption in 2002 were as follows:

		Cost
Balance at 12/31/01		190,479
Capital increases and purchases:		
Proactiva Medio Ambiente, S.A.	30,000	
Ecoserveis Urbans de Figueres, S.L.	301	30,301
Retirements or disposals:		
Fisersa Manteniment Urbà, S.A.	(266)	
Other	(46)	(312)
Addition due to absorption of Portland Valderrivas, S.A. referred to in Note 2:		
Realia Business, S.A.		18,508
Balance at 12/31/02		238,976

Long-term investment securities

The detail, by investment, cost and allowance, of the balance of this account as of December 31, 2002, is as follows:

	Equity Securities	Allowances	Net Book Value
Artscapital Investment, S.A. (8.63% shareholding)	5,469	(3,661)	1,808
Polux Capital, S.L. (8.63% shareholding)	2,344	(2,344)	—
Shopnet Brokers, S.A. (16.7% shareholding)	3,005	(821)	2,184
Venditelecom España, S.L. (17.23% shareholding)	15,534	(12,884)	2,650
Other	1,409	(56)	1,353
	27,761	(19,766)	7,995

Venditelecom España, S.L. is the holding company of Xfera Móviles, in which it has a 29.49% ownership interest.

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 allowances relating to long-term investment securities is shown in the preceding table.

The variations in 2002 were as follows:

Balance at 12/31/01		40,935
Provisions and reversals:		
Group and associated companies:		
Ambiente y Ecología de Buenos Aires, S.A.	387	
Tratamiento y Recuperaciones Industriales, S.A.	(435)	
Proactiva Medio Ambiente, S.A.	58,768	
Other	148	58,868
Long-term investment securities:		
Venditelecom España, S.L.	12,884	
Artscapital Investment, S.A.	1,449	
Polux Capital, S.L.	1,551	
Shopnet Brokers, S.A.	265	16,149
Other loans:		(78)
Retirements and disposals:		
Group and associated companies:		
Bahamas, S.A.	(185)	
Tratamiento y Recuperaciones Industriales, S.A.	(145)	(330)
Balance at 12/31/02		115,544

In relation to the company's effective ownership, through Venditelecom España, S.L, of a 5.08% holding in Xfera Móviles, S.A. with a total investment of €25,768 thousand, recorded under the "Investment Securities" and "Other Long-Term Loans" captions for €15,534 thousand and €10,234 thousand, respectively, in the accompanying financial statements, in 2002 an allowance was recorded, with a charge to extraordinary income, for 50% of this investment, i.e., €12,884 thousand, due to the difficulties relating to the commercial development of the UMTS technology. Xfera Móviles, S.A. is the concession-holder of a UMTS wireless telephony license. It should also be noted that the company has provided guarantees to Xfera Móviles, S.A. for €9,353 thousand.

II) Short-term investments

This account includes the loans and other nontrade credit facilities granted to Group and associated companies, among others, to cater for certain specific cash situations, and other cash surpluses which are invested at short term, valued at the lower of cost or market, and increased by the interest earned at market rates.

9. Deferred Charges

The variations in 2002 in the balance of this caption in the accompanying balance sheet were as follows:

	Balance at 12/31/01	Additions	Amounts Used	Balance at 12/31/02
Financing of fixed assets	3,973	715	—	4,688
Arrangement of debt	385	—	(385)	—
Financial leases	47	1,801	(1,592)	256
	4,405	2,516	(1,977)	4,944

10. Trade Receivables for Sales and Services

The breakdown of the balance of this caption in the accompanying balance sheet, relating mainly to the amounts receivable for company services, is as follows.

Construction certificates receivable	211,740
Completed production pending certification	48,356
Trade receivables for sales and services	260,096
Advances received on orders	(17,182)
Total trade receivables, net	242,914

€32,635 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 "Advances Received on Orders" balance on the liability side of the accompanying balance sheet which, as required by accounting regulations, includes collected and uncollected certificate prebillings under sundry headings and the advances received (normally in cash) for future supplies.

The "Construction Certificates Receivable" account reflects the amount of the certificate billings to customers for services provided pending collection as of December 31, 2002.

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. This amount relates basically to balances receivable for production in December 2002 and the price revisions, under the terms of the different contracts, pending approval, which the Company considers are certain to be recovered so that they can be duly certified.

The Company transfers trades 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 amounted to €73,757 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 carried on by Fomento de Construcciones y Contratas, S.A.

11. Shareholders' Equity

The variations in equity accounts in 2002 were as follows:

	Balance at 12/31/01	2001 Retained Earnings	Capital Increase	Retirement of Own Shares	Transfers	Balance at 12/31/02
Capital stock	120,102	—	13,235	(2,770)	—	130,567
Additional paid-in capital	129,897	—	112,236	—	—	242,133
Legal reserve	24,020	—	—	—	—	24,020
Reserve for treasury stock	16,327	—	—	—	(14,162)	2,165
Reserve for retired capital	—	—	—	2,770	—	2,770
Voluntary reserves	352,239	41,087	—	(52,498)	14,162	354,990
Total Capital and reserves	642,585	41,087	125,471	(52,498)	—	756,645

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.

As a result of the absorption of Portland Valderrivas, S.A. referred to in Note 2 to these financial statements, capital stock was increased by €13,235 thousand through the issuance of 13,235,784 shares of €1 par value each.

On October 31, 2002, the deed of the capital reduction was registered at the Mercantile Registry pursuant to a resolution of the Shareholders' Meeting on June 28, 2002. The capital reduction of €2,770 thousand was made through the retirement of 2,770,277 shares of €1 par value each with a charge to voluntary reserves of €52,498 thousand.

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 holding of 52.48% in the Company's capital stock. The principal shareholders of B-1998, S.L. are Esther Koplowitz Romero de Juseu and the Vivendi Environment Group with holdings of 51% and 49%, respectively.

The CNP Group (Compagnie Nationale à Portefeuille) has an investment of 9.3%.

b) Additional paid-in capital

As a result of the absorption of Portland Valderrivas, S.A. referred to in Note 2 to these financial statements, the Company's additional paid-in capital increased by €112,263 thousand in 2002.

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.

Should the proposed distribution of income be accepted, the legal reserve will have reached the required level.

d) Treasury stock

The company holds 108,000 shares of treasury stock, representing 0.08% of its capital stock, with a net book value of €2,165 thousand.

As required by Article 79.3 of the Spanish Corporations Law, the company recorded a reserve of €2,165 thousand for treasury stock, with a charge to voluntary reserves. This reserve is restricted as long as the treasury stock is not sold or retired.

The variations in treasury stock in 2002 were as follows:

	No. of Shares	%	Amount
Balance at 12/31/01	1,235,917	1.03	16,327
Purchases	1,230,080	0.94	32,603
Additions due to merger	412,280	0.32	5,733
Retirements	(2,770,277)	(2.12)	(52,498)
Balance at 12/31/02	108,000	0.08	2,165

The additions due to the merger are the result of the inclusion of the assets and liabilities arising from the absorption of Portland Valderrivas, S.A., described in Note 2 to these financial statements.

As indicated in Note 11-a, in 2002 2,770,277 shares of treasury stock of €1 par value each were retired in order to reduce capital stock by €2,770 thousand.

e) Reserve for retired capital

This reserve includes the par value of the own shares retired with a charge to income or unrestricted reserves. The reserve for retired capital is restricted, unless it meets the same requirements as those stipulated for capital reductions.

The variations in this caption relate to the recording of this reserve as a result of the capital reduction described in Note 11-a, pursuant to Article 167.3 of the Spanish Corporations Law.

12. Subsidies

The accompanying balance sheet includes €7,797 thousand of subsidies received in the past, €2,612 thousand of which had been taken to income, including €368 thousand in the year ended December 31, 2002. This amount relates in full to joint ventures.

13. Provisions for Contingencies and Expenses

a) Provisions

This caption includes mainly provisions recorded in accordance with the accounting principle of prudence to cover any general or extraordinary contingencies that may arise.

b) Reversion reserve

The Company records the reversion reserve as described in Note 5-j.

The variations in 2002 were as follows:

Balance at 12/31/01	8,132
Provisions	796
Transfers	31
Balance at 12/31/02	8,959

14. Nontrade payables

a) Long-term payables:

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 limited recourse project financing loans mature as follows:

2004	3,610
2005	3,797
2006	1,951
2007	2,178
2008 and subsequent	5,555
	17,091

The detail of the balance of the “Long-Term Taxes Payable” caption is disclosed in Note 15 (“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.

The company has short- and long-term credit facilities amounting to €569,502 thousand, substantially all of which were undrawn as of December 31, 2002.

15. Tax Matters

I. Long-term

The “Long-Term Taxes Payable” caption includes €13,212 thousand relating to deferred corporate income tax for 35% of the accelerated depreciation of the Torre Picasso building in accordance with the tax incentives provided for in Royal Decree-Law 2/1985 and the depreciation of assets provided for in Royal Decree-Law 3/1993. The variations in 2002 were as follows:

Additions due to the absorption of Portland Valderrivas, S.A. described in note 2	13,869
Transfer to short term	(657)
Balance at December 31, 2002	13,212

This liability, which does not accrue any interest, falls due as follows based on the useful life of the assets in question:

2004	657
2005	479
2006	208
2007	208
2008 and subsequent	11,660
	13,212

II. Short-term

The detail of the balances of the "Current Assets -Taxes Receivable" and "Current Liabilities - Taxes Payable" captions in the balance sheet is as follows:

Taxes receivable:	
Prepaid corporate income tax	47,587
VAT recoverable	1,758
Other items	3,868
	53,213
Taxes payable:	
Personal and corporate income tax withholdings (from salary income and income from movable capital)	5,102
Deferred corporate income tax	6,403
Corporate income tax payable	11,867
VAT and other indirect taxes payable	13,346
Levies and other taxes other than income tax	1,020
Accrued social security taxes payable	8,721
	46,459

Reconciliation of the income per books to the taxable income for corporate income tax purposes:

Income for the year per books		104,693
	Increase	Decrease
Permanent differences	—	33,774
Adjusted income per books		70,919
Timing differences:		
Arising in the reporting year	25,178	1,665
Arising in prior years	3,599	2,169
Taxable income		95,862

Adjusted income per books	70,919
Corporate income tax charge (35%)	24,822
Double taxation tax credit for intercompany transactions	(35,088)
Tax credits and relief	(2,047)
Corporate income tax recoverable	(12,313)

The corporate income tax recoverable in the statement of income arises mainly from the application of the 17% tax credit for reinvestment of gains which, in accordance with the change in legislation introduced in Law 24/2001, were taxable at 18% instead of 35% if the reinvestment requirement was complied with. In accordance with the formal requirements established in the aforementioned Law amending Corporate Income Tax Law 43/1995, the income on which the above-mentioned tax credit is taken amounts to €57,369 thousand, giving rise to a tax credit of €9,753 thousand, and the extraordinary income was reinvested between 1996 and 2000. This tax credit was deducted from the 2001 corporate income tax charge, following the 2001 year-end closing and preparation of the related financial statements, and, accordingly, the effect thereof was included in the 2002 financial statements. Consequently, in 2002 the deferred taxes recorded in this connection in the 2001 balance sheet for €20,079 thousand, were canceled. Of this amount, corporate income tax at 18% was paid relating to 2001 (€10,326 thousand) and the tax cost for 2002 was reduced by the tax relief of 17% (€9,753 thousand).

In general, Fomento de Construcciones y Contratas, S.A. capitalizes the prepaid tax relating to timing differences. Any variations in taxable income for which the related tax is not or was not capitalized are reflected in the above table as "Permanent Differences", together with the tax relief indicated in the preceding paragraph.

The timing differences relate to prepaid corporate income tax arising mainly from the variations in provisions for third-party liabilities and other items, which will become deductible in subsequent years when the conditions stipulated by tax law are met. This balance also includes deferred corporate income tax due to the special amortization of lease contracts entered into from January 1, 1996, pursuant to Law 43/1995 and to the assets subject to Royal Decree-Laws 2/1985 and 3/1993.

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 them. The criteria which the tax authorities might adopt for the years open for review might 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.

16. Guarantee Commitments to Third Parties and Other Contingent Liabilities



As of December 31, 2002, Fomento de Construcciones y Contratas had provided €214,043 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 €89,099 thousand.

The Company has guaranteed its employees for 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.

17. Revenues and Expenses

In 2002 Fomento de Construcciones y Contratas, S.A. billed Group and associated companies €73,048 thousand for work performed and services provided. This amount included most notably €47,532 thousand billed for management, representation and administration services provided to the Company's wholly-owned subsidiary FCC Construcción, S.A. The Company also purchased €29,060 thousand of services and consumables from the aforementioned companies. The financial expenses incurred in 2002 on nontrade accounts payable to Group companies amounted to €18,230 thousand.

Substantially all the net sales relate to services provided in Spain, of which €79,976 thousand relate to services provided by joint ventures.

Operating revenues include rent revenues and billings for the allocation of 80% of costs to the tenants of the Torre Picasso building, amounting to €15,855 thousand and €4,481 thousand, respectively.

The average number of employees at the company in 2002 was as follows:

Managers and graduate employees	246
Junior graduate line personnel	153
Clerical and similar staff	627
Other salaried employees	14,681
	15,707

18. Environmental Information

As indicated in Note 5-o, the activities carried on by the company in the Services area are by their nature aimed at environmental protection and conservation, arising not only from production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also from the performance of these activities through the use of production techniques and systems aimed at reducing environmental impact in accordance with the limits stipulated in the legislation relating to this area, such as the methanization of organic waste, the use of sludge from WWT plants through transformation into compost, recycling, the segregation and storage of hazardous waste until its delivery to the authorized manager, etc.

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, 2002, fixed assets relating to production in the Services area amounted to €428,783 thousand, net of depreciation of €210,891 thousand.

Company management considers that the contingencies relating to environmental protection and improvement as of December 31, 2002, would not have a significant impact on the accompanying financial statements, which include provisions for contingencies and expenses to meet any general and extraordinary contingencies that may arise.

19. 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 €147 thousand. This caption also includes fees relating to other services billed by the auditor or by other entities related to them, amounting to €102 thousand.

20. Other Information



The compensation earned by the members of the Board of Directors in 2002 amounted to €4,580 thousand.

Except as indicated in Note 5-h, no advances, loans or guarantees of any kind had been granted to the directors, and there were no pension or life insurance obligations to former or present directors.

21. Statement of Changes in Financial Position

Source of funds	2002	2001
Funds obtained from operations	188,418	151,196
Funds obtained from extraordinary income	20,454	3,697
Shareholders' contribution due to the merger of Portland Valderrivas, S.A., described in Note 2	125,471	—
Retired treasury stock	52,498	—
Capital subsidies	—	306
Increase in long-term debt	4,350	1,904
Disposal of tangible fixed assets	2,055	1,088
Disposal of long-term investments	4,270	4,598
Repayment or transfer to short term of long-term investments	3,119	361
Increase in provisions for contingencies and expenses	839	—
Decrease in working capital	155,577	27,919
	557,051	191,069

Application of funds	2002	2001
Fixed asset additions	155,606	70,998
Intangible assets	68,197	44,848
Tangible fixed assets	25,350	19,448
Long-term investments	62,059	6,702
Due to the merger of Portland Valderrivas, S.A.:	157,865	—
Tangible fixed assets	73,307	—
Long-term investments	106,939	—
Long-term debt	(22,381)	—
Purchases of shares of Portland Valderrivas, S.A. prior to merger	84,548	—
Reduction of shareholders' equity due to retirement of shares	52,498	—
Increase in long-term loans	—	8,510
Acquisition of treasury stock	32,603	—
Dividends	67,209	59,039
Repayment or transfer to short term of long-term debt	6,722	9,622
Transfer to short term of long-term provisions	—	5,109
Reduction of provisions for contingencies and expenses	—	37,791
	557,051	191,069

Variation in Working Capital

	2002		2001	
	Increase	Decrease	Increase	Decrease
Inventories	12,122	—	—	1,310
Accounts receivable	—	73,716	71,712	—
Accounts payable	—	91,115	—	98,626
Short-term investments	1,062	—	—	5,516
Shares of treasury stock at short term	—	—	—	2,070
Cash	—	6,375	8,131	—
Accrual accounts	2,445	—	—	240
	15,629	171,206	79,843	107,762
Decrease in working capital	155,577	—	27,919	—
	171,206	171,206	107,762	107,762

The reconciliation of income per books for the year to the funds obtained from operations in the foregoing statements of changes in financial position is as follows:

	2002	2001
Ordinary income for the year after taxes	157,491	122,684
Depreciation and amortization expense	41,399	31,589
Period provision to reversion reserve	796	607
Deferred revenues	(12)	—
Deferred charges	(539)	(1,153)
Provisions for contingencies and expenses	(14,072)	(6,119)
Variation in investment valuation allowances	3,355	3,588
Funds obtained from operations	188,418	151,196

22. Cost Accounting Statements of Income

	12/31/02		12/31/01	
	Amount	%	Amount	%
Net sales	706,822	100.00	601,018	100.00
+ Other operating revenues	71,654	10.13	59,416	9.89
+ Variation in finished goods and work-in-process inventories	(590)	(0.08)	(1,310)	(0.22)
+ Capitalized expenses of Group work on fixed assets	421	0.06	313	0.05
Production value	778,307	110.11	659,437	109.72
- Net purchases	78,719	11.14	57,606	9.58
- Variation in inventories of merchandies, materials and other consumables	(12,611)	(1.78)	271	0.05
- External and operating expenses	193,589	27.38	158,093	26.30
- Personnel expenses	398,260	56.34	337,029	56.08
Gross operating income	120,350	17.03	106,438	17.71
- Depreciation and amortization expense	41,399	5.86	31,589	5.26
- Period provision to reversion reserve	796	0.11	607	0.10
- Bad debts written off and variation in operating provisions	(15,720)	(2.22)	1,118	0.19
Net operating income	93,875	13.28	73,124	12.17
+ Financial revenues	101,809	14.40	89,100	14.82
- Financial expenses	25,317	3.58	28,746	4.78
- Variations in long-term financial investment provisions	3,389	0.48	3,588	0.60
Financial income	73,103	10.34	56,766	9.44
Income from ordinary activities	166,978	23.62	129,890	21.61
+ Gains on fixed assets and extraordinary revenues	14,643	2.07	3,890	0.65
- Losses on fixed assets and extraordinary expenses	18,060	2.56	8,727	1.45
- Variation in tangible fixed asset, intangible asset and control portfolio allowances	58,868	8.33	18,674	3.11
Income before taxes	104,693	14.81	106,379	17.70
- Corporate income tax	12,313	1.74	(3,233)	(0.54)
Income after taxes	117,006	16.55	103,146	17.16

23. 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 Stock	Reserves	2002 Income (Loss) before Taxes		
	Cost	Provision					Ordinary	Extraordinary	
Abies Re Anstalt Josef Rheinbergerstrasse, 6 Vaduz. (Liechtenstein) -Portfolio company-	421	—	100	— CHF	1,000 CHF	32,021	—	—	
AEBA Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321 – 3ª Buenos Aires - Argentina -Urban Cleaning-	834	471	Direct 50 Indirect 2.5	—	1,000 ARP	1,497 ARP	113 ARP	—	
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13 – Madrid -Water management-	254,769	—	Direct 99.99 Indirect 0.01	13,280	145,000	21,995	30,141	961	
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13 - Madrid -Financial-	3,008	—	Direct 43.84 Indirect 56.16	—	6,843	409,250	17,585	14,702	
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 156 - Madrid	30	—	Direct 25 Indirect 50	—	120	652	37	(2)	
Cementos Portland, S.A. Estella, 6 – Pamplona -Cement-	175,953	—	Direct 58.76 Indirect 0.06	20,448	41,757	517,598	127,323	9,551	
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-shareholder company José Abascal, 59 – Madrid -Portfolio company-	1,657	—	100	90	61	1,768	262	19	
Compañía General de Servicios Empresariales, S.A. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	60	—	100	2	60	12	3	—	
Corporación Española de Servicios, S.A. Federico Salmón, 13 – Madrid -Instrumentality company-	44	—	Direct 99.99 Indirect 0.01	2	60	11	4	—	
Corporación Financiera Hispánica,S.A. Federico Salmón, 13 – Madrid -Portfolio company-	69,818	—	Direct 99.99 Indirect 0.01	—	58,393	237,686	5,281	37,314	
Egypt Environmental Services SAE Cairo-Egypt -Urban Cleaning-	7,760	47	Direct 97 Indirect 3	—	36,400 EGP	—	—	—	
Empresa Comarcal de Serveis Medioambientals del Baix Penedés, ECOBP, S.L. Plaça del Centre, 3 - El Vendrell (Tarragona) -Urban Cleaning-	240	—	80	—	301	—	54	—	
Europea de Gestión, S.A. 63 Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	—	100	6	60	12	7	—	—	
FCC Agua y Entorno Urbano, S.A. Federico Salmón, 13 – Madrid -Management company-	62,625	—	Direct 99.99 Indirect 0.01	5,103	40,337	53,514	11,999	(1,404)	
FCC Construcción, S.A. Balmes, 36 – Barcelona -Construction-	275,551	—	Direct 99.99 Indirect 0.01	32,500	130,000	50,728	79,971	(3,285)	
FCC Construcciones y Contratas Internacional, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—	

Company	Book Value		% Ownership	Dividends Received	Capital Stock	Reserves	2002 Income (Loss) before Taxes	
	Cost	Provision					Ordinary	Extraordinary
FCC Fomento de Obras y Construcciones, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
FCC Inmobiliaria Conycon, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
FCC International B.V. Amsteldijk 166 Amsterdam (Holland) -Portfolio company-	49,910	9,962	100	—	40,840	(843)	(48)	—
FCC Medio Ambiente, S.A. Federico Salmón, 13 – Madrid -Urban Cleaning-	35,102	—	Direct 98.98 Indirect 1.02	—	43,272	32,812	12,820	(2,064)
FCC 1, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
F-C y C, S.L. Sole-shareholder company Federico Salmón, 13 – Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
Fedemés, S.L. Federico Salmón, 13 – Madrid -Real estate-	10,764	—	Direct 92.67 Indirect 7.33	—	10,301	14,002	516	(1)
Fomento Internacional Focsa, S.A. Federico Salmón, 13 . Madrid -Instrumentality company-	69	—	Direct 99.93 Indirect 0.07	3	90	18	4	—
Giza Environmental Services S.A.E. Cairo – Egypt -Urban Cleaning-	7,566	46	Direct 97 Indirect 3	—	35,500 EGP	—	—	—
Grucysa, S.A. Pza. Pablo Ruiz Picasso, s/n - Madrid -Portfolio company-	116,871	—	80.42	3,277	135,600	34,131	828	143
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18 – Manacor (Balearic Islands) -Urban Cleaning-	5,208	—	Direct 99.92 Indirect 0.08	—	308	339	449	(1)
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n – Madrid -Property management and administration-	48	—	80	—	60	45	36	4
Tratamientos y Recuperaciones Industriales, S.A. Angli, 31 – Barcelona -Waste treatment-	21,455	—	Direct 74.92 Indirect 0.08	704	72	7,353	2,785	523
TOTAL	1,099,841	10,526						

NOTES:

- Of the related companies only Grucysa, S.A. and Cement Portland, S.A. are listed companies and their market price was €7.07 and €35.90, respectively, at year-end. The average market price in the last quarter of 2002 was €7.07 for Grucysa, S.A. and €35.88 for Cement Portland, S.A.
- As required by Article 86 of the revised Corporations Law, in 2002 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



Percentage of Ownership		Percentage of Ownership	
1 ZONA 3	10	MONTCADA	50
2 ZONA 10	10	MORELLA	50
ADDENDA PUENTE DE VALLECAS 5ª FASE	50	MÚSKIZ	70
AIGÜES DE LLEIDA	50	NAVALMORAL	50
AGUAS TOMELLOSO	20	NIGRAN	10
ALCANTARILLADO BILBAO	90	NOROESTE	33
ALCOY	20	NOVELDA	5
ALPERNICHES	50	OCAÑA	75
ASTONDO	40	OLESA	20
BAIX CAMP	30	OVER	20
BARAJAS	50	PARQUE PARÍS DE LAS ROZAS	50
BERGUEDÁ	5	PAVIMENTOS	50
BOADILLA	50	PINETONS	50
BONMATÍ	10	PLA D'URGELL	60
CN III	45	PLANTA SABINÁNIGO	20
CANGAS DE MORRAZO	50	PLANTA DE TRATAMIENTOS VALLADOLID	60
CASTELLAR DEL VALLES	50	PONFERRADA	20
CENTRALSUG-FCC	50	PONIENTE ALMERIA	50
CENTRO DE GESTIÓN MADRID	50	POSA FOCSA MADRID I	50
CENTRO DE GESTIÓN ZARAGOZA	50	POSA FOCSA MADRID II	50
CERCS	5	POSA FOCSA MADRID - III	50
CIUTAT VELLA	50	POSU-FCC VILLALBA	50
COLEGIO SANT QUIRZE	50	POZUELO DE ALARCÓN	20
COLMENAR	20	PRISMA	50
CONSERVACIÓN Y SISTEMAS	60	PUERTO	50
CORNELLÁ	90	R.B.U. - L.V. DENIA	20
CUENCA	20	R.B.U. - L.V. JAVEA	20
CYCSA-EYSSA VIGO	50	R.B.U. SAN JAVIER	20
DEIXALLERÍA TARRAGONA	20	R.B.U. SAN SEBASTIÁN	20
DEPÓSITO CABECERA	80	R.B.U. TAVERNES DE VALLDIGNA	80
DEPÓSITO LA MATANZA	20	R.B.U. TUDELA	20
DEPURADORA HUESCA	80	R.B.U. VILLARREAL	47
EDAR ALMANSA	5	REDONDELA	10
EDAR ALMENDRALEJO	20	REPARACIÓN VÍAS PÚBLICAS MÓSTOLES	50
EDAR CUERVA	5	RESTAURACION GARRAF	27.5
EDAR ELCHE	20	ruta PANTANOS	50
EDAR MEQUINENZA	80	SABINÁNIGO	80
EXPLOTACIÓN PLANTA ONDA	33.33	SAN FERNANDO HENARES	20
EXTREMADURA	25	SANEJAMENT PALAFRUGELL	20
F.L.F. LA PLANA	47	SANT QUIRZE	50
FANGOS VIC	20	SANTA COLOMA DE GRAMANET	61
FCC-ACISA-AUDING	45	SANTOMERA	60
FCC-ANPE	80	SCC-FCC	10
FCC DIESEL BARCELONA	80	SEGRIÁ	20
FCC DIESEL N-VI	50	SELECTIVES	20
FCC-ERS LOS PALACIOS	50	SERAGUA - FCC - VIGO	50
FCC FOCONSA	50	SIMÓN HERNÁNDEZ	50
FCC-LUMSA	50	SOGESUR-FCC-MYASA	20
FCC-SECOPSA I	50	SOLANA	20
FCC-SERAGUA-OVIEDO	5	SYF TRATAMIENTOS	35
FCC-SERAGUA-SALAMANCA	5	TIRVA	20
FCC-SUFI MAJADAHONDA	50	TABLADA	20
FCC-SUFI PESA	50	TARAZONA	80
FCC-SYF PLAYAS	40	TOMELLOSO	50
GUADIANA	20	TOIVAL	50
JARDINES ALBACETE	20	TREMP	51
JARDINES SANTA COLOMA	50	TRIAG Y CLASIFICACIÓN	60
JUNDIZ	51	VERTEDERO CALVIÁ	30
LA SELVA	99	VERTEDERO GARDELEGUI	70
LEGIO VII	50	VERTRESA	10
L.J. SAN SEBASTIÁN	20	VINAROS	50
L.V. PAMPLONA	20	ZARAUTZ	20
L.V. SAN SEBASTIÁN	20	ZARZUELA	50
MANCOMUNIDAD ALTO MIJARES	50	ZONZAMAS FASE II	30
MÉRIDA	10		
MOLINA	5		
MONLEÓN	20		

EXHIBIT III. Associated and Multigroup Companies

Company	Book Value		% Ownership	Dividends Received	Capital Stock	Reserves	2002 Income (Loss) before Taxes	
	Cost	Provision					Ordinary	Extraordinary
Clavegueram de Barcelona, S.A. Acer, 16 - Barcelona -Urban Cleaning-	811	—	22.50	83	3,606	2,390	758	(198)
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93 - Barcelona -Urban Cleaning-	1,388	—	Direct 18 Indirect 18	—	7,710	—	—	—
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50 – Vilamallà (Girona) -Urban Cleaning-	301	4	50	—	601	—	(9)	—
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1 – Rincón de la Victoria (Málaga) -Urban Cleaning-	301	2	50	—	601	69	16	(42)
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2 – Valencia -Urban Cleaning-	4,733	—	49	546	781	1,514	1,963	70
Proactiva Doña Juana E.S.P.S.A Calle 98 nº 9-03 of. 804 Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban Cleaning-	284	—	Direct 23.75 Indirect 27.76	—	2,250,000 COP	50,012 COP	475,115 COP	151,374 COP
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216 – Madrid -Urban Cleaning-	119,542	85,245	50	—	56,520	129,611	(3,181)	(125,620)
Realia Business, S.A. Paseo de la Castellana, 216 - Madrid -Real estate-	110,006	—	Direct 44.25 Indirect 4.82	16,195	66,570	269,743	71,650	3,287
Servicios Urbanos de Málaga, S.A. Ulises, 18 – Madrid -Urban Cleaning-	1,610	—	51	—	3,156	—	322	(4)
TOTAL	238,976	85,251						

NOTE:

- As required by Article 86 of the revised Corporations Law, in 2002 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 2002.

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, 2002, amounted to €69,536 thousand.
2. That the company's after-tax cash flow in the first nine months of 2002 amounted to €94,680 thousand.
3. That the company's cash as of September 30, 2002, amounted to €48,300 thousand, evidencing the existence of liquidity, i.e. of sufficient cash 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 €38,778,542.45 out of 2002 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, the Chairman proposes that the following interim dividend out of 2002 income be approved:

Gross % of each share with dividend rights	29.70 %
Gross interim dividend per share	€0.2970

The related personal income tax or corporate income tax withholdings, where appropriate, will be deducted from the agreed –upon gross interim dividend.

The Board of Directors unanimously resolved:

1. To approve the report of the Board of Directors transcribed above, and
2. To distribute an interim dividend out of 2002 income for the amount stated in the foregoing report of the Board of Directors, which will be paid, as will be duly announced, on or after January 7, 2003.

Madrid, December 19, 2002

MANAGEMENT REPORT



FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Company Performance in 2002

The Company's core business is to provide general services, which include mainly sewerage, cleaning, maintenance, water treatment and distribution. It also owns holdings in other Spanish and foreign companies and in 2002 reported net income of €117,006 thousand, representing a 16.55% return on net sales.

The Board of Directors proposes the distribution of a final dividend of €0.2536 per share, representing 25.36% of the par value of the shares outstanding at the date of payment. It also proposes the allocation of €2,093 thousand to the legal reserve, in order to bring the balance of this reserve up to the legally required level, and of the remainder to unrestricted reserves. Earlier, on January 7, 2003, an interim dividend of €0.2970 per share was paid pursuant to the resolution adopted by the Board of Directors on December 19, 2002.

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, passenger and aircraft handling, logistics and cement, etc. Consequently, for a fully comprehensive representation of the economic events of 2002, the reader is referred to the information contained in the consolidated financial statements.

Acquisition of Treasury Stock

At 2002 year-end Fomento de Construcciones y Contratas, S.A. held 108,000 shares of treasury stock, representing 0.08% of capital stock, valued at €2,165 thousand.

Also in 2002 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, the variations in treasury stock in 2002 are presented below, reflecting the total effect on the FCC Group after the appropriate eliminations for intercompany transactions.

	FCC, S.A.	Portland Valderrivas	Afigesa	Cía. Auxiliar de Agen. y Mediación	Grucycsa	FCC Group
At december 31, 2001	1,235,917	412,280	218.803	—	—	1,867,000
Intercompany purchases and sales	218,803	—	(218,803)	—	—	—
Purchases	1,011,277	—	—	—	—	1,011,277
Additions due to merger	412,280	(412,280)	—	316,008	475	316,483
Withdrawals due to retirement of shares	(2,770,277)	—	—	—	—	(2,770,277)
At december 31, 2002	108,000	—	—	316,008	475	424,483

The additions, due to the merger, of Parent company shares in Fomento de Construcciones y Contratas, S.A. are the result of the inclusion of assets and liabilities arising from the absorption of Portland Valderrivas, S.A., while those relating to Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A. arise from the exchange of shares of Portland Valderrivas, S.A. for shares of Fomento de Construcciones y Contratas, S.A., also relating to the absorption of Portland Valderrivas, S.A., referred to in Note 2 to the financial statements.

The withdrawals due to retirement of Parent Company shares relate to the capital reduction with a charge to voluntary reserves performed by Fomento de Construcciones y Contratas, S.A. pursuant to the resolution of the Shareholders' Meeting held on June 28, 2002.

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.

Noteworthy are the measures taken to improve environmental conditions, for example, in the area of urban cleaning, the continued research and development work relating to the design of new frames for vehicles used to collect high-volume urban waste that comply with current legislation in terms of weight and size. Also, special attention is paid to the design of compression and soundproofing systems for the interior of trucks and containers to reduce noise during waste collection.

Both public-sector institutions and private companies have taken part in a highly innovative project to combine the use of waste for energy with a combined gas cycle, enabling significant electricity output and maximum exploitation of waste.

In the Construction area work continued on two research projects financed by the European Union, the Brite Euram and Growth programs commenced in prior years. The Company is also participating in the organization of various project proposals for the Sixth Framework Program of the European Union. Also, a proposal for a research project was presented to the European Union's Directorate-General of the Environment as part of the Life Program, which involves the optimization of waste in the construction industry. Furthermore, the Company has been involved in various projects presented in the Ministry of Science and Technology's Profit program, including, inter alia, the study of soil aggregates and alternative soils, and cordless devices for the control of construction inspections.

Outlook for 2003

The development of the FCC Group will be driven mainly by profitability considerations.

Growth will be based on the expansion of activities relating to strategic industries: Services, Construction and Cement.

Maintenance of the securities portfolio representing investments in other industries will depend on the evolution of their value and on financial opportunities.

At 2002 year-end the Group's backlog exceeded €15,229 million, up 11.5% on 2001.

On the basis of the foregoing, it is expected that net sales and income in 2003 will exceed those obtained in 2002.

In the Services area an increase in net sales is expected based mainly on the contribution made by the contracts in the Environmental industry, which were renewed or extended in the final months of 2002, and on the opportunity to make new investments in waste activities.

In Water Management the trend towards privatization of integral management services continues, leading to calls for new tenders and, accordingly, expectations of further contracts.

Noteworthy in terms of activities in the Services area abroad is the start-up of contracts obtained in Egypt, although their global evolution will be affected by the crisis in Latin America.

At 2002 year-end the Services portfolio exceeded €11,500 million, up 11.1% on 2001.

Also, significant growth is expected in the Urban Environment area, basically in the vehicle parking lot and aircraft, passenger and cargo handling industries. This growth will affect both activities in Spain and those in other Euro-zone countries.

In Construction, following years of strong growth, it is expected that the level of activity will be consolidated, with a slight increase, thanks to the execution of the contracts obtained in the last year, which have enabled a portfolio of more than €3,400 million to be obtained, representing the largest portfolio ever held by the Group.

In the Cementos Portland Group, sales projections for 2003 are favorable, although a moderate increase in demand is expected with respect to preceding years.

The entry into service in 2003 of the significant investments made in the extension and modernization of the plants located in Spain has given rise to increased earnings projections.

Also, an investment plan will be commenced which is expected to be implemented in the coming years in order to boost productivity and production capacity at the plants located in the U.S.A., and to renew certain facilities at Spanish plants, thereby enabling them to continue to step up productivity and to comply with environmental and safety regulations.

A U D I T O R ' S R E P O R T



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& Touche**

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, 2002, 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 2002 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2001. Our opinion refers only to the 2002 financial statements. Our auditors' report dated April 10, 2002, on the 2001 financial statements contained an unqualified opinion.
3. Fomento de Construcciones y Contratas, S.A. is the Parent Company of a group of companies which presents consolidated financial statements separately from the financial statements referred to above, which do not reflect the positive 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, performed on the basis of the accounting records of the companies composing the Group as of December 31, 2002, with respect to the financial statements referred to above, is to increase the Company's assets by approximately €4,792 million, its reserves by €655 million and its income for 2002 by €156 million.
4. In our opinion, the financial statements for 2002 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, 2002, 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.

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5. The accompanying management report for 2002 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 2002. 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 Company's accounting records.

DELOITTE & TOUCHE ESPAÑA, S.L.

Registered in ROAC under no. S0692



Javier Parada Pardo

April 9, 2003

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