



**Annual
Report**

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

2004

FCC
FOMENTO DE
CONSTRUCCIONES Y
CONTRATAS, S.A.

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Letter from the Chairman



Dear shareholders,

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

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

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

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

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

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

Marcelino Oreja Aguirre
Chairman



Letter from the Managing Director



Dear shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rafael Montes Sánchez
Managing Director





Governing Bodies

Board of Directors

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

Executive Committee

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

Audit and Control Committee

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

Appointments and Retributions Committee

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

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

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



Strategy



growing

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

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

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

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

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

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

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

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

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



The FCC Group in Figures

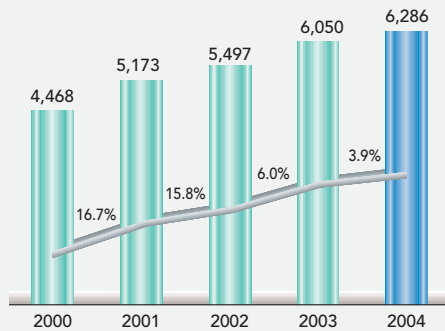




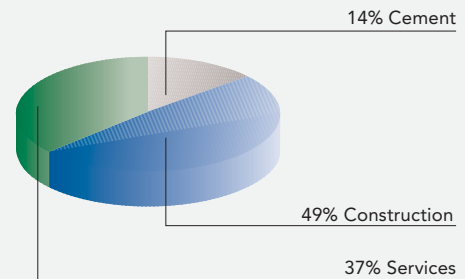
The FCC Group in Figures

Turnover

Millions of euros

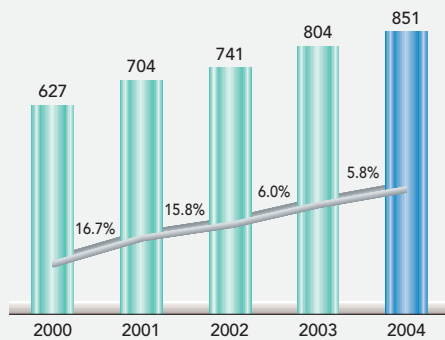


Breakdown by activity



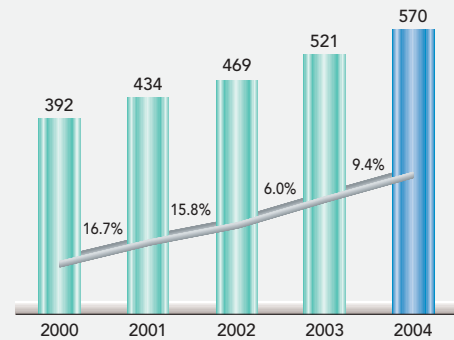
Gross operating profit (Ebitda)

Millions of euros



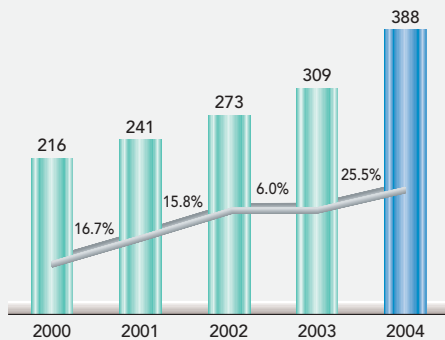
Profits from ordinary activities

Millions of euros



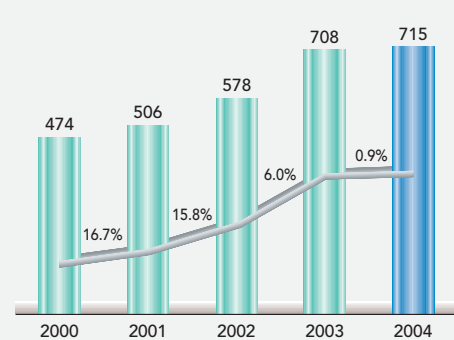
Net profit attributed to the parent company

Millions of euros



Cash flow

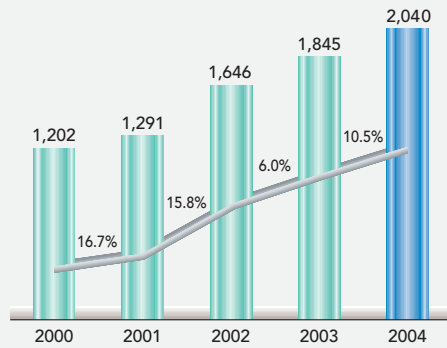
Millions of euros



Consolidated Figures

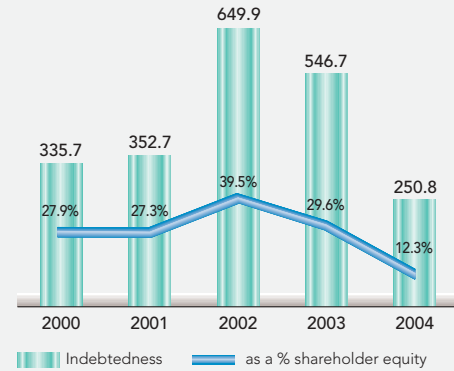
Shareholder equity

Millions of euros



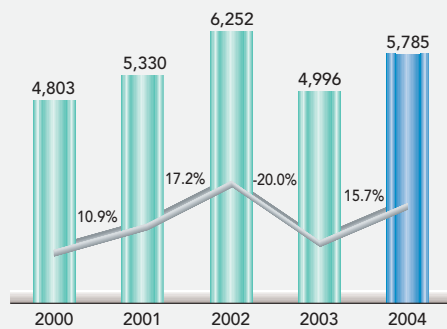
Indebtedness and indebtedness as a % shareholder equity

Millions of euros



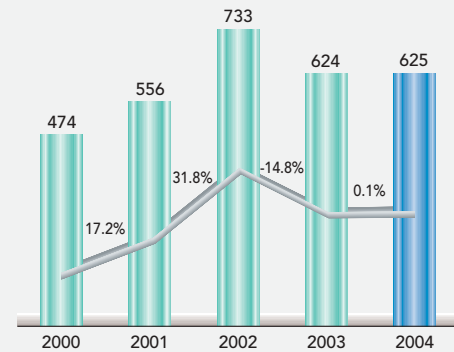
Services and construction work contracted

Millions of euros



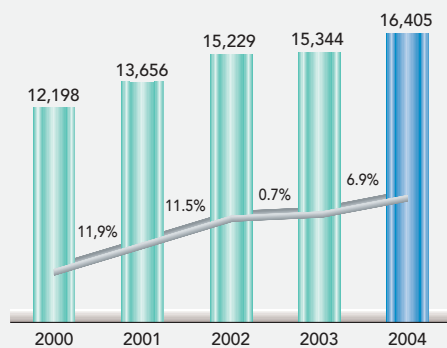
Investments

Millions of euros



Construction and services backlog

Millions of euros





Evolution of stock prices

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

2004 Capitalisation

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

Trading

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

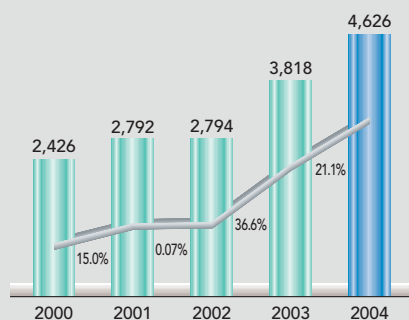
Dividends

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

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

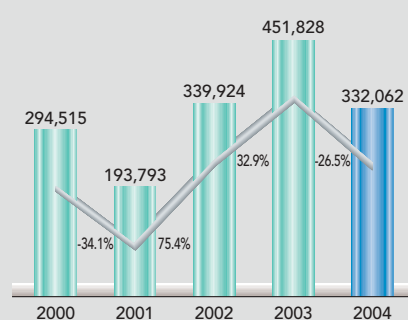
Stock market capitalisation

Millions of euros



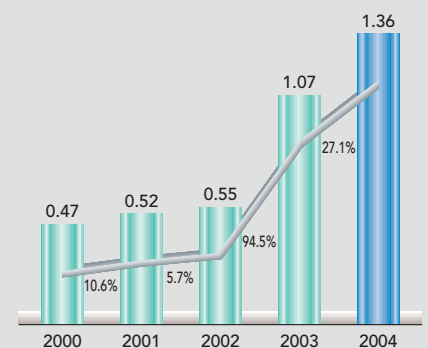
Volume traded

Average daily shareholders



Dividend per share

Euros



Treasury stock

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

Shareholders

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

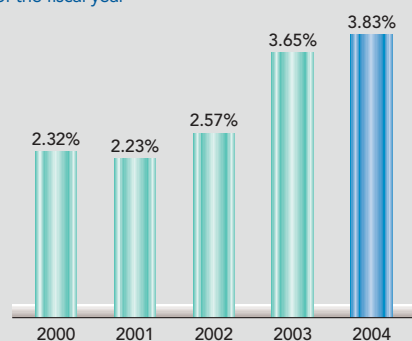
According to the information filed with the Spanish Stock Exchange Commission, the company's most relevant shareholders are as follows:

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

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

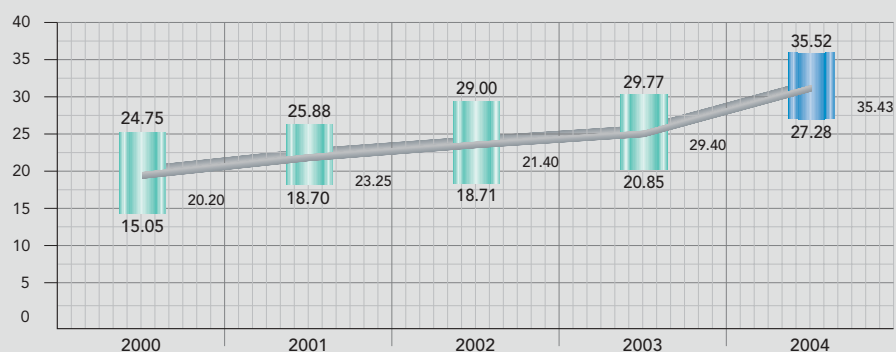
Share dividend yield

Calculated using the quotation at the close of the fiscal year



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

Euros





Brief history of financial figures

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

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



The FCC Group's areas of activities







Services

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

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

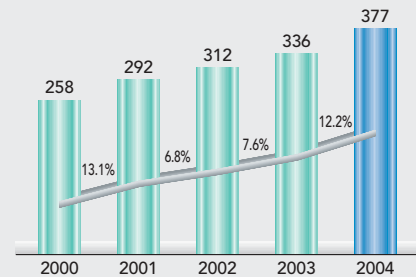
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros



■ Solid waste treatment plant in Zabalgarbi, Vizcaya

City sanitation

Analysis of the sector

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

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

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

FCC's activity

Turnover
1,251.6 million euros.



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

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

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



■ Street cleaning service in Reus, Tarragona



■ Beach cleaning in Palma de Mallorca

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





■ City garbage collection in Baruta, Caracas. Venezuela

The most significant contract awards were:

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

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

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

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

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

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

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

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

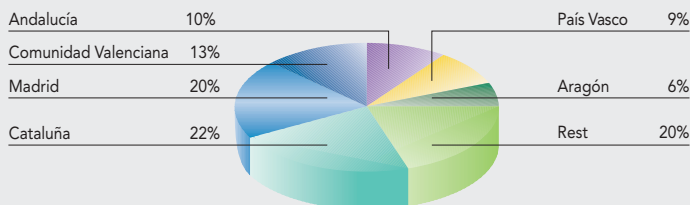
Gran Canaria. Four-year public service contract for comprehensive waste management at the Salto del Negro environmental complex. 80% of the island's waste will be treated at this environmental complex which serves 633,080 inhabitants.

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

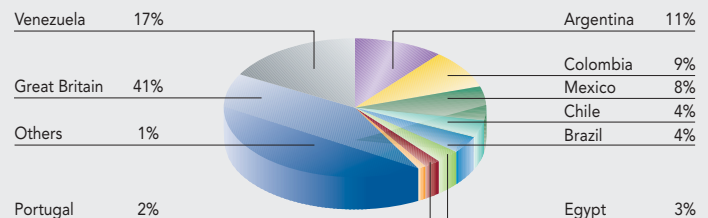
Madrid. Eight-year street cleaning contract for new neighbourhoods (Carabanchel extension and Montecarmelo). Serving a population of 60,664 inhabitants, a total of 6,124,592 m² of street will be cleaned.

Geographic area

Contracts in Spain



Contracts abroad



Madrid. Cleaning of the Juan Carlos I Fairgrounds and the events and activities organised by the Madrid Trade Fair Institution. This is a two-year contract. The size of the area in question is 972,485 m².

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

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

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

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

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

Mirandela (Portugal). Construction and operation of a lixivate treatment plant which will treat 10,000 m³ of lixivates annually. The term of the contract is 13 years.

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

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

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

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

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

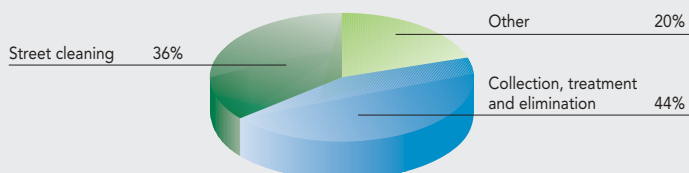
Zaragoza. One-year contract to provide conservation and maintenance services for parks and gardens. The total surface area involved is 3,211,982 m².



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

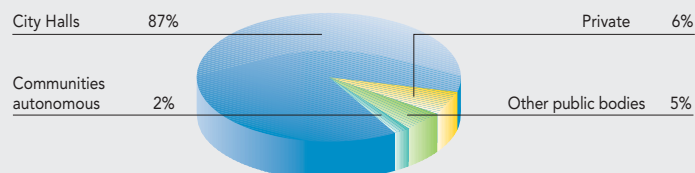
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain





Technological innovation

New natural gas engine

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

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

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

6.50 m³ wide vehicle reduced to 1.80 metres

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

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

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

■ Natural gas-powered city garbage trucks



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

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

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

This vehicle has a new body, also designed by FCC, to obtain the highest chassis performance and improve those which were put into service five years ago on a diesel chassis. The degree of compacting is 600 kg/m³, which represents a 20% increase over the previous version and allows the final size of the equipment to be reduced even further.

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

11 m³ wide vehicle reduced to 2 m

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

This vehicle has a body of 11 m³ and is approved for a maximum weight of 18 Tm. Its compacting capacity is very high and it reaches densities of more than 700 kg/m³, i.e., almost 40% more than conventional vehicles, which means that on each trip it can collect the waste of almost 8,000 inhabitants.

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



■ Drive axles



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

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

Stabilisation of the biodegradable fraction of solid urban waste

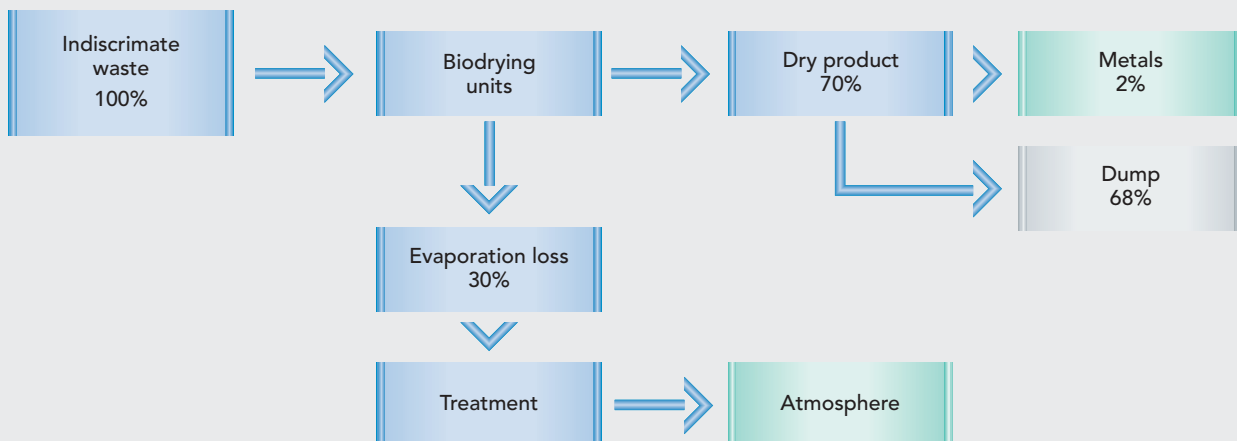
The legal framework relative to the elimination of solid urban waste (SUW) at controlled dumps defines the following objectives: Before 16 July 2006, the total amount (in weight) of biodegradable urban waste sent to dumps will not exceed 75% of the total biodegradable urban waste generated in 1995. By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

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

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

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

Solid urban waste treatment process developed by FCC



Water management



■ Drinking water and sanitation in Alcalá de Henares. Madrid

■ Aqualia Contact offices, Customer Service Centre



Analysis of the sector

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

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

FCC's activity

Turnover
460.8 million euros.

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

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

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

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

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

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

The most important contracts awarded in 2004 were:

Water management

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

Desalination

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

Treatment

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

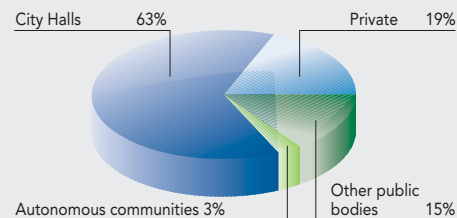
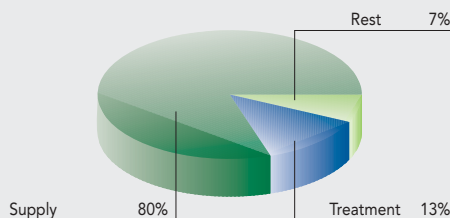
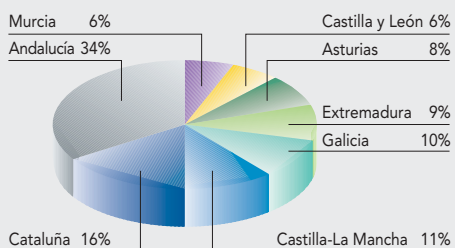
Irrigation

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



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

Geographic area	Breakdown by service type	Breakdown by client type
Contracts in Spain	Contracts in Spain	Contracts in Spain





Industrial waste



Turnover
107 million euros.

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

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

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

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

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

■ Industrial waste treatment plant in Valdebebas. Madrid



FCC also treated a total of 420,000 m³ of contaminated soil last year. Some of the most notable projects in this field included:

- San Juan de Aznalfarache (Sevilla): 60,000 m³.
- Cartagena (Murcia): 150,000 m³.

■ Industrial dump, Bisbieta. Bilbao



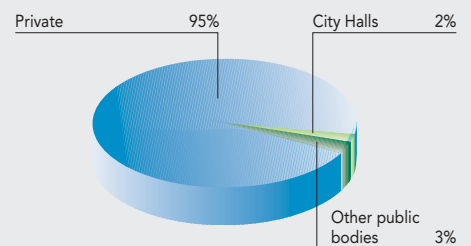
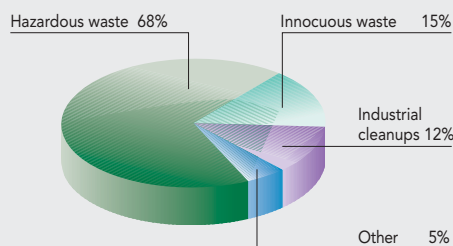
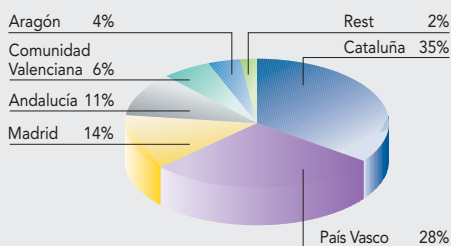


■ Industrial waste treatment plant in Constati, Tarragona

Other points of interest in fiscal 2004 included:

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

Geographic area	Breakdown by service type	Breakdown by client type
Contracts in Spain	Contracts in Spain	Contracts in Spain





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

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

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



Airport handling



Turnover
152 million euros.

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

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

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

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

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

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

■ Handling services at the airport in Brussels. Belgium



Logistics

Turnover 109 million euros.

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

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

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

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

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



Aitena, S.A. continued the process of expanding, renovating and improving its infrastructures. A new logistics platform was implemented in Valladolid (to replace the old one) and the platforms in Tenerife and Gran Canaria were enlarged. It will soon inaugurate a new 30,000 m² warehouse in Alovera (Guadalajara) for the home appliances sector, which will enable it to ratify its leadership in this segment on the Iberian Peninsula.

The new facilities at the Alovera location dedicated to the pharmaceuticals sectors were inaugurated, with a surface area of 12,000 m² expandable to 30,000 m². These facilities are equipped with special temperature and humidity controls, refrigeration chambers, and special high security and surveillance systems. Aitena was authorised as a "Marketing laboratory and partial drug manufacturer", further establishing itself as the leading logistics operator for the pharmaceutical sector in Spain and Portugal.

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

■ Alovera logistics centre. Guadalajara

AITENA

S Santos

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



Urban furniture and advertising



Turnover
81 million euros.

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

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

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

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

■ Time-temperature hoardings and battery recycling container in Madrid



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

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



■ Solar hoardings in Miami. USA

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

Conservation and systems

Turnover
51 million euros.

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



Most important projects

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

Most significant contract awards

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





Passenger transport



Turnover
25 million euros.

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

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

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

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

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

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

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



Streetcars in Barcelona



City passenger transport, Terrassa. Barcelona



Technical vehicle inspection

Turnover
37.4 million euros.

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

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

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

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



■ Auto inspection stations





Parking facilities

Turnover
59 million euros.



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

The new contracts awarded in 2004 were:

Regulated on-street parking

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

Construction and operation of underground parking facilities

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

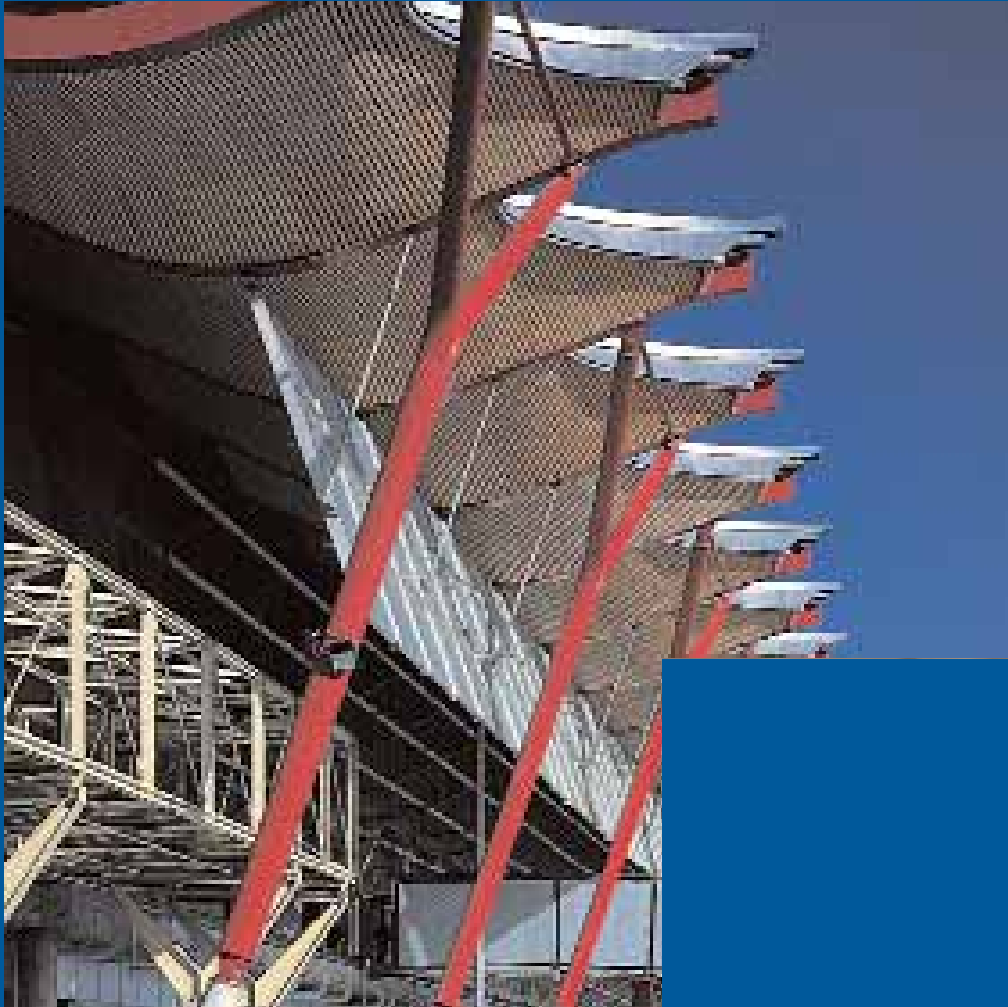
Vehicle Towing and Depot

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

Electronic recording and issuing of traffic violations

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







Construction

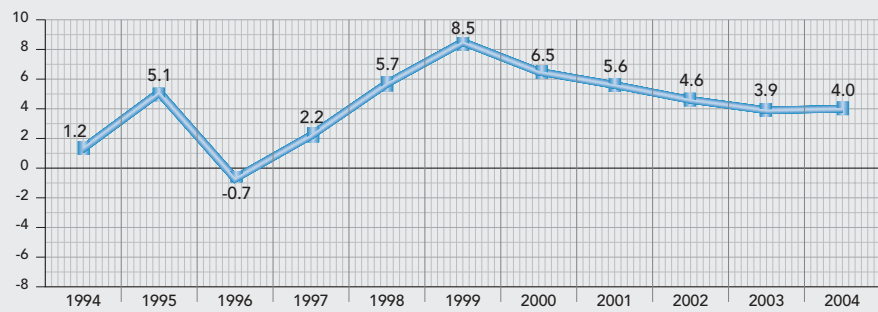
Analysis of the sector

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

Annual construction activity variation rates

In constant terms

Source: Seopan

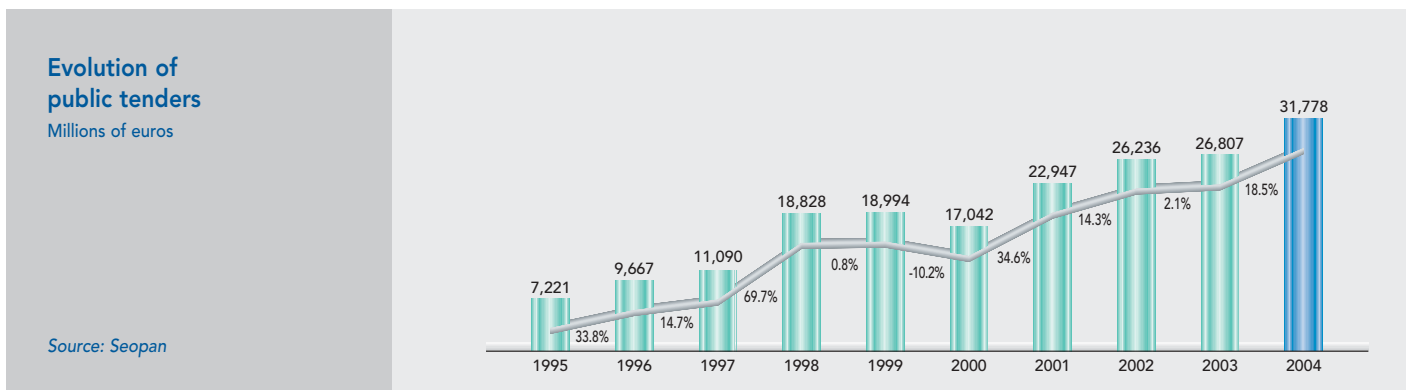


■ A-381 dual carriageway. Jerez-Los Barrios

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

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

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



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

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

FCC's activity

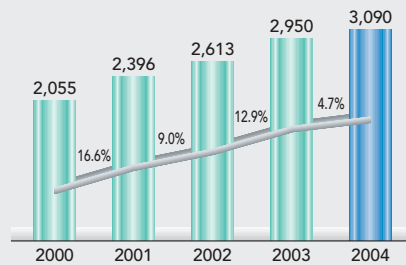


All of the construction activity of the FCC Group is channelled through FCC Construcción, S.A., which also leads the group of companies involved in related activities.

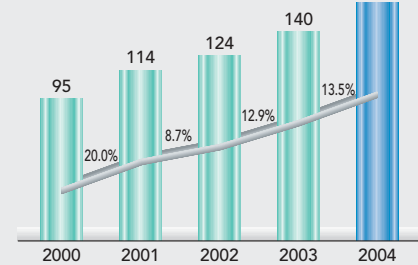
During the fiscal year, new contracts amounting to a total of 3,442.9 million euros were awarded (13.9% more than the year before) resulting at the end of the fiscal year in a construction backlog valued at more than 4,351.2 million euros, an increase of 18.9% over the year before.

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

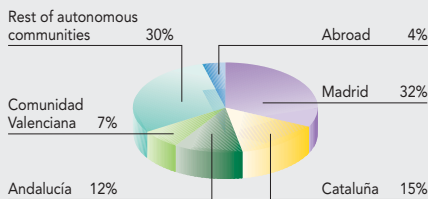
Turnover
Millions of euros



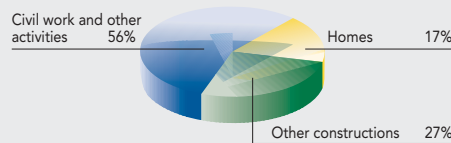
Gross operating profit (Ebitda)
Millions of euros



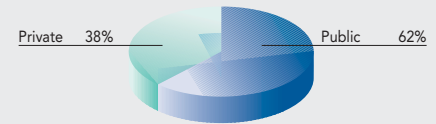
Production by geographic area



Production by job type



Production by client type



Technological innovation

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

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

Here are some examples:

Underground work

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

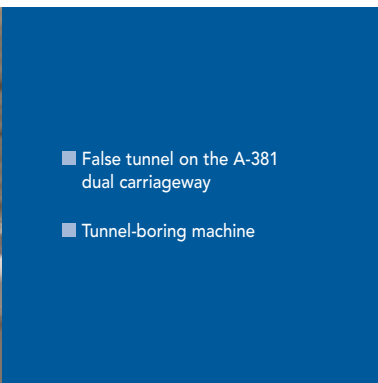
- The world's largest tunnel-boring machine, with a 15 m excavation diameter, for the by-pass of the M-20 Sur in Madrid, in a joint venture with another company.
- Two TBM for rock with 10 m excavation diameters, also in a joint venture with another company, for the Pajares tunnels for the high speed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

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

Bridges and special structures

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

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



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

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

Hydraulic works

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

Research and development

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

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

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

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

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

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

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



Freeways, highways and roads

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

The most noteworthy contracts awarded were:

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

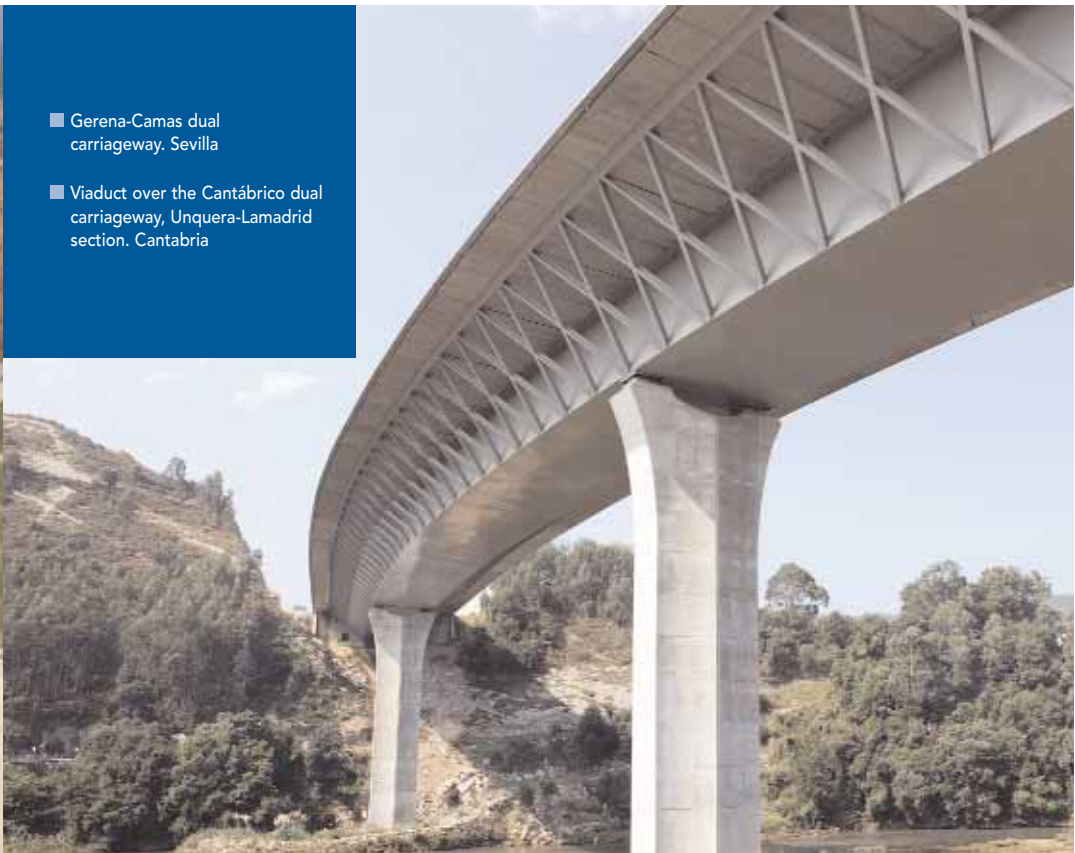
Santa Ana-Río Segundo arterial road. The motorway is 60 km long and the arterial road is 7.5 km long. The term of the concession is 25 years.

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



■ Gerena-Camas dual carriageway, Sevilla

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





■ Viaduct over the Escudo River.
Cantábrico dual carriageway

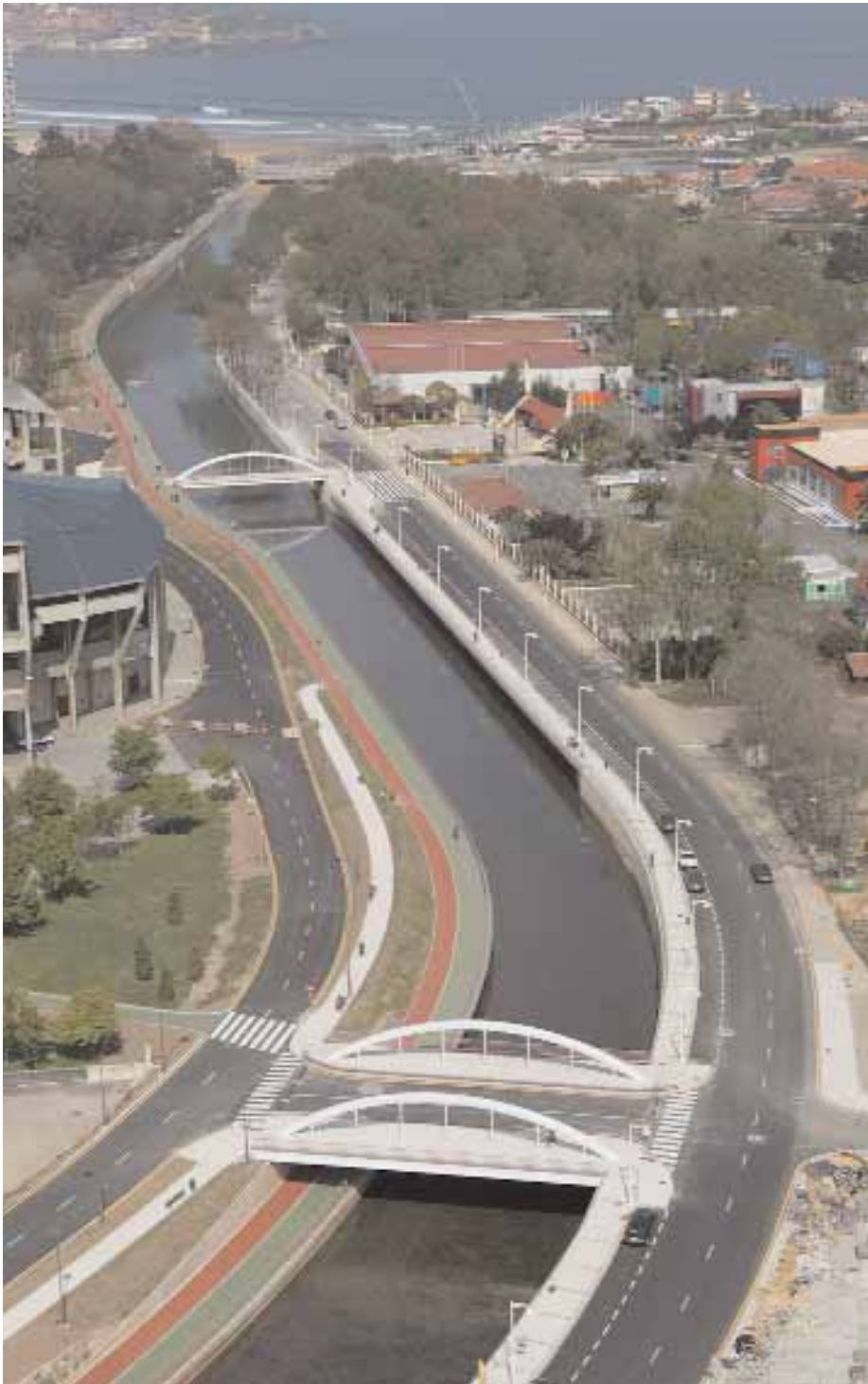
■ Brañaviella tunnel. Barcelona

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



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

Hydraulic works



■ Conditioning the Piles River. Gijón

The most relevant contract awards were as follows:

- Modernisation of the irrigation systems of the Vegas Alta y Media del Segura (Murcia) Irrigation Community in a joint venture with Aqualia.
- Water supply to Santander. Includes 50 km of steel pipes measuring from 600 to 1,000 mm in diameter and several pump. This will enable the water to be carried from the Ebro reservoir to the Besaya reservoir from which Santander is supplied.
- Channelling of water from Navalcarnero to Campo de Pozos de Batres (Madrid). The section consists of 19.2 km of welded steel pipes, most of which are 800 mm in diameter.
- Modernisation of the irrigation system on the left bank of the Najerilla Canal (La Rioja) which covers an area measuring 9,107 Ha. Includes the construction of three pools with capacities ranging between 150 and 260,000 m³ each, a 250 km irrigation network with pipe diameters between 400 and 1,000 mm, and tertiary or plot pipes in PVC measuring between 160 and 200 mm.



Maritime works

The most noteworthy contracts awarded were:

- New accesses to the Port of Sevilla (Phase I). The work consists of building a new 434 m long lock with the capacity to house tugged vessels. The gates of the lock are 42 m wide, 20.3 m high and six thick and the distance between the inside faces of the doors is 253 m.
- Communication channel linking the interior dock with the ocean and transversal link at the Port of Valencia. Consists of the construction of a communication channel measuring 600 m long, 80 m wide and 7 m deep connecting the interior dock with the ocean. This is one of the first projects undertaken in preparation for the 2007 America Cup.
- First phase of the Azucenas wharf for the enlargement of the Port of Motril (Granada). Includes the construction of 9 caissons and 330,000 m³ of dredging.
- Enlargement of the southern esplanade of the commercial wharfs at the Port of Palma de Mallorca. Consists of prolonging the current wharf by 188 m using reinforced concrete caissons and the formation of 68,000 m² of esplanade.
- First phase of the cruise ship wharf at the Port of Rosario (Fuerteventura). Consists of the construction of a 300-metre-long wharf for docking cruise liners, with an area of 100,000 m².



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





Airports

The most noteworthy contract awards last year were:

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

Continuation of work on the New Area Terminal (NAT) and the Rail Area 2 at the Barcelona Airport measuring 417,000 m²

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

The new terminal at the Madrid-Barajas Airport, the largest construction project ever undertaken in Europe, with a constructed area of 500,000 m², will soon become operational.

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



■ Terminal building at Barajas Airport, Madrid

■ Gavá control centre, Barcelona





Railroad infrastructures

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

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

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

Barcelona streetcar





■ Guadarrama tunnels. Madrid

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

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



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



Urban development

The most noteworthy contract awards last year were:

- Urbanisation of the Fuente Lucha development in Alcobendas (Madrid). With more than 65 Ha for residential use and 357,000 m² of developable land, a total of 4,000 homes will be built, 3,000 of which will be subsidised.
- Urbanisation of the Vega Baja area in the city of Toledo. More than 40 Ha, 30 on the right bank and 10 on the left bank of the Tajo River, including access roads. Includes one footbridge with a 102 m span and two others with a tilted metallic arch with spans of 14 m.
- Urbanisation of the Massanes (Girona) industrial development zone.
- Urbanisation of the South Sector in Foios (Valencia).
- Parking area for the San Rafael hospital in La Coruña.



■ Urbanization of the Costa Teguisse esplanade. Lanzarote

■ Parque del Oeste. Oviedo





Residential

During the past fiscal year, FCC delivered 5,231 finished homes, a total of 810,537 m² in floor space.

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

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



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





Non-residential

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

The most significant contract awards were:

Government centres and office buildings

- Several phases of the service building at the City of Communications in Las Tablas (Madrid), which will house the numerous offices of Telefónica currently located in Madrid. This is a complex composed of 12 buildings, one corporate building, a common service building and three buildings for social services (clinic, gym and nursery school) occupying an area of more than 200,000 m².
- New headquarters of the Castilla y León parliament. The building, with a constructed area of 28,000 m²,

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

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

Work continued at a brisk pace on the City of Justice near Plaza Cerdá in the cities of Barcelona and L'Hospitalet de Llobregat. The complex comprises 11 buildings occupying 280,000 m². The complex was designed by the British architect, David Chipperfield and by B720 Arquitectura.

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



Teaching centres

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

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



Hospitals

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

Cultural, sports and entertainment centres

- Galicia City of Culture Museum of History in Santiago de Compostela. One of the six buildings forming the City of Culture complex designed by Peter Eisenman. It is a very complex project in terms of the design geometry. The complex, occupying a total of 18,000 m², blends into the hillside on which it sits, with





■ Community of Madrid
Sports Palace

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

Shopping centres, fairgrounds and convention centres

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

Inauguration of the new El Corte Inglés shopping centre in Valencia near the City of the Arts. FCC Construcción was responsible for the structure, masonry, flooring, walls and general urbanisation for this project. The total constructed area is 152,000 m², 40,000 of which are commercial space.

Rehabilitation and maintenance

- Renovation of the former V.2 workshop building in Sagunto (Valencia). Includes the construction of an auxiliary building to the former workshop building at the Port which is being converted into a theatre.
- Renovation of a building in the Isdabe Complex in Estepona (Málaga). The size of the area in question is 18,000 m². The structure and siding

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

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



■ Camposagrado Palace. Avilés



Water treatment

The most notable contract awards were as follows:

- Tertiary treatment at the Baix de Llobregat wastewater treatment plan in El Prat, Barcelona. Consists of the installations needed to reuse the treated water for irrigation purposes and contribute an ecological flow to the Llobregat River. The nominal flow rate is 3.5 m³/s.
- San Pantaleón en Santoña wastewater treatment plant (Cantabria) for the general cleanup of the Santoña marshlands (Cantabria). It serves a population of 325,000 inhabitants with an average flow in summer of 4,700 m³/hour. The treated water is pumped into an underwater outfall. The digestion biogas will be used to generate energy and the sludge area will be deodorised with active carbon.



■ Chiclana treatment plant. Cádiz



■ Depurbaix wastewater treatment plant. Barcelona



Electricity



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

Its most noteworthy activities in 2004 included:

Electrical facility design and execution

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

Maintenance

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

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

Advanced computer systems engineering

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



■ Collserola médium voltage line. Barcelona



■ Lighting of the R-3 arterial road. Madrid



Heating and air conditioning

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

During the last fiscal year it won contract awards to provide heating and air conditioning systems to the following hotels and offices:

Hotels

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

Offices

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





Infrastructure conservation

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

Roads and highways

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



The following contracts were renewed last year:

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

The following contracts were awarded:

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

Maintenance of hydraulic infrastructures

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

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

Forestry work

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

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





Engineering

PROSER

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

Roads and highways

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

Railways and metros

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

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



Hydraulic works

- Improvement of the lateral channel of the AP-2 on the Llobregat River.
- Comprehensive reorganisation of Tomelloso and Argamasilla de Alba (Ciudad Real).
- Reform work on the Albaida (Valencia) wastewater treatment plant for a flow rate of 5,000 m³/day.

Construction management technical assistance

- Inspection, control and coordination of occupational health and safety issues for the redesign of the junction of the M-30 and Avda. de América A-2, and for the project to improve the junction between the N-100-O'Donnell and the M-30 in Madrid.
- Inspection and supervision of the construction of the infrastructure for the prolongation of Line 7 of the Madrid Metro to Coslada and San Fernando de Henares. Section 3: Coslada-San Fernando de Henares.
- Direction of the work on the Palau Solità i Plegamans relief road C-59 road. Section: Santa Perpetua de Mogoda-Palau Solità i Plegamans (Barcelona).
- Technical assistance with the direction of the conditioning work on the A-455 road from Constantina to Lora del Río (Sevilla).
- Technical assistance, supervision and control of the design and execution of the work on the drinking water treatment plant in Griñón (Madrid) for a flow rate of 1.20 m³/sec.
- Technical assistance in connection with the construction of a new drainpipe for the Janda lagoon in Barbate (Cádiz).



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



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



Corporate image



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

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

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



Environmental restoration



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

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

The following are among its most notable projects in 2004:

Forestry work

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

Landscaping

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

Restoration of areas affected by infrastructures

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





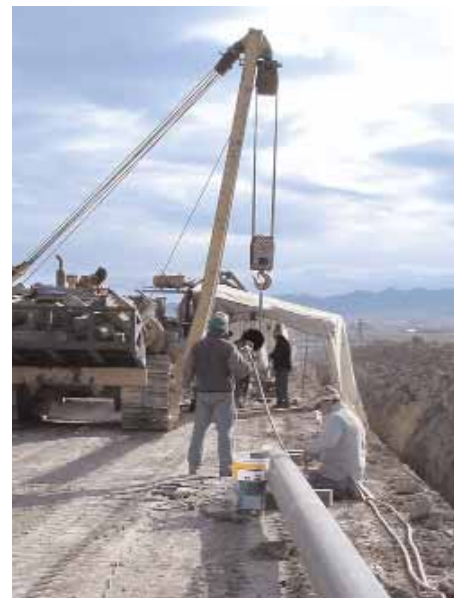
Pipelines and gas pipelines

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

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

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

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





Precast



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

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

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

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

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

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

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

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

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



■ Humanes factory. Madrid



Repairs and reforms



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

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

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

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



Infrastructure awards

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

Accesos de Madrid Concesionaria Española, S.A.

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

Concesiones Aeroportuarias, S.A.

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

Autopista Central Gallega Española, S.A.

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

Autovía del Camino, S.A.

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

Cedinsa

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





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

Compañía Concesionaria del Túnel de Sóller, S.A.

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

Concesiones de Madrid, S.A.

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

Marina Port Vell, S.A.

Government concession for the Barcelona Port Authorities, with capacity for 413 large ships and 4,800 m² of commercial premises. The port was fully occupied this year.

Nàutic Tarragona, S.A.

This marina has 417 moorings, 85% of which are either rented or sold, plus 8,000 m² of commercial premises, which are all sold.

Parque Temático de Madrid, S.A.

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

Port Torredembarra, S.A.

Of a total of 820 moorings, 90% were occupied last year, while the entire 4,000 m² that make up the commercial premises were rented.

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

Scutvias, Autoestradas da Beira Interior, S.A.

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

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

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

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

Autopistas del Valle, S. A.

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

Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.

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

Terminal Polivalente de Castellón, S.A.

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

Tramvia Metropolitana, S.A.

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

Tramvia Metropolitana del Besòs, S.A.

This company was awarded a contract for the construction, operation and maintenance of the tram that links the Estación del Norte and the Villa Olímpica in Barcelona with Sant Adrià del Besòs and Badalona. It is more than 15

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

Transportes Ferroviarios de Madrid, S.A.

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

Túnel d'Envalira, S.A.

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

World Trade Center Barcelona, S.A.

Has the concession for 50 years to operate the buildings at the World Trade Center, at The Port of Barcelona, comprising a surface area of 36,000 m² of offices and commercial premises, 6,000 m² of conference space and meeting rooms and a 280 bed hotel. Occupancy rates of over 95%.

Parc Tecnologic World Trade Center Cornellà, S.A.

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

Urbicsa

Company awarded the concession for the public Works for the construction, maintenance, and operation of the buildings and installations of the Ciudad de la Justicia project in Barcelona and Hospitalet de Llobregat. The Project comprises buildings reserved for the use of the Generalitat (210,000 m²) and other complementary offices and premises (25,000 m²) and a 44,000 m² car park able to hold 1,750 vehicles. The works are in the execution stage.

Autopista de la Costa Cálida

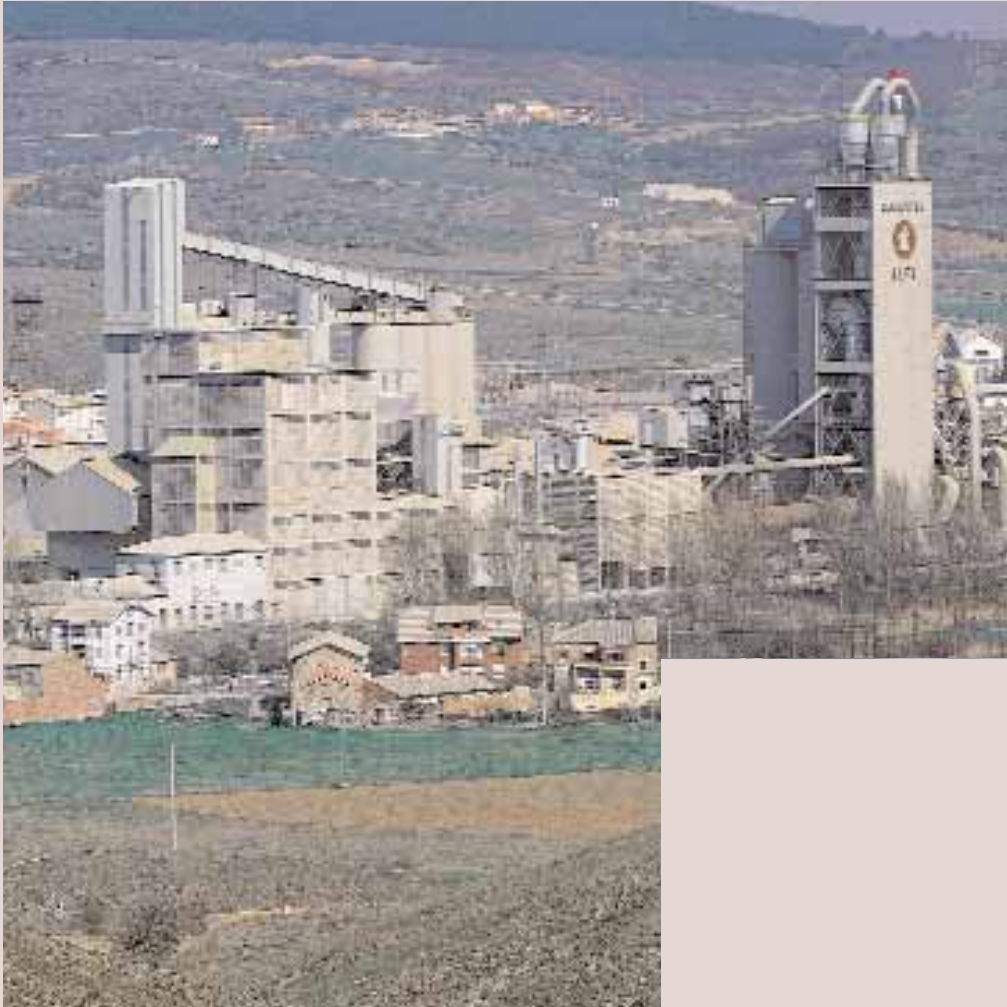
Company awarded the government concession for 36 years for the construction, operation and the maintenance of the 98 Km long toll motorway, Cartagena-Vera and the

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

Metro de Málaga

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







Cement

Analysis of the sector

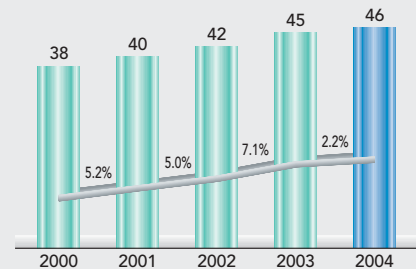
In the year 2004, the domestic consumption of cement in Spain was 48 million tons, a record high for the eighth consecutive year. Cement and clinker imports have been on the rise since 1997. In 2004, a total of 8.2 million tons were imported, with a year-on-year growth of only 0.5%, while exports of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

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

Cement production in Spain

Millions of tons

Source: Oficemen



■ Cement factory in Lemona. Vizcaya



Cementos Portland Valderrivas, S.A.



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

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

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

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

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

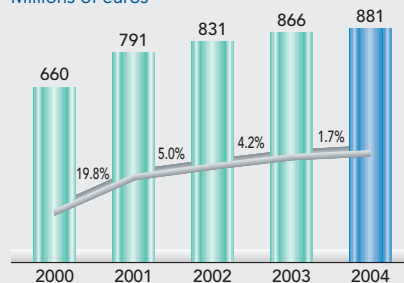
In 2004, the Giant cement holding (USA) completed the disinvestment process of its business lines which manufactured and sold "light aggregates" and "concrete blocks". The proceeds from the sales of the assets of these lines, which were not part of the Group's core business, totalled 19.9 million dollars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



■ Cement factory in Keystone. USA

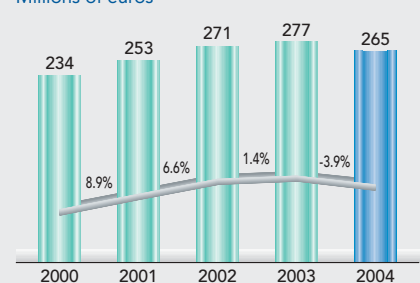
Turnover

Millions of euros



Gross operating profit (Ebitda)

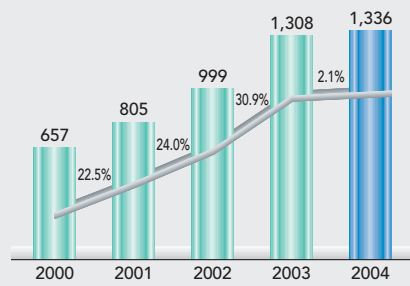
Millions of euros



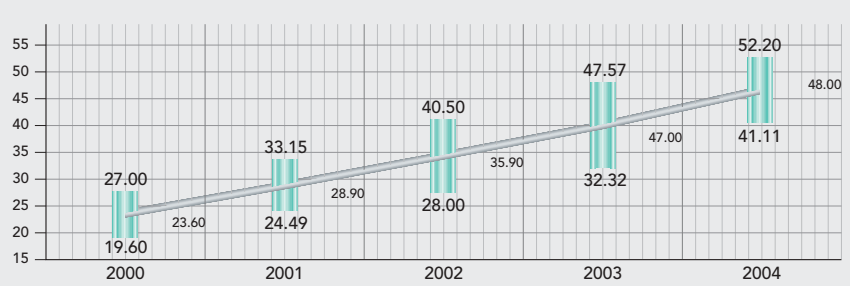
Stock market analysis

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

Stock market capitalisation at 31 december. Millions of euros



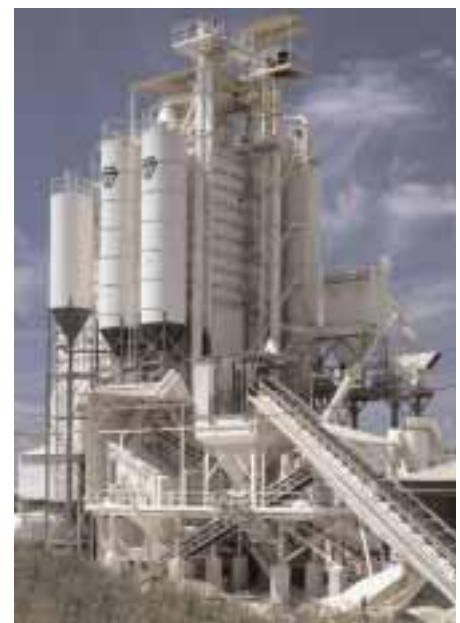
Annual high, low and average price of Cementos Portland Valderrivas shares. Euros



■ Cement factory in Olazagutía. Navarra



■ Wastewater treatment plant in South Carolina. USA.



■ Dry mortar plant in Álcala de Guadaira. Sevilla



Real estate

Analysis of the sector

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

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

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

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

■ Residential complex in Marbella-Estepona. Málaga



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

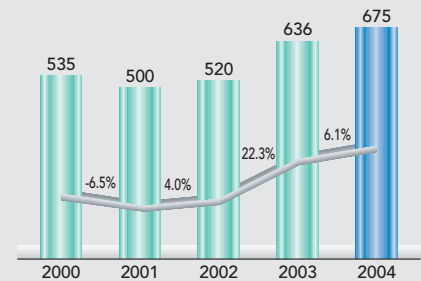
Shopping centre construction activity slowed in 2004. In all, 33 new shopping centres opened their doors last year, which represents a decrease of 21.4% in comparison to 2003, when the inauguration of new shopping areas reached a record high for the second year in a row, with a total of 44. The forecasts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

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

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

New housing starts

Thousands of units



Source: Seopan

■ Nervión Plaza shopping centre, Sevilla





Realia



FCC's activity

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

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

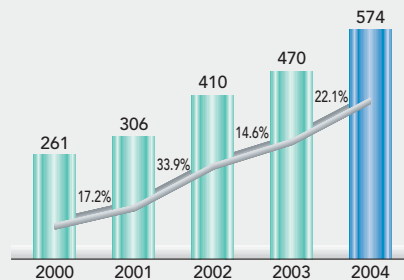
the Group has reinforced its plans to expand in Portugal and Poland, where the company is busy undertaking ambitious new projects.

Investment business

The company's investment activity is focused on the operation of office buildings and shopping centres owned by it. Realia currently has more than 500,000 m² of property located in the business areas of leading Spanish cities, with more than 40 unique buildings, whose occupancy levels exceed 97%.

Turnover

Millions of euros



Gross operating profit (Ebitda).

Millions of euros



Los Cubos building. Madrid



Last year, it increased its assets with an investment valued at 93 million euros. One of the year's hallmark acquisitions was the Los Cubos building, whose avant-garde design makes it a must-see spot on the M-30 in Madrid. The company also purchased a number of plots, the most notable of which include 100,000 m² of industrial land in Agoncillo (Logroño) and 103,000 m² of land for tertiary use in Murcia, of which 30,000 square metres are zoned for development.

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

Real estate development

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

Land holdings

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

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

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

In keeping with this tendency, the Group has reinforced its presence in Portugal, a country where it has been operating since 2000, and where it owns more than 85,000 m² of developable land, making it one of the leading Spanish real estate firms operating in the Portuguese market.

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

Main land acquisitions in 2004

• **Playa de la Serena, Roquetas de Mar** (Almería): 16,654 m² of land zoned for building.

- **Villanueva del Pítamo** (Sevilla): 168,700 m² of land zoned for building.
- **Garrigoles** (Gerona): 61,750 m² of land zoned for building.
- **Sabadell**: 13,007 m² of land zoned for building.
- **Sant Feliu de Guixols**: 32,809 m² of land zoned for building.
- **Valdebebas** (Madrid): 16,100 m² of land zoned for building.
- **Pinto** (Madrid): 11,973 m² of land zoned for building.
- **Navalcarnero** (Madrid): 10,776 m² of land zoned for building.
- **Castellón**: 5,050 m² of land zoned for building.
- **Ibiza**: 86,674 m² of land zoned for building.
- **Agoncillo** (Logroño): 100,000 m² of empty industrial land.
- **Murcia**: 30,000 m² of developable land for tertiary use.





Torre Picasso



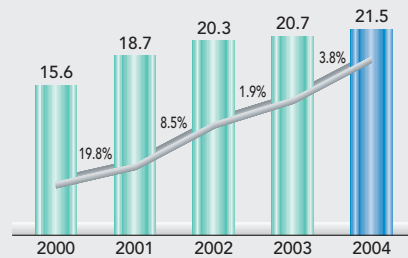
Since its inauguration in 1989, Torre Picasso has become Madrid's most emblematic building, and its image is now a symbol to the 5,000 people who go to work there every day, as well as for the rest of the residents of Madrid. At 157 metres high, it is one of the tallest buildings in the country. The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

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

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

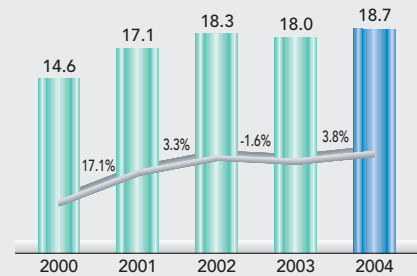
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros



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







Other sectors



Mobile telephony

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

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

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

FCC has provisioned 100% of its investment in Xfera.



Internet activities

Shopnet Brokers, S.A.

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

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

Arts Capital Investment, S.A.

This company has a portfolio of holdings in internet companies.

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

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

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



Vehicle sales and technical assistance

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

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

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



■ Ravo street sweeper

Social report





Environmental management



Services

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

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

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

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

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

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

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



- Street cleaning
- Emergency cleaning service

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

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

- Coastal water cleaning.
- Fountain cleaning and maintenance.

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

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

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

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



■ Beach cleaning

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

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

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

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

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

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

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

The major areas of action lie along three lines:

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

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

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

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

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

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

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

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

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



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

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

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

The experience has led to significant reductions of CO₂ (-24%) and SO₂ (-30%) emissions and emissions of other substances, such as CO and hydrocarbons, while the consumption rate remains practically the same as with normal diesel oil.

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

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



Construction

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

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

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

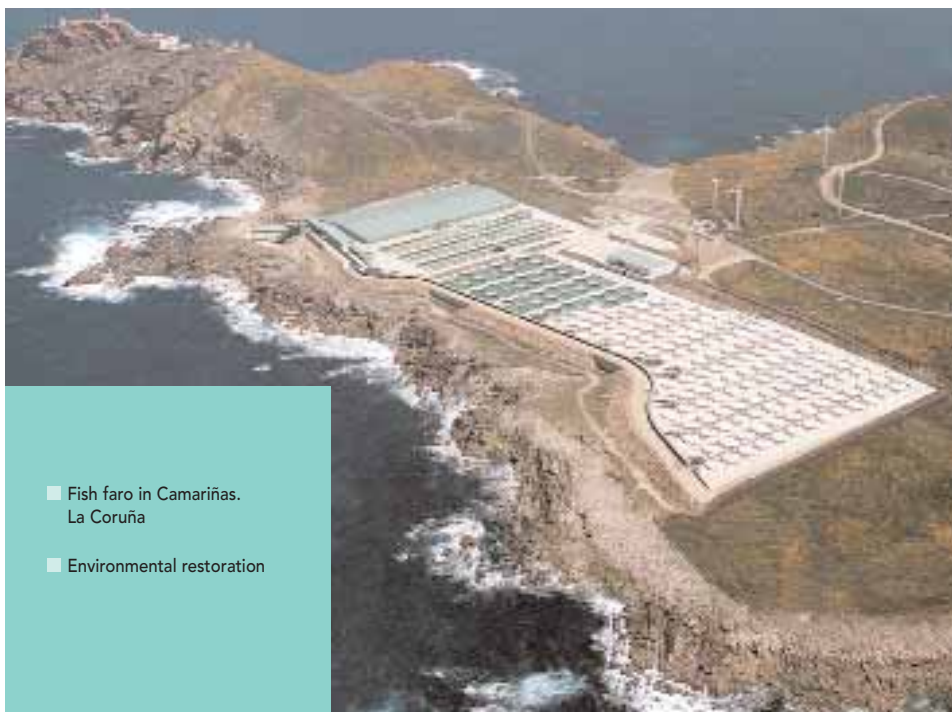
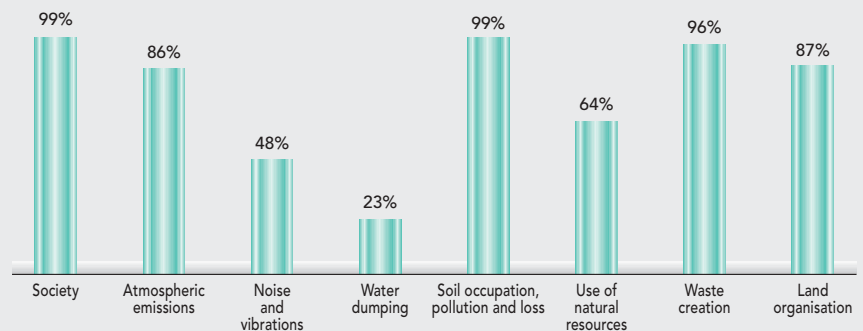
These Best Practices concern issues such as water, emissions, noise and the quality and use of soil, but they do not stop at natural aspects alone; they also include social aspects and the relationship between stakeholders.

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

Sites with Best Practices introduced in the different environmental spheres

% of sites

Environmental sphere



- Fish farm in Camariñas. La Coruña
- Environmental restoration





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

Best Practices have been established within the following spheres:

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

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

Social aspects

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

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

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

Control of potentially polluting activities

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

■ Water

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

■ Generation of Noise and Vibration

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

■ Atmospheric emissions

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

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

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

Intensity in resource use

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

Environmental soil management

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

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

Natural resource use and waste management

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

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

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





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

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

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

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

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

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

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

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

Construction and land

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

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

Sustainability as a path

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

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

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

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

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

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



Cement

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

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

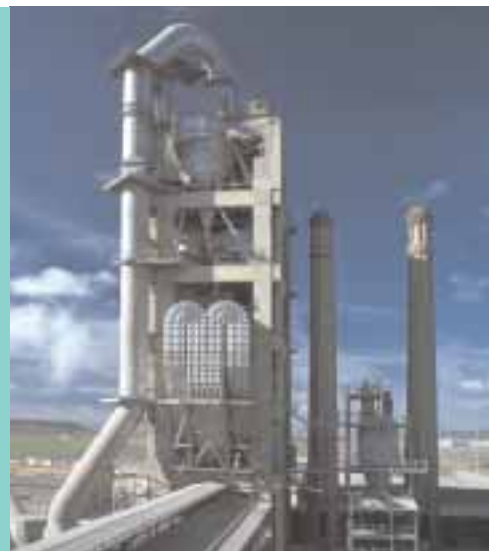
The commitment of Cementos Portland Valderrivas to the environment and the application of continuous improvement in its activities requires that the company must continue forward in the application of increasingly stringent regulations intended to guarantee environmental protection and contribute to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

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

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

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

The Council of Ministers definitively approved the National Carbon Dioxide Assignment Plan for the 2005-2007 period, assigning to all the factories of Cementos Portland Valderrivas, CO₂ emission rights for 2005 that were 8% lower than originally requested. Based on the Group's own estimates, the possible effect on the 2005 income statement will be practically nil in view of the efficiency of the Group's installations.



Personnel



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

By function

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

By category

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

By employer/employee relationship

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

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

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

Accident rates in the construction sector

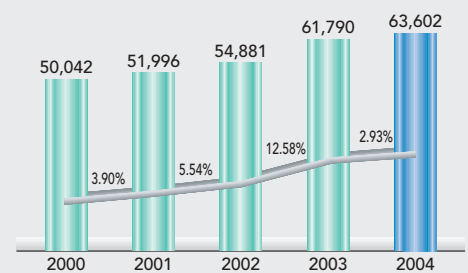
In this regard, the following is worth noting:

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



Staff

Data as at 31 December



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

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

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

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

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

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

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

- Occupational risk prevention and occupational safety courses.

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

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



Social and cultural activities

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

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

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

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

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

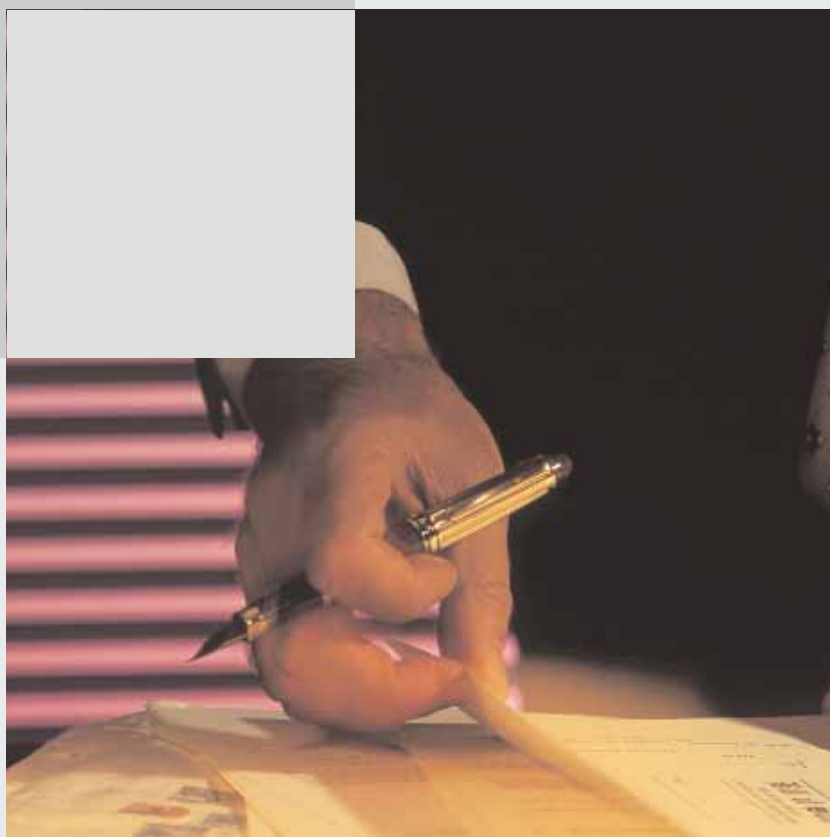
Some examples of cultural sponsorship in 2004 include the sponsorship of the Prince of Asturias Foundation, the Festival de Peralada, the Palau de la Música Catalana de Barcelona and the Teatro Real de Madrid.

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

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



Corporate governance





Fomento de Construcciones y Contratas, S.A.

Issuer identification

Fiscal year: : 2004

Company name

Fomento de Construcciones y Contratas, S.A.

Registered offices

Balmes, 36
08007 Barcelona

Clarification

This document is a replication of the information contained in the Annual Corporate Governance Report model (Circular 1/2004 of 17 March of the Spanish Stock Exchange Commission) of Fomento de Construcciones y Contratas, S.A. for fiscal year 2004 approved at the Board of Directors meeting held on 30 March 2005. The information contained herein is exactly the same as that included in the approved report. Only the format has been changed in order to make it easier to read. In addition, the clarifications contained in the explanatory Annex in part G (Other information of interest) on the official form are included here under the section titles to which they refer.

A. OWNERSHIP STRUCTURE



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

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

If there are different classes of shares, list them on the following table:

Class	Number of shares	Par value
-	-	-

A.2. Details of direct and indirect holders of significant shareholdings in the company at the end of the fiscal year, excluding directors:

Name or company name of direct shareholder	Number of direct shares	Number of indirect shares (*)	% Of total share capital
B 1998, S.L.	59,871,785	8,816,310	52.607
Acciona, S.A.	19,657,500	0	15.055

(*) Through:

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

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

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

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

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

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

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

(*) Through:

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

See the Note in part A.2. above.

% Total share capital owned by the Board of Directors	52.669
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Complete the following table on members of the Board of Directors who own share rights in the company:

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

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

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

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

Name or company name of shareholder	Type of relationship	Brief Description
-	-	-

A.6. Describe any shareholders' agreements between shareholders which have been notified to the company:

Participants in the shareholders' agreement: Esther Koplowitz and investors

% of capital stock affected: 52,607

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

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

Indicate, where applicable, any concerted actions by the shareholders of your company that are known to the company:

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

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

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

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

- EK will continue to control B 1998, S.L., and therefore Azate, S.A. and FCC.
- The Board of Directors of B 1998, S.L. will be composed of twelve directors. The Investors will be entitled to appoint four directors but may never appoint more than one-third of the members of the Board of Directors of B 1998, S.L.

- EK will be entitled to appoint the majority of members of the Board of Directors of FCC and its subsidiaries. The Investors may appoint a total of four members but never more than one-third of the members of the Board of Directors of FCC.
- EK will be entitled to designate the Chairman of the Board of Directors of FCC and the Managing Director of FCC and at least two-thirds of the members of its Executive Committee.
- The Pay-Out of FCC will be at least 50%.

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

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

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

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

b) With regard to FCC:

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

- Amendments of the Articles of Association which involve moving the registered offices abroad or increasing or reducing share capital, except when such transactions are imposed by legal imperative.
- Changes to the business objective inasmuch as they involve the incorporation of activities unrelated or unconnected to the construction, services, cement and real estate sectors.
- Transformations, mergers and spin-offs.
- The merger of FCC Construcción, S.A., Cementos Portland Valderrivas, S.A. and FCC Servicios, S.A. as a consequence of which B 1998, S.L. no longer holds an indirect share of more than 50% of the voting rights in the company formed by the merger.
- The suppression of preferential subscription rights in capital increases.

- The modification of the administration system.
- The disposal, encumbrance or acquisition of FCC assets unrelated to the company's business objective, provided that they are relevant, and any such actions included within the business objective of FCC when the value of the individual transaction or a group of transactions is equal to or greater than 700,000,000 euros (plus the annual increase in the Consumer Price Index) or any significant change to the current structure of the FCC Group or which represents more than 10% of the consolidated assets of the FCC Group.
- Any other transactions involving a variation of more than 20% of the capital and reserves of FCC or 10% of the consolidated assets of the FCC Group.
- The granting of powers which permit the disposals, encumbrances or acquisitions referred to above; the foregoing in no way limits the right of EK to appoint and remove the Managing Director of FCC.
- The indebtedness of FCC and the giving or receiving of guarantees by FCC (excluding the guarantees required as part of the normal business operations and project financing) which exceed 2.5 times the amount of the gross operating results shown on the last consolidated balance sheet of FCC.

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

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

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

A.7. Indicate any individual or legal entity that controls or has the ability to control the company pursuant to article 4 of the Stock Market Act:

Name or company name	Esther Koplowitz Romero de Juseu
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A.8. Complete the following table on the company's treasury stock:

As of the end of the fiscal year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
434,322	316,098	0.575

(*) Through:

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

Please provide the details of any significant variations during the fiscal year according to the provisions of Royal Decree 377/1991:

Date	Number of direct shares	Number of indirect shares	% of total share capital
-	-	-	-

Results obtained in the fiscal year from transactions with treasury stock (in thousands of euros)	-
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A.9. Describe the conditions and the deadline(s) under which the Board of Directors may carry out acquisitions or transfers of treasury stock as described in part A.8.

Resolution of the General Meeting of Shareholders of 23.06.04:

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42.1 of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

- Maximum value: the highest quoted price in the three months immediately prior to the acquisition date, plus ten percent.
- Minimum value: the lowest quoted price in the last three months immediately prior to the acquisition date, less ten percent.

By virtue of this authorisation, the Board, the Executive Committee or the Chairman, may acquire the treasury stock provided that at the time of purchase the total treasury stock, including that purchased, does not exceed 5% of the capital stock pursuant to the terms of article 75.2 of the Revised Text of the Public Corporations Act.

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

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

The authorisation to buy treasury stock granted to the Board by resolution of the General Meeting of Shareholders held on 17.06.03 is hereby null and void.

A.10. Describe any legal or statutory restriction on voting rights and the legal restrictions on the acquisition or transmission of share capital.

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

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

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

B. STRUCTURE OF THE COMPANY



B.1. Board of Directors

B.1.1. State the maximum and minimum number of directors according to the Articles of Association:

Maximum number of directors	20
Minimum number of directors	3

B.1.2. Complete the following table on the members of the Board:

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

Total number of directors	15
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Francisco Vicent Chuliá was appointed Secretary of the Board of Directors at the Board meeting held on 26 October 2004.

List any directors who resigned from the Board of Directors during the fiscal year:

Name or company name of Director	Date of resignation
Marc Louis Reneaume	26-10-2004
Jérôme M. Contamine	15-09-2004
Jean François Dubos	15-09-2004
Paul-Louis Girardot	26-10-2004
Jean Marie Messier	15-09-2004
Serge Michel	26-10-2004
Olivier Orsini	15-09-2004
Henri Proglio	15-09-2004
Jean François-Poncet	15-09-2004
Daniel Caille	15-09-2004

B.1.3. Complete the following tables on the directors and their position:

EXECUTIVE DIRECTORS

Name or company name of Director	Committee that proposed appointment	Position in the company's organization
Rafael Montes Sánchez		Managing Director
Felipe Bernabé García Pérez		Secretary General

EXTERNAL NOMINEE DIRECTORS

Name or company name of Director	Committee that proposed appointment	Name or company name of the significant shareholder represented or which proposed the appointment
B 1998, S.L.		B 1998, S.L. See part A.6.
Dominum Desga, S.A.		B 1998, S.L. See part A.6.
EAC Inversiones Corporativas, S.L.		B 1998, S.L. See part A.6.
Fernando Falcó y Fernández de Córdova		B 1998, S.L. See part A.6.
Marcelino Oreja Aguirre		B 1998, S.L. See part A.6.
Dominum Dirección y Gestión, S.A.		B 1998, S.L. See part A.6.
Juan Castells Masana		B 1998, S.L. See part A.6.
Robert Peugeot		B 1998, S.L. See part A.6.
Cartera Deva, S.A.		B 1998, S.L. See part A.6.
Ibersuizas Alfa, S.L.		B 1998, S.L. See part A.6.
Ibersuizas Holdings, S.L.		B 1998, S.L. See part A.6.

EXTERNAL INDEPENDENT DIRECTORS

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

OTHER EXTERNAL DIRECTORS

Name or company name of Director	Committee that proposed appointment
-	-

Please explain why they cannot be considered nominee or independent directors.

Indicate any changes to the types of directors during the fiscal year.

Name or company name of Director	Date of change	Previous type	Current type
Marcelino Oreja Aguirre	26-10-2004	Executive director	External nominee director

B.1.4. Indicate whether the types of directors stated in the preceding point match the distribution provided for in the Board of Directors Regulations:

The types of directors comply with the provisions of article 6, "Qualitative Composition" of the Regulations of the Board of Directors.

B.1.5. Indicate the powers vested in the Managing Director, if any:

Name of Director: Rafael Montes Sánchez.

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

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

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

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

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

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

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

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

Furthermore, article 8.2 (General Functions – Equilibrium in the Performance of Functions) establishes that the Board of Directors is responsible for performing all acts as may be necessary to attain the business objectives set forth in the Articles of Association, in accordance with the applicable laws. The fact that the Board may empower certain members of the Board within the limits allowed by the law does not deprive the Board of those powers.

B.1.6. Identify the board members who hold senior management or director positions in other companies that are part of the Group of the listed company:

Name or company name of Director	Name of company of the Group	Title
EAC Inversiones Corporativas, S.L. Represented by Alicia Alcocer Koplowitz	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L. Represented by Esther Alcocer Koplowitz	FCC Construcción, S.A.	Director
EAC Inversiones Corporativas, S.L. Represented by Esther Alcocer Koplowitz	Grucycsa, S.A.	Director
EAC Inversiones Corporativas, S.L. Represented by Esther Alcocer Koplowitz	Realia Business, S.A.	Director
Fernando Falcó y Fernández de Córdova	Realia Business, S.A.	Director
Fernando Falcó y Fernández de Córdova	Cementos Portland Valderrivas, S.A.	Director
Fernando Falcó y Fernández de Córdova	FCC Construcción, S.A.	Director
Fernando Falcó y Fernández de Córdova	Grucycsa, S.A.	Director

Continued on the next page

Name of Director	Name of Company or Group	Title
Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Rafael Montes Sánchez	FCC Medio Ambiente, S.A.	Director
Rafael Montes Sánchez	Corporación Española de Transporte, S.A.	Chairman
Rafael Montes Sánchez	Detren Compañía General de Servicios Ferroviarios, S.L.	Director
Rafael Montes Sánchez	FCC Connex Corporación, S.L.	Director
Rafael Montes Sánchez	FCC Versia, S.A.	Chairman
Felipe Bernabé García Pérez	Proactiva Medio Ambiente, S.A.	Director
Ibersuizas Alfa, S.L.	Cementos Portland Valderrivas, S.A.	Director
Robert Peugeot	FCC Construcción, S.A.	Director

B.1.7. Please provide the details of any board members who sit on the boards of directors of other companies listed on the Spanish stock exchange, other than companies of your group, of which the company has been notified:

Name or company name of Director	Listed company	Title
Marcelino Oreja Aguirre	Repsol YPF, S.A.	Director
Marcelino Oreja Aguirre	Acerinox, S.A.	Director
Fernando Falcó y Fernández de Córdova	Sogecable, S.A.	Vice president
Gonzalo Anes y Álvarez de Castrillón	Repsol YPF, S.A.	Director

B.1.8. Complete the following tables regarding the aggregate remuneration paid to board members during the fiscal year:

a) In the company to which this report refers:

Breakdown of Remuneration	Data in thousands of euros
Fixed	2,748
Variable	435
Allowances	6
Allowances for meeting attendance	1,548
Stock options and/or other financial instruments	0
Other	39
Total	4,776

Other Benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company to directors	0

b) For sitting on the boards of other boards of directors and/or occupying executive positions in Group companies:

Breakdown of Remuneration	Data in thousands of euros
Fixed	0
Variable	0
Allowances	60
Allowances for meeting attendance	682
Stock options and/or other financial instruments	0
Other	0
Total	742

Other Benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension plans and funds: contributions	0
Pension plans and funds: obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company to directors	0

c) Total remuneration by director type:

Type of Director	By company	By group
Executive	1,675	0
External nominees	2,972	742
External independent	129	0
Other external	0	0
Total	4,776	742

d) Percentage on profits earned by the parent company:

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

B.1.9. List the executive staff members who are not executive directors and indicate the total remuneration paid to them during the fiscal year:

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

Total remuneration paid to executive staff (thousands of euros)	4,386.75
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B.1.10. Please indicate whether there are guarantee or protection clauses for cases of dismissal or control changes in favour of executive staff members, including executive directors of the company or the group. Indicate whether these contracts must be submitted to and/or approved by the governing bodies of the company or group:

The body which authorises the guaranteeing or reinforcing clauses is the Executive Committee.

As indicated in the notes to the income statements for each fiscal year that are prepared by the Board of Directors and submitted to the General Meeting for approval, an insurance policy was taken out to cover the payment of contingencies relative to death, permanent disability, retirement and other items payable to the executive directors and executive staff members listed in parts B.1.3 and B.1.9, respectively.

In particular, the contingencies eligible for indemnification are those which result in the extinction of the labour relationship for any of the following reasons:

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

Number of beneficiaries	9
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	Board of Directors	General Meeting
Body that authorises the clauses	X	

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

B.1.11. Describe the process for setting the remuneration of the members of the Board of Directors and the relevant clauses of the Articles of Association in this regard.

Article 36 of the Articles of Association states that:

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

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

Article 42 of the Regulations of the Board establishes that one of the functions of the Appointments and Retributions Committee is to "report on the remuneration system for directors and to review it periodically to ensure that it is commensurate with the functions they perform".

B.1.12. Please identify the members of the Board of Directors who are at once board members or directors of companies which are significant shareholders in the listed company and/or its group companies:

Name or company name of Director	Name or company name of significant shareholder	Title
Esther Koplowitz Romero de Juseu In representation of the director B 1998, S.L.	B 1998, S.L.	Chairwoman
EAC Inversiones Corporativas, S.L. Represented by Esther Alcocer Koplowitz	B 1998, S.L.	Director
Rafael Montes Sánchez	B 1998, S.L.	Director
Ibersuizas Holdings, S.L.	B 1998, S.L.	Director
Juan Castells Masana	B 1998, S.L.	Director
Ibersuizas Alfa, S.L.	B 1998, S.L.	Director
Fernando Falcó y Fernández de Córdova	B 1998, S.L.	Director
Cartera Deva, S.A.	B 1998, S.L.	Director
Robert Peugeot	B 1998, S.L.	Director
Dominum Dirección y Gestión, S.A.	B 1998, S.L.	Director

Describe any relevant relationships other than those mentioned above between the members of the Board of Directors and significant shareholders and/or companies of the group:

Name or company name of Director	Name or company name of significant shareholder	Description of relationship
Dominum Desga, S.A.	Esther Koplowitz (Shareholder in B 1998, S.L.)	Company owned by Esther Koplowitz
Fernando Falcó y Fernández de Córdova	Esther Koplowitz (Shareholder in B 1998, S.L.)	Spouse of Esther Koplowitz
EAC Inversiones Corporativas, S.L.	Esther Koplowitz (Shareholder in B 1998, S.L.)	Company owned by the daughters of Esther Koplowitz
Dominum Dirección y Gestión, S.A.	Esther Koplowitz (Shareholder in B 1998, S.L.)	Company owned by Esther Koplowitz
Ibersuizas Alfa, S.L.	B 1998, S.L.	shareholders' agreement B 1998, S.L.
Ibersuizas Holdings, S.L.	B 1998, S.L.	shareholders' agreement B 1998, S.L.
Robert Peugeot	B 1998, S.L.	shareholders' agreement B 1998, S.L.
Cartera Deva, S.A.	B 1998, S.L.	shareholders' agreement B 1998, S.L.

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

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

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

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

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

Article 2 "Scope of Application", article 3 "Interpretation", article 4 "Modification", article 7 "Powers of the Board of Directors. List of non-transferable functions", article 8. "General functions. Equilibrium in the performance of functions", article 10 "Specific functions relative to the annual income statements and Directors' Report", article 13 "Information to Shareholders relative to General Meetings", article 18 "Term of Office", article 22 "General Obligations of the Board", article 23 "Confidentiality Obligations of Directors", article 24 "Non-competition Obligation", article 25 "Conflict of Interest", article 29 "Confidentiality Obligations of Directors", article 35 "Vice Presidents. Managing Directors", article 38 "Board Meetings", article 39 "Committees of the Board of Directors", article 40 "The Executive Committee", article 41 "Audit & Control Committee", article 42 "Appointments and Retributions Committee" and article 43 "Strategy Committee".

B.1.14. State the procedures for appointing, re-electing, evaluating and removing directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each one of these procedures.

The General Meeting is responsible for appointing and removing directors. Directors may be re-elected one or more times for five-year terms.

Under the shareholders' agreements referred to in part A.6. of this report, with regard to the FCC Directors corresponding to B 1998, S.L., the investors may appoint four (4) directors to the Board of Directors of FCC.

EK or EK's chosen representative will be entitled to appoint all of the members of the Board of Directors of FCC which B 1998, S.L. is entitled to appoint, other than those whom the investors are entitled to appoint.

Chapter IV of the Regulations of the Board entitled "Appointment and Removal of Directors" regulates the following:

Article 16. Appointment of Directors

"Proposals for the appointment of Directors by the Board of Directors will be submitted to the General Meeting of Shareholders for its consideration and the appointment decisions that are adopted by virtue of the power of co-optation vested in the Board shall fall upon people of recognised honourableness, solvency, technical competence and experience, based on the report of the Appointments and Retributions Committee."

Article 18. Term of Office

- "1. The term of office of Directors will be that established in the Articles of Association, which may not be more than five years.*
- 2. The Directors appointed by co-optation will occupy their posts until the next General Meeting is held. This period of time will not count toward the term established in the preceding paragraph.*
- 3. Directors whose mandates expire or who cease to sit on the Board for any reason may not work for competitors of FCC for two years.*
- 4. The Board of Directors, at its complete discretion, may release outgoing Directors of this obligation or shorten the period of time."*

Article 19. Re-election of Directors

"Prior to the submitting any Director to the General Meeting of Shareholders for re-election, the Appointments and Retributions Committee must issue a report evaluating the quality of work and devotion to the post of the proposed Directors during their previous mandate."

Article 20. Resignation of Directors

"The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it."

Article 21. Nature of the Resolutions of the Board on this Subject

"Pursuant to the provisions of Article 25 of these Regulations, the Directors being proposed for appointment, re-election or dismissal will abstain from participating in the deliberations referring to them. However, they may vote on such proposals."

B.1.15. Indicate under what circumstances directors are obliged to resign.

Article 20 of the Regulations of the Board establishes that:

- "1. The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it.*
- 2. The Directors shall make their positions available to the Board of Directors and officially resign at the Board's request in the following cases:*
 - a. When they no longer occupy the positions or perform the functions associated with their appointment as executive directors.*
 - b. In the case of nominated directors, when the shareholder whose interests they represent transfers its interest in FCC.*
 - c. When they are affected by circumstances of incompatibility or legal prohibition.*
 - d. When at least two thirds of the Board members are in favour of the Director's resignation:*
 - when the Director is admonished by the Board for having infringed his obligations as a Director, following the proposal or report of the Appointments and Retributions Committee or*
 - when the interests of FCC could be jeopardised by the Director remaining on the Board."*

B.1.16. Explain whether the Chairman of the Board is also the Chief Operating Officer of the company. If so, state the measures that have been taken to limit the risk of power accumulating in a single person:

YES NO

B.1.17. Are special quorums required to take any type of decision, other than the legally-mandated majority?

YES NO

Describe how resolutions are passed by the Board of Directors, indicating the minimum attendance quorum required and the type of majority needed to pass resolutions:

ADOPTION OF RESOLUTIONS

Description of Resolution	Quorum	Type of Majority
Permanent delegation of powers to the Executive Committee, the Chairman or the Managing Directors, and the appointment of the directors who will hold such posts.	Two-thirds of the board members must be present or represented at the meeting	Two-thirds of the board members

All other resolutions of the Board of Directors shall require the favourable vote of an absolute majority of the members.

B.1.18. Explain whether there are any special requirements, other than those relative to directors, for being appointed Chairman.:

YES NO

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

YES NO

B.1.20. State whether the Regulations of the Board set an age limit for Directors:

YES NO

B.1.21. Indicate whether the Articles of Association or the Regulations of the Board establish a limited term of office for independent directors:

YES NO

B.1.22. State whether there are formal procedures for delegating votes in the Board of Directors. If so, describe them briefly.

There are no formal procedures for delegating votes in the Board of Directors.

B.1.23. State the number of Board of Directors meeting held during the fiscal year. Also state how many times the Board of Directors met without the Chairman in attendance:

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

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

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

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

B.1.24. Indicate whether the individual and consolidated annual income statements presented to the Board for its approval are previously certified.

YES NO

Identify the person or people who has or have certified the individual and consolidated income statements of the company to be formulated by the Board:

Name	Title
Rafael Montes Sánchez	Managing Director
José E. Trueba Gutiérrez	Corporate Administration and Financial Manager

Part 1 of article 10 of the Regulations of the Board "Specific functions relative to the Annual Accounts and Directors' Report" states that the Board of Directors will draw up the Annual Accounts and the Directors' Report, both individual and consolidated, to reflect a faithful image of the equity, financial situation and results of FCC, as provided for under the law, based on the report of the Audit and Control Committee. These accounts will first be certified for their integrity and accuracy by the Corporate Administration and Financial Manager with the Chairman's approval, if he has executive powers, and otherwise by the Managing Director.

B.1.25. Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated annual income statements being submitted to the General Meeting of Shareholders with provisos in the Auditor's Report.

The Board of Directors, at its meeting held on 17 June 2003, approved the creation of an Audit and Control Committee whose functions include reviewing the process for preparing the economic and financial information published periodically by the FCC Group. Since this function is particularly crucial inasmuch as the annual information is concerned, prior to the annual income statements for 2004 being drafted by the Board of Directors, the Audit Committee, on 29.03.05, held a meeting with the external auditors to examine the accounts. Consequently, when formulated by the Board on 30.03.05, the external auditor's report contained no provisos.

B.1.26. Describe the measures adopted to ensure that information is distributed to the stock market in an equitable and symmetrical way.

Article 14 of the Regulations of the Board entitled "Relations with Markets" establishes that:

1. The Board of Directors will take the necessary measures to inform the public immediately, by forwarding to the Spanish Stock Exchange Commission (CNMV) and simultaneously posting on the FCC website:
 - a) Any relevant events capable of having a significant influence on the formation of the stock market price of FCC shares.
 - b) Changes that have a significant effect on the stockholder structure of FCC
 - c) Substantial changes to the FCC rules of governance, currently composed of the Articles of Association, the General Meeting Rules, the Regulations of the Board of Directors and the Internal Code of Conduct.
 - d) Any treasury stock transactions of particular importance.
2. The Board of Directors will adopt the necessary measures to ensure that the periodical financial information and any other information that is made available to the markets is prepared according to the same principles, standards and professional practices as the income statements and is just as reliable as they are.

General speaking, the people bound by the Internal Code of Conduct approved by the Board of Directors on 17 June 2003 must respect the rules of conduct contained in the Securities Market Act and provisions in development thereof and shall strictly abide by the provisions set forth in article 81 of the Securities Market Act.

In particular, they may not participate in any of the following conducts, either on their own behalf or that of a third party:

- Preparing or carrying out transactions with the securities or instruments to which the information refers.
- Disseminating or sharing such information with third parties, except in the normal performance of their duties.
- Recommending or advising third parties to acquire or assign negotiable securities or financial instruments or having someone else acquire or assign them based on such information.

The people subject to the Code of Conduct must keep all of the information and data referring to FCC or the securities issued by the companies of the Group confidential, notwithstanding the obligation to reveal such information and collaborate with administrative or legal authorities as mandated by law.

Furthermore, these people shall prevent such data or information from being used unfairly or abusively and shall report any cases which come to their attention and shall take the measures needed to prevent, avoid and/or correct the consequences.

The Corporate Administration and Finance Manager will keep a close eye on the value of the affected securities and instruments during the examination or negotiation phase of any type of legal or financial transaction which could have a significant influence on the value of the affected securities or instruments. In the event of an abnormal fluctuation in the value or in the traded volume of the affected securities or instruments in which there were, in the opinion of the Corporate Administration and Finance Manager, reason to believe that such fluctuations were caused as a consequence of a the transaction being leaked prematurely, he shall report the situation to the Chairman of the Steering Committee and the Chairman of the Board of Directors and, after obtaining authorisation from the latter, shall immediately report it as a relevant event under the terms of part f) of article 83 bis, of the Securities Market Act. If the urgency of the situation allows, the Chairman of the Board will first inform the members of the Board of Directors.

The people bound by the Internal Code of Conduct will abstain from providing any confidential or privileged information to analysts, investors or the press which has not previously or simultaneously been provided to the general public.

B.1.27. Is the Secretary of the Board also a Director?

YES NO

B.1.28. Indicate the mechanisms implemented by the company to preserve the independence of auditors, financial analysts, investment banks and rating agencies, if any.

These mechanisms are regulated under article 41 of the Regulations of the Board entitled "Audit and Control Committee":

"...

2. *The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.*

3. *In particular, the Audit and Control Committee's powers include but are not limited to:*

...

- *Making proposals to the Board of Directors, for submission to the General Meeting of Shareholders, on the appointment of external auditors referred to in Article 204 of the revised text of the Limited Liability Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December.*

- *Supervising the company's internal audit services.*

- *Overseeing the company's financial information process and internal control systems.*

- *Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.*

- *Guaranteeing the independence of its own members in relation to the company's external auditors.*

- *Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.*

- *Supervising the preparation of the individual and consolidated Income Statements and the Directors' Report for their formulation by the Board of Directors in accordance with the law.*

- *Informing the Board on the accuracy and reliability of the individual and consolidated Income Statements and Directors' Report and of the financial information periodically disseminated to the markets.*

- *Evaluating the reports on proposed amendments of these Regulations, in accordance with the provisions of part 3, Article 4.*

- *Deciding on how to proceed in relation to the information rights of the Directors who come to the Committee for assistance, in accordance with the provisions of Article 30 of these Regulations. Requesting, as necessary, the inclusion of agenda items at Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Regulations.*

- *Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.*

...

4. *To perform its functions to the best of its ability, the Audit and Control Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.*

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

...

9. *It shall attend the Committee meetings and to collaborate and provide access to information to any member of the executive staff of FCC at their request. The Committee may also request the attendance of FCC's auditors at its sessions.*

10. *The Audit and Control Committee shall have access to all of the documentation and information needed to perform its functions.*

11. *For all other matters not specifically regulated hereunder, the provisions of Articles 37 and 38 of the Articles of Association and on a supplementary basis the provisions of the Articles of Association relative to the Board of Directors shall apply.*

12. *The members of the Audit and Control Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote.*

B.1.29. Indicate whether the auditors do work for the company and/or the Group other than auditing work and, if so, whether they declare the amount of the fees received for such work and the percentage that it represents out of the total fees billed to the company or the Group.

YES NO

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

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

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

	Company	Group
Number of years in a row	15	15

	Company	Group
No. of years audited by the current auditors / no. of years the company's / group's accounts have been audited (%)	100.000	100.000

B.1.31. Indicate the interests held by the members of the Board of Directors of the company in the capital of companies with identical, analogous, or complementary types of activities as those making up the business objective of the company or the Group which have been notified to the company. Also indicate their titles or the functions they perform in these companies:

Name or company name of Director	Name of company	% ownership	Title or functions
Marcelino Oreja Aguirre	Metrovacesa, S.A.	0.00044%	–
Alicia Alcocer Koplowitz directly (Representative of Dominum Dirección y Gestión, S.A.)	Actividades de Construcción y Servicios, S.A. (ACS)	0.000016%	–
Alicia Alcocer Koplowitz directly (Representative of Dominum Dirección y Gestión, S.A.)	Obrascón Huarte Lain, S.A.(OHL)	0.00050%	–
Pedro Agustín del Castillo Machado indirectly (Representative of Ibersuizas Holdings, S.L.)	Elmasa Patrimonial, S.A.	7.46% indirectly	Director
Pedro Agustín del Castillo Machado directly (Representative of Ibersuizas Holdings, S.L.)	Eléctrica Maspalomas, S.A.	7.46%	Chairman and CEO

B.1.32. Describe the procedures, if any, that exist for directors to receive the advice of external advisers:

YES NO

Details of Procedures: Article 31 of the Regulations of the Board, "Expert Assistance", establishes that:

"1. In order to be aided in the performance of their duties, external Directors may request the hiring of legal, accounting and financial advisers or other experts, at the company's expense.

Such requests must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of the Director's duties.

2. Requests for external advisers or experts shall be submitted to the Chairman of FCC and will be authorised by the Board of Directors if, in the Board's opinion:
 - a. it is necessary for the proper performance by independent Directors of their assigned duties,
 - b. the cost is reasonable, in view of the importance of the problem and the assets and income of FCC and
 - c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel.
3. Requests for expert assistance by any of the Board Committees may not be denied, except when a majority of the Board members considers that the conditions foreseen in part 2 of this Article are not met."

B.1.33. Describe the procedures, if any, that exist for directors to receive the information they need to prepare for Board meetings well enough in advance:

YES NO

Details of procedures: Article 38 of the Regulations of the Board, "Board of Directors Meetings" develops this procedure by establishing that:

"1. The Board of Directors will meet as required in the best interest of FCC and at least six times a year. The calendar of the ordinary sessions will be set by the Board at the beginning of each year. The calendar may be modified by agreement of the Board or by decision of the Chairman, who will notify the Directors of the change at least ten days in advance of the original meeting date, or the modified meeting date if it comes before the original date.

2. The announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman.

Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration.

In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

3. The Chairman will decide the meeting agenda. The Directors may request the inclusion of items on the agenda and the Chairman will be obliged to include them when the request is made by at least three Directors or by any one of the Board Committees at least three days in advance of the meeting date.

When a specific item is included on the meeting agenda at the request of the Directors, then the Directors who requested the inclusion of that item shall forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

Given the confidentiality obligations of the Board members, every effort will be made to ensure that the importance and reserved nature of the information is not used as a pretext - except under certain exceptional circumstances as determined by the Chairman - not to abide by this rule."

B.1.34. Indicate whether there is a liability insurance policy covering the company directors.

YES NO

B.2. Committees of the Board of Directors

B.2.1. List the Board committees:

Executive Committee: Composed of five members. Article 40 of the Regulations of the Board states that all of the functions and powers necessary to conduct the company's business are permanently delegated in the Executive Committee. Consequently, this Committee is vested with the broadest powers to direct, administer and dispose of the company's assets; to represent the company in and out of court; to sign contracts and other instruments; and to perform any and all functions and faculties entrusted by law and by the articles of association to the Board of Directors, with the sole exception of those which are indelegable pursuant to the provisions of article 141, part 1 of the Public Corporations Act. Article 40.1 of the Rules of the Board of Directors states that unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than 18 million euros.

Audit and Control Committee: Composed of four members. Article 41.2 of the Rules establish that the basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.

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

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

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

APPOINTMENTS AND RETRIBUTIONS COMMITTEE

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

STRATEGY AND INVESTMENT COMMITTEE

Pending appointment of members

B.2.3. Describe the organisation and operation of each one of the Board committees and their responsibilities.

EXECUTIVE COMMITTEE

The rules are set out in 35 of the Articles of Association of FCC, part of which is transcribed below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. The Executive Committee will meet on a monthly basis, except in the month of August, and may meet on an extraordinary basis as required. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to cast their votes.

8. The Executive Committee will be convened as established in Article 35 of the Articles of Association, although every effort will be made, except in the event of a justified emergency, to ensure at least ten days' of advance notice. Along with the announcement of each meeting, the members of the Executive Committee will be provided with the pertinent information they need to form an opinion and to cast their votes.

9. The Executive Committee will be validly constituted when at least one-half plus one of its members are present or represented at the meeting.

10. For all other matters, the Executive Committee shall be governed by the pertinent provisions of the Articles of Association and on a supplementary basis by the provisions of the Articles of Association and these Regulations relative to the Board of Directors.

AUDIT AND CONTROL COMMITTEE

Its rules of operation are established in article 41 of the Regulations of the Board and in article 37. It will be composed of four members appointed by the Board of Directors for a term not exceeding that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members. A majority of the Committee members shall be non-executive directors.

The Committee will choose a Chairman and may also elect a Vice President from among its non-executive members. Their terms of office may not exceed four years or their terms of office as Committee members, although they may be re-elected once year after stepping down.

The Secretary and Assistant Secretary, if any, shall be chosen by the Committee and need not be board members.

The Committee members may be assisted at their meetings by persons of their choice acting as their advisers, up to two advisers per member. These advisers will attend the meetings with voice but without vote.

APPOINTMENTS AND RETRIBUTIONS COMMITTEE

Regulated in article 42 of the Regulations of the Board, its members are appointed by the Board of Directors for a term of office no longer than that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members.

The majority of the members of the Appointments and Retributions Committee will be external Directors. The Appointments and Retributions Committee will choose a Chairman from among its non-executive members. It will also designate a Secretary, who may or may not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting the contents of the sessions and the deliberations in the meeting minutes.

The members of the Appointments and Retributions Committee will step down from the Committee when they step down as Directors or when decided by the Board of Directors.

The members of the Appointments and Retributions Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote.

To perform its functions to the best of its ability, the Appointments and Retributions Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.

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

The Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.

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

It shall attend the Committee meetings and to collaborate and provide access to information to any member of the executive staff of FCC at their request.

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

STRATEGY COMMITTEE

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

Its members are appointed by the Board of Directors for a term of office no longer than that of their mandate as Directors, notwithstanding the fact that they may be re-elected indefinitely as long as they continue to be Board members. The majority of the members of the Strategy Committee will be external Directors.

The Strategy Committee will choose a Chairman from among its non-executive members. It will also designate a Secretary, who may or may not be a member of the Committee, to aid the Chairman and provide for the smooth operation of the Committee, duly reflecting the contents of the sessions and the deliberations in the meeting minutes.

The members of the Strategy Committee will step down from the Committee when they step down as Directors or when decided by the Board of Directors.

To perform its functions to the best of its ability, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.

The members of the Strategy Committee may be assisted during their meetings by up to two advisers per Committee member, as required. These advisers will attend the meetings with voice but without vote.

The Strategy Committee will meet periodically and when convened by the Chairman or requested by two committee members. Each year, the Committee will draft an action plan for the coming year which it will submit to the Board.

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

It shall attend the Committee meetings and to collaborate and provide access to information to any member of the executive staff of FCC at their request.

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

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

B.2.4. Indicate the advisory powers and powers delegated to each one of the committees:

EXECUTIVE COMMITTEE

Regulated in article 40 of the Regulations of the Board and article 35 of the Articles of Association. The Executive Committee is permanently vested with all of the functions and powers necessary to conduct the company's business, with the sole exception of those which are undelegable pursuant to the provisions of article 141, part 1 of the Public Corporations Act.

In the exercise of the functions and faculties referred to above, the Committee may empower others to act either individually or jointly with other representatives, setting the scope, limitations and conditions it deems pertinent, and may revoke all such powers granted.

According to articles 34 and 35 of the Articles of Association, the Executive Committee may not grant general powers concerning the following questions:

- Convening the General Meeting and setting the meeting agenda.
- Approving interim dividends.
- Supervising delegated committees.
- Buying and selling stocks, except treasury stock.
- Adding or eliminating part or all of the business objectives through companies.
- Disposing of land of real estate in blocks or before completion.
- Disposing of or encumbering any company business.
- Any actions that fall outside of the business objective.

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

AUDIT AND CONTROL COMMITTEE

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

Parts 2 and 3 of article 41 of the Regulations of the Board establish that the basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.

In particular, the Audit and Control Committee's powers include but are not limited to:

- Informing the General Meeting of Shareholders on the questions raised by shareholders which fall within its scope of authority.
- Making proposals to the Board of Directors, for submission to the General Meeting of Shareholders, on the appointment of external auditors referred to in Article 204 of the Revised Text of the Limited Liability Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December.
- Supervising the company's internal audit services.
- Overseeing the company's financial information process and internal control systems.
- Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.
- Guaranteeing the independence of its own members in relation to the company's external auditors.
- Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.
- Supervising the preparation of the individual and consolidated Income Statements and the Directors' Report for their formulation by the Board of Directors in accordance with the law.
- Informing the Board on the accuracy and reliability of the individual and consolidated Income Statements and Directors' Report and of the financial information periodically disseminated to the markets.

- Evaluating the reports on proposed amendments of these Regulations, in accordance with the provisions of part 3, Article 4.
- Taking decisions in relation to the information rights of the Directors who come to the Committee as established in article 30 of these Regulations. Requesting the inclusion of agenda items on the Board's agenda under the conditions and by the deadlines set out in article 38.4 of these Regulations.
- Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.
- Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions.

APPOINTMENTS AND RETRIBUTIONS COMMITTEE

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

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

The Appointments and Retributions Committee is responsible for proposing or informing the Board of Directors as follows:

- a. Reporting on proposals for the appointment or re-election of Directors and proposals for reprimanding Directors as referred to in Article 20.2 d) of these Regulations.
- b. Proposing the people or positions that should be considered executive staff members or positions of the company, in addition to those envisaged in Article 2.2 of these Regulations.
- c. Informing the Board of the Directors' remuneration scheme and revising it periodically to ensure that it is in keeping with the duties performed by the Directors.
- d. Informing the Board of the incentive plans for the executives of the FCC Group, particularly those that are related to the value of the shares.
- e. Informing on the fundamental aspects of the general compensation policy of the FCC Group and the remunerations and types of contracts of FCC executives.
- f. Informing on the proposed appointment of members of the Board of Directors committees.
- g. Preparing and maintaining a record of the situation of Directors and Executives of FCC.
- h. Receiving the information provided by Directors under Article 24.2 of these Regulations.
- i. Informing on the professional or commercial transaction referred to in Article 25.4 of these Regulations, if any.
- j. Informing on the business opportunities previously studied and ruled out by the FCC Group but taken advantage of by Directors for their own benefit or of the use of assets belonging to the Group of Companies referred to in parts 1 and 3 of Article 27 of these Regulations.
- k. Receiving and filing in the record of situations referred to in letter h. the personal information provided by the Directors as established in Article 29 of these Regulations.
- l. Requesting, as necessary, the inclusion of agenda items at Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Regulations.

To perform its functions to the best of its ability, the Appointments and Retributions Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.

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

STRATEGY COMMITTEE

It is regulated in article 43 of the Regulations of the Board. It is responsible for making proposals and reports to the Board on all strategic decisions, investments and disinvestments of relevant to the company or the Group, evaluating their appropriateness in terms of budgets and strategic plans. It is also responsible for analysing and monitoring business risks.

Article 43 of the Regulations of the Board establishes that the Strategy Committee is responsible for supporting the Board of Directors in determining the Group's strategy following the guidelines set out by the Board and for preparing the pertinent reports and proposals.

In particular, the Strategy Committee will inform the Board on the proposed investments, third-party agreements, new activity lines and financial operations which, due to their relevance and in the opinion of the Board could have an effect on the Group's strategy. It will also report to the Board on any other matters placed before it by the Board and not falling under the jurisdiction of any other Board committee.

To perform its functions to the best of its ability, the Strategy Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.

B.2.5. Indicate whether there are regulations of the Board committees, where they are available for consultation and any changes made to them in the fiscal year. Also indicate whether reports on the activities of each committee have been prepared voluntarily.

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

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

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

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

B.2.6. If there is an Executive Committee, explain the level of delegation and autonomy in the exercise of its duties for the passage of resolutions on the management and administration of the company.

With the passage of the Regulations of the Board, it is possible for the Board to permanently delegate in the Executive Committee all of the Board's powers, with the exception of those which are undelegable under the law, the Articles of Association of the Regulations of the Board (article 40.1).

Notwithstanding the above, there are a number of undelegable powers which may only be exercised by the Board. Article 7, "Powers of the Board of Directors - List of Undelegable Powers" of the Regulations of the Board states that the following may only be decided by the Board of Directors by adopting the pertinent agreements in each case as mandated by law or by the Articles of Association:

- a. Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realía Business, S.A. and FCC Versia, S.A.) and appointing and removing members of the Steering Committee.
The Board may periodically modify the list of specialised subsidiaries referred to in the preceding paragraph.
- b. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association and revoking such powers.
- c. Appointing and removing Board members to sit on the different Committees discussed in these Regulations.
- d. Supervising the Delegated Committees of the Board.
- e. Appointing Board members by co-optation when vacancies arise, until the next General Meeting is held.
- f. Accepting the resignation of board members.
- g. Formulating the annual accounts and presenting them to the General Meeting.
- h. Determining the Group's strategy with the support of the Strategy Committee and the Managing Director.
- i. Approving investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts above eighteen million (18,000,000) euros.
- j. Organising the Board of Directors in general and modifying these Regulations in particular.
- k. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

Unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than eighteen million euros.

The Executive Committee is permanently entrusted with all of the functions and faculties needed to conduct the company's business and as such is vested with broad-ranging powers to direct and administer, dispose of asset and represent the company in and out of court, sign all types of contracts and acts involving the acquisition, disposal or encumbrance of property, guarantee external transactions or business operations, without limit, and to exercise any and all functions conferred by the Articles of Associations and the Public Corporations Act on the Board of Directors, with the sole exception of those which may not be delegated according to part 1 of article 141 of the Public Corporations Act.

B.2.7. Indicate whether the Executive Committee reflects the percentage of participation on the Board of the different board members by type:

YES NO

If not, explain the composition of the Executive Committee

The composition of the Executive Committee is 80% external directors and 20% executive directors, while the composition of the Board of Directors is 86.67% external directors and 13.33 % executive directors.

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

YES NO

C. LINKED TRANSACTIONS



- C.1. Provide the details of any relevant transactions involving a transfer of resources or obligations between the company or members of the group and the company's significant shareholders:

Name or company name of significant shareholder	Name of the Group company	Type of transaction	Type of relationship	Amount (thousands of euros)
Esther Koplowitz Romero de Juseu	FCC Construcción, S.A.	Contractual	Directly (Construction)	55
Esther Koplowitz Romero de Juseu	FCC Construcción, S.A.	Contractual	Directly (Construction)	1,706
Esther Koplowitz Romero de Juseu	FCC Construcción, S.A.	Contractual	Directly (Construction)	1,772
Esther Koplowitz Romero de Juseu	Servicios Especiales de Limpieza, S.A.	Contractual	Directly (Cleaning Services)	18 683
Esther Koplowitz Romero de Juseu	Falcon Contratas y Seguridad, S.A.	Contractual	Directly (Security Services)	

- C.2. Provide the details of any relevant transactions involving a transfer of resources or obligations between the company or members of the group and the company's director's or administrators:

None.

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

- C.3. Describe the relevant transactions between the company and members of the same Group of companies, provided that they are not eliminated in the process of preparing the financial statements and are not part of the company's normal business operations in terms of its object and conditions:

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

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

- C.4. Describe how possible conflicts of interest involving the company's directors are resolved, bearing in mind the provisions of article 127 of the Public Corporations Act.

The directors of Fomento de Construcciones y Contratas, S.A. have reported that they do not carry out on their own behalf or that of third parties any activities of an identical, analogous or complementary nature to those making up the company's business objectives.

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

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

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

Except as outlined in the preceding paragraph, the directors of Fomento de Construcciones y Contratas, S.A. or persons acting on their behalf, have not participated during the fiscal year in transactions with the company or with a company belonging to the group outside of the ordinary business of the company or under other than normal market conditions.

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

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

These directors occupy positions or perform functions and/or hold interests of less than 0.01% in other companies of the FCC Group, in which Fomento de Construcciones y Contratas, S.A., directly or indirectly, has a majority of votes.

C.5. Describe the mechanisms in place to detect and resolve possible conflicts of interest between the company and/or its group and its directors, executives or significant shareholders.

Parts 3, 4, 5 and 6 of article 25 of the Regulations of the Board establish that the Director must inform the Board, well in advance, of any situation which may give rise to a conflict of interest with the FCC Group of companies or its subsidiaries. The express authorisation of the Board of FCC will be required, based on the report of the Appointments and Retributions Committee, in the following cases:

1. The provision of remunerated professional services by a Director to any company of the FCC Group other than those rendered by executive Directors in the performance of their duties as company employees.
2. The sale, transmission or any other arrangement involving an economic consideration of any kind by a Director to any company of the FCC Group of supplies, materials, goods or rights in general.
3. Transmission of supplies, materials, goods or rights in general by companies of the FCC Group to a Director other than in the course of the transmitting company's ordinary business.
4. Provision of goods or services by companies of the FCC Group to Director under lower than market conditions, even when they are part of the company's ordinary business.

In the case of ordinary transactions with the company, the Board of Directors may approve the generic line of transactions. In any event, all transactions of any kind carried out by Directors with FCC, its subsidiaries or associated companies shall be reported in the Annual Corporate Governance Report. This obligation extends to the transactions between the company and its direct or indirect significant shareholders.

A possible conflict of interest is considered to exist as a result of stock ownership in any company in which the person, either by him or herself or jointly with family members as defined in article 25.2 of the Regulations of the Board, controls more than 15% of the political or economic rights or when, even though the ownership percentage is less, the person can designate at least one member of the governing body.

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

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

The Internal Code of Conduct approved by the Board of Directors at its meeting on 17 July 2003, establishes that anyone subject to the Code, which includes directors and administrators, among others, must notify the Chairman of the Surveillance Committee of any possible conflicts of interest with any company of the FCC Group by reason of family relationships or any other circumstance, by writing to the Chairman explaining such conflicts of interest in detail.

The Chairman of the Surveillance Committee must be consulted in writing about any questions on this subject before taking any decision that could be affected by such a conflict of interest.

A conflict of interest due to family relations is not considered to exist when the relationship exceeds the fourth degree of consanguinity or affinity.

D. RISK CONTROL SYSTEMS



D.1. General description of the risk control policy of the company and/or Group, detailing and evaluating the risks covered by the system and explaining why the systems adequately cover each type of risk.

The organisational structure of the FCC Group, the planning systems and the management processes governing its transactions are designed to control the different business risks faced by the Group. In this regard, risk management is part of the Group's management process and, as such, involves all members of the organisation. There are preventive policies, supervision and control policies and corrective action policies in place to meet the organisation's objectives.

The main risks covered by the system are listed below:

1. **Market risks.**
2. **Operational risks.**
 - 2.1. Contracting Risks.
 - 2.2. Production Process Risks.
 - 2.3. Environmental Risks
3. **Organisational risks.**
 - 3.1. Labour risks.
 - 3.2. Information system risks.
4. **Financial management risks.**
 - 4.1. Exchange rate risks.
 - 4.2. Interest rate risks.
 - 4.3. Risks associated with the reliability of economic-financial information.
 - 4.4. Industrial and shareholding risks.

D.2. Indicate the control systems in place for evaluating, mitigating or reducing the principal risks to the company and its Group.

1. Management of market risks.

The FCC Group faces diverse risks of a regulatory and structural nature inherent to the products and the environment in which it operates.

The Board of Directors is responsible for defining the strategy of the FCC Group, assigning the available resources and for setting the general policies to be applied and informing the different areas of them.

Strategic planning within the FCC Group is a process in which the objectives to be achieved in each activity are identified based on the improvements to be introduced, market opportunities and the level of risk that is considered acceptable. This process is the basis for the drafting of operating plans that specify the goals to be achieved each year.

The goals established during the planning process are reviewed periodically to analyse the deviations at different levels of responsibility and take the appropriate corrective action.

The General Rules of Organisation and Operation provide the framework for all members of the organisation, the authority delegated at different hierarchical levels and the basic principles to be observed in operating processes. These principles are the basis of the specific rules governing these processes.

To mitigate the market risks faced by each business line, the Group has also adopted a strategy of diversification in complementary business lines such as the provision of diverse services to government agencies, concessions or cement, among others.

2. Management of operational risks.

2.1. Management of contracting risks.

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

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

2.2. Management of production risks.

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

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

2.3. Management of environmental risks.

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

- a) Compliance with all environmental regulations and the achievement of environmental targets that surpass external requirements.
- b) A decrease in environmental impact through proper planning.
- c) Regular analysis of risks and possible improvements.

The basis prevention tool for controlling this risk is the environmental plan prepared by each operating unit which consists of:

- a) Identifying the environmental aspects and applicable laws.
- b) Environmental impact evaluation criteria.
- c) Measures to be adopted.
- d) A system for measuring the objectives achieved.

3. Management of organisational risks.

3.1. Management of labour risks.

One of the FCC Group's priorities in the conduct of its business is to guarantee the safety of its personnel and to comply with all labour legislation, placing the utmost importance on occupational risk prevention systems. These systems are formalised and organised on the basis of:

- a) The assignment of functions and responsibilities.
- b) Procedures integrated in the production process for evaluating risks and implementing prevention plans (safety plans).
- c) Ongoing training supported by specialists in the field.
- d) Regular reviews of the safety plans in the different operating units by prevention specialists.
- e) A safety audit system involving internal and external professionals.

3.2. Management of Information system risks.

The complexity and volume of the activities of the FCC Group make it necessary to have information systems for managing all of the activities at the individual and global levels with a high degree of security.

These information systems are based on a set of electronic security methods, processes, and systems supervised by a Security Committee and designed to protect privileged information and mitigate the inherent risks through policies and systems that control the accessibility to information and the ability to retrieve information.

The Group has manuals and rules of conduct referring to the physical and logical security of the information systems which covers the management of the principal risks: access to data processing centres, network access, protection of personal data (LOPD), backups, etc.

4. Management of financial risks.

4.1. Management of exchange rate risks.

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

4.2. Management of interest rate risks.

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

4.3. Management of risks associated with the reliability of economic-financial information.

The FCC Group has certain processes for managing economic and financial information based on:

- a) An organisational structure that separates the administrative and accounting processes used as the basis for preparing the economic and financial information as a means of preventing the risk of manipulation. There is a centralised corporate department in charge of these processes which assigns responsibilities in the different business areas of the FCC Group to the departments that are functionally dependent on them.
- b) Continuous updating of financial reporting procedures, standards and systems. In this regard, the preparations for implementing the International Financing Reporting Standards were concluded in 2004, in accordance with the project approved by the Steering Committee and with the approval of the Audit Committee. The procedures and standards were implemented and the staff were trained on a company-wide level in order to minimise the potential risks associated with the implementation of the International Financial Standards in fiscal year 2005.
- c) An economic and financial information review system and compliance with internal control systems through internal and external audits.

4.4. Management of financial and industrial risks.

To protect the FCC Group's balance sheet, the company adheres to an active Risk Management policy to manage the risks that have a direct effect on the company's assets, either as a result of their destruction or the generation of obligations to third parties.

The process of analysing the risks to which the company is exposed is an ongoing one. The potential losses are quantified and the appropriate measures taken to eliminate and/or reduce them, transferring those which remain to the insurance sector by taking out the pertinent insurance policies, optimising them in economic terms and choosing the most suitable financing mechanisms for retained risks, all with the ultimate goal of maintaining or guaranteeing the company's net worth and thus generating value for shareholders.

D.3. If any risks affecting the company and/or Group have materialised, please indicate the circumstances under which this occurred and whether the established control systems were effective.

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

D.4. Indicate whether there a committee or other governing body in charge of establishing and supervising these control mechanisms and describe its functions.

There is a delegated committee of the company's supreme governing body, the Audit and Control Committee, which is responsible for supervising the company's control systems (See B.1.28).

Risk management is part of the Group's overall management framework and involves all members of the organisation, accompanied by preventive, supervisory and control policies. There are different people responsible for designing the processes at different levels of the organisation and committees or bodies in charge of ensuring that the established controls work properly.

D.5. Identification and description of the processes for ensuring compliance with the regulations affecting the company and/or Group.

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

These departments are in charge of:

- a) Staying fully abreast of and up to date on the different regulations.
- b) Overseeing regulatory compliance.
- c) Drafting the standards needed to unify the Group's criteria.
- d) Advising operating units.

E. GENERAL MEETING

- E.1. List the quorums needed to hold the General Meeting as set forth in the Articles of Association. Describe how they differ from the minimums found in the Public Corporations (LSA).

The Ordinary and Extraordinary General Meeting will be validly convened:

- On the first meeting date, when the shareholders present or represented possess at least fifty percent of the paid up share capital with voting rights. On the second meeting date, the General Meeting will be validly convened when the shareholders present or represented possess at least forty-five percent of the paid up share capital with voting rights.
- In order for the General Meeting of Shareholders to validly decide on debenture issues, capital increases or decreases, transformations, mergers and spin-offs and in general any amendment to the Articles of Association, shareholders possessing at least fifty percent of the paid up share capital with voting rights must be present or represented at the meeting on the first announced date. On the second announced meeting date, shareholders possessing forty-five percent of the share capital will suffice.

When the shareholders in attendance or represented on second call account for less than fifty percent of the subscribed capital with voting right, resolutions may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

The differences between the Articles of Association and the general system foreseen in the Public Corporations Act are that:

- Regarding ordinary matters:
 - On first call, the quorum of 25% found in the Public Corporations Act has been raised to 50% in the Articles.
 - On second call, the quorum is 45%, while the Public Corporations Act establishes no quorum at all on second call.
- Regarding special matters:
 - On first call there is no difference between the two.
 - On second call, the Public Corporations Act sets an attendance limit of 25%, while the Articles of Association raise the attendance limit to 45%. In those cases where less than one-half of the share capital with voting rights is in attendance, there is no difference compared to the Public Corporations Act.

- E.2. Explain the system for passing resolutions. Describe how it is different than the system contained in the Public Corporations Act.

There are no differences with respect to the method contained in the Public Corporations Act.

- E.3. List the shareholders' rights with regard to General Meetings that differ from those established in the Public Corporations Act.

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

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

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

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

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

Article 6. Information available once the meeting is announced

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

- a) *The full text of the meeting announcement.*
- b) *The text of the resolutions proposed by the Board of Directors in relation to the agenda items.*
- c) *The legally-mandated documentation or information which must be made available to shareholders on the agenda items starting on the date of the meeting announcement.*
- d) *Information on the channels of communication between the company and its shareholders for gathering information or making suggestions."*

Article 7. The right to information prior to the General Meeting

"1. Shareholders may, up to and including the seventh day prior to the first scheduled date of the General Meeting, ask questions or request information or explanations relative to the items contained on the agenda or the information available to the public which has been forwarded by the company to the Spanish Stock Exchange Commissions since the last General Meeting of Shareholders.

2. *Information requests may be made by e-mail to the address provided for this purpose on the company's website for each General Meeting of Shareholders or in writing to the Stock Market and Shareholder Relations Department at the company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.*
3. *The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting, using the same channel of communication.*
4. *The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.*
5. *The Board of Directors may authorise any one of its members as well as its Secretary and Assistant Secretary, through the company's Stock Market and Shareholder Relations Department, to respond to the information requests submitted by shareholders."*

Article 14. Information

"1. The Directors must provide the information requested by shareholders, except under the circumstances foreseen in article 7.4 of these Regulations or when the requested information is not available during the meeting. In this case, the information will be provided in writing within seven days of the meeting date, to which end the shareholders will indicate the mailing addresses where the information should be sent.

2. *The requested information or clarifications will be provided by the Chairman or, at the Chairman's request, by the Chairman of the Audit Committee, the Secretary, a Director or any employee or expert on the subject at hand, in accordance with article 9.2 of these Regulations."*

Article 15.3. Voting on Proposals

"... The assignment of proxies or electronic voting which will help to encourage the participation of shareholders in General Meeting regulated in article 15 states that: "Notwithstanding the alternative systems which may be employed by the Chairman, the procedure for voting on the proposed resolutions referred to above will be as follows.

- a) *The system for voting on the proposed resolutions relative to the agenda items will be by a negative deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered favourable votes, deducting those corresponding to the shares whose owners or representatives state that they are voting against or abstaining, in addition to those corresponding to the delegations received by the Board of Directors, recording the votes against and abstentions, for the proposal in questions. Negative votes and abstentions will be computed separately.*
- b) *The system for voting on the proposed resolutions relative to items not on the agenda, when such voting is legally possible, will be by a positive deduction system. This means that for each proposal, the votes corresponding to all of the shares present and represented will be considered votes against, deducting those corresponding to the shares whose owners or representatives state that they are voting for the proposal or abstaining.*
- c) *When technically possible and provided that the compliance with all legal requirements can be guaranteed, the Board of Directors may use electronic vote counting systems."*

- E.5. State whether the Chairman of the General Meeting is the same person as the Chairman of the Board of Directors. If so, describe any measures that have been adopted to guarantee the independence and efficacy of the General Meeting.

YES NO

Details of Measures: According to Article 23 of the Articles of Association, shareholders may request, either prior to the meeting in writing or verbally during the meeting, copies of the reports or clarifications they deem necessary regarding to items contained on the meeting agenda. The Directors shall be obliged to provide such information, except in those instances where, in the Chairman's opinion, the publication of such information could be harmful to the company's interests.

This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

Furthermore, Article 7, "Information prior to the General Meeting" of the Regulations of the General Meeting states that shareholders may, up to and including the seventh day prior to the first scheduled date of the General Meeting, ask questions or request information or explanations relative to the items contained on the agenda or the information available to the public which has been forwarded by the Company to the Spanish Stock Exchange Commissions since the last General Meeting of Shareholders.

Information requests may be made by e-mail to the address provided for this purpose on the company's website for each General Meeting of Shareholders or in writing to the Stock Market and Shareholder Relations Department at the company's registered offices, hand delivered or by post or courier. The provisions of this article are understood without prejudice to the shareholders' right to obtain a printed copy of the documents and to request that the documents be sent to them, free of charge, when so stipulated by law.

The information requests regulated in this article will be answered, once the identity and status of the requesting shareholder is verified, up to the date of the General Meeting of Shareholders but prior to the start of the meeting, using the same channel of communication.

The Chairman may deny the requested information when, in his or her opinion, the publication of the requested information could be detrimental to the company's interests, except when the request is backed by shareholders representing at least one-fourth of the share capital.

The Board of Directors may authorise any one of its members as well as its Secretary and Assistant Secretary, through the company's "Stock Market and Shareholder Relations Department", to respond to the information requests submitted by shareholders.

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

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

- E.7. Indicate the attendance rates at General Meetings held during the fiscal year referred to in this report:

ATTENDANCE RATES

Meeting date	% physically present	% represented	% distance votes	Total %
23-06-2004	72.860	27.140	0.000	100

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

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

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

E.8. Briefly describe the resolutions passed at the general meetings held during the fiscal year in question and the percentage by which each was passed.

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

1. Examination and approval of the 2003 financial statements (balance sheets, profit and loss statements and notes to the financial statements) and directors' reports of Fomento de Construcciones y Contratas, S.A. and the consolidated group, as well as the Board of Directors' performance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. *Authorisation to purchase treasury stock and authorisation of subsidiaries to purchase stock in Fomento de Construcciones y Contratas, S.A.; all within the limits and meeting the requirements set forth in Article 75 and following of the Public Corporations Act.*

Fomento de Construcciones y Contratas, S.A., and the companies of the Group meeting any of the circumstances contained in article 42.1 of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

- Maximum value: the highest quoted price in the three months immediately prior to the acquisition date, plus ten percent.
- Minimum value: the lowest quoted price in the last three months immediately prior to the acquisition date, less ten percent.

Total votes	Votes against	Abstentions	Votes in favour
95,101,995	19,661,780	30,154	75,410,061

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

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

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

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

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

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

Not voted on as the minutes are notarised.

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

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

E.10. Indicate and give the reasons for the company's policies relative to voting by proxy at the General Meeting.

Notwithstanding the provisions of the Articles of Association where proxies are regulated, it is the policy of the Board of Directors not to demand unnecessary formalities in the proxy voting procedure which might hinder the rights of the shareholders who wish to exercise their right to attend the General Meeting, albeit with no impairment of the minimum guarantees needed to verify the delegation of a proxy by the shareholder.

E.11. Indicate whether the company is aware of the policy of institutional investor with regard to participating in company decisions:

YES NO

The institutional investors have not, to date, stated their intention to participate in the company's decisions.

E.12. Indicate the address of the corporate website and how the corporate governance contents can be accessed on the site.

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there is a section on the home page entitled "Information for Shareholders and Investors" which includes the information required by Law 26/2003 of 18 July, the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the National Securities Market Commission.

This page is just two clicks away from the home pages. The contents are structured and prioritised under rapid access titles. All pages are printable.

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

F. LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's level of compliance with the existing corporate governance recommendations or its non-compliance with them.

In those cases where the company does not comply with the recommendations, explain the recommendations, standards, practices or criteria applied by the company.

Inasmuch as the document referred to in the ECO/3722/2003 ORDER of 26 December is not available, the recommendations contained in the Olivencia Report and the Aldama Report should be used as a reference for completing this section.

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

1. Functions of the Board of Directors.

RECOMMENDATION 1

"The Board of Directors should accept expressly that the essence of its mandate is a general supervisory function. It should exercise, without the possibility of delegation, the responsibilities that such function involves and draw up formally a catalogue of the issues reserved for deliberation by it".

The Board of Directors expressly accepts that the essence of its mandate is to supervise, direct, control and represent FCC, notwithstanding the indelegable responsibilities of both the Board as a governing body and its individual members.

In any event, the Board of Directors, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Association, shall be obliged to address the following issues constitute the formal list of issues that may only be addressed by the Board (Article 7 of the Regulations of the Board) which are as follows:

- a. Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., Realia Business, S.A. and FCC Versia, S.A.) and appointing and removing members of the Steering Committee.
The Board may modify the list of specialised subsidiaries referred to in the preceding paragraph.
- b. Delegating powers to any of the members of the Board of Directors in the terms established by law and the Articles of Association and revoking such powers.
- c. Appointing and removing Board members to sit on the different Committees discussed in these Regulations.
- d. Supervising the Delegated Committees of the Board.
- e. Appointing Board members by co-optation when vacancies arise, until the next General Meeting is held.
- f. Accepting the resignation of board members.
- g. Formulating the annual accounts and presenting them to the General Meeting.
- h. Determining the Group's strategy with the support of the Strategy Committee and the Managing Director.
- i. Approving investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts above eighteen million (18,000,000) euros.
- j. Organising the Board of Directors in general and modifying these Regulations in particular.
- k. The powers vested in the Board of Directors by the General Meeting, which may only be delegated with the express consent of the General Meeting.

The Board is assisted in the performance of its functions by specialised committees in order to diversify the work and ensure that in certain cases where the immediacy and importance of the issues do not require that they be forwarded directly to the full Board, the proposals and resolutions first pass through a specialised body that can filter and inform its decisions, thereby reinforcing the guarantees of objectivity and the reflection process. These specialised committees are: the Executive Committee, the Audit and Control Committee, the Appointments and Retributions Committee and the Strategy Committee.

2. Independent directors.

RECOMMENDATION 2

"The Board of Directors should include a reasonable number of independent directors, who should be persons of repute in their professional fields who are unrelated to either the executive management team or to major shareholders".

The number of independent directors is four (13.33%), all of whom meet the general requirements of competency, experience, solvency and honour referred to in the Olivencia code and the Aldama Report and are not prohibited from sitting on the board due to any type of incompatibility. The different professional backgrounds of the independent directors enrich the Board with different points of view and the contribution of pluralistic experiences outside of the business world.

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

3. Composition of the board of directors.

RECOMMENDATION 3

"In the composition of the Board of Directors there should be an ample majority of external directors (both nominee directors and independent directors) over executive directors, and the ratio between nominee directors and independent directors should be established taking into consideration the ratio between share capital corresponding to major shareholders and other share capital".

This recommendation was updated by the Aldama Report in the sense that there should be an ample majority of external directors and within them a very significant level of participation by independent directors, bearing in mind the stockholder structure and the capital represented on the Board.

The company complies fully with this recommendation, given that 86.67% of the Board members are external nominee directors and the remaining 13.33% are external independent directors.

Given the ratio between the capital held by significant shareholders and the rest, the recommendation regarding the ratio of nominee to independent directors is complied with partially.

4. Number of Directors.

RECOMMENDATION 4

"The size of the Board of Directors should be that required to ensure that it operates in the most efficient and participative manner possible". The appropriate size, in principle, is probably between five and fifteen members.

The Aldama Report refrains from recommending a maximum and minimum number of Board members, limiting itself to stating that it should have the number required to ensure that it operates in the most efficient and participative manner possible.

The Board of Directors believes that twenty (as of 31 December 2004 there were fifteen Directors) is an appropriate number in view of the Group's complexity and the distribution of tasks among the plenary Board, the Executive Committee, the Audit and Control Committee, the Appointments and Retributions Committee and the Strategy Committee.

5. Chairman of the Board of Directors.

RECOMMENDATION 5

"In the event that the Board opts for the formula whereby its Chairman is also the company's chief executive, it should adopt the necessary precautions to reduce the risks arising from the concentration of power in a single person".

The Secretary of the Board is independent and oversees the formal and material legality of the Board's conduct.

6. Secretary of the board of directors.

RECOMMENDATION 6

"Greater importance should be attached to the Secretary of the Board of Directors, reinforcing the Secretary's independence and stability and highlighting the Secretary's function of overseeing the formal and material legality of the conduct of the Board".

The Secretary of the Board is independent and oversees the formal and material legality of the Board's conduct.

The Secretary is a professor of mercantile law and a partner in one of Spain's most prestigious law firms, which undoubtedly guarantees that the procedures and rules of governance are respected and reviewed on a regular basis.

7. Composition of the Executive Committee.

RECOMMENDATION 7

"The composition of the Executive Committee, if there is one, should reflect the same balance as exists within the Board itself between the different kinds of directors. Relations between these two bodies should be governed by the principle of transparency, in such a way that the Board is kept fully aware of the issues dealt with and decisions adopted by the Committee".

The Executive Committee is composed of five (5) Directors: one (1) executive director and four (4) external directors.

8. Control Committees.

RECOMMENDATION 8

"The Board of Directors should create internal Control Committees made up exclusively of external directors, with responsibility for information and accounting control (Audit); the selection of directors and senior management personnel (Appointments); the laying down and reviewing of remunerations policies (Remuneration); and the evaluation of the system of governance (Compliance)".

The Board of Directors of Fomento de Construcciones y Contratas, S.A. has set up the following Delegated Committees:

- The Audit and Control Committee is composed of four external directors.
- 80% of the members of the Appointments and Retributions Committee are external directors.
- As of 31 December 2004, no members had been appointed to the Strategy Committee.

9. Board of directors information.

RECOMMENDATION 9

"That such measures as may be required be adopted to ensure that the directors receive in good time sufficient information, drawn up specifically and designed for the preparation of the meetings of the Board. Important or reserved information may only be excluded in exceptional circumstances".

Article 38, "Board of Directors Meetings" of the Regulations of the Board establishes that the announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman. Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration. In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

The Chairman will decide the meeting agenda. The Directors may request the inclusion of items on the agenda and the Chairman will be obliged to include them when the request is made by at least three Directors or by any one of the Board Committees at least three days in advance of the meeting date.

When a specific item is included on the meeting agenda at the request of the Directors, then the Directors who requested the inclusion of that item shall forward the pertinent documentation along with their request or identify the pertinent documentation so that it can be forwarded to the rest of the Board members.

10. Functions of the Board of Directors.

RECOMMENDATION 10

"To ensure the proper running of the Board of Directors, its meetings should be held with the frequency required to enable it to perform its duties; the Chairman should encourage the participation of all board members, endeavouring to ensure that each one is free to adopt the stance he considers appropriate; particular care should be taken in the wording of the minutes and an evaluation should be made at least once a year of the quality and efficacy of the Board's work".

Article 38 "Board of Directors Meetings" of the Regulations of the Board establishes that the Board of Directors will meet as often as required and at least six times per year. The calendar of the ordinary sessions will be set by the Board at the beginning of each year. The calendar may be modified by agreement of the Board or by decision of the Chairman, who will notify the Directors of the change at least ten days in advance of the original meeting date, or the modified meeting date if it comes before the original date.

The announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman. Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration.

In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

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

11. Selection and re-election of directors.

RECOMMENDATION 11

"The involvement of the Board in the selection and re-appointment of its members should follow a formal and transparent procedure, and should be based on a reasoned proposal prepared by the Appointments Committee".

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

12. Resignation of Board Members.

RECOMMENDATION 12

"Companies should include in their rules the obligation incumbent upon the directors to resign in situations in which they may have a negative effect on the functioning of the Board or on the standing and reputation of the company".

Articles 20 "Director Resignation", of the Regulations of the Board lists the circumstances under which directors must resign:

1. The Directors will step down from the Board when their mandates have expired or when decided by the General Meeting of Shareholders making use of the legal and statutory powers vested in it.
2. The Directors shall make their positions available to the Board of Directors and officially resign at the Board's request in the following cases:
 - a. When they no longer occupy the positions or perform the functions associated with their appointment as executive directors.
 - b. In the case of nominated directors, when the shareholder whose interests they represent transfers its interest in FCC.
 - c. When they are affected by circumstances of incompatibility or legal prohibition.
 - d. When at least two thirds of the Board members are in favour of the Director's resignation:
 - when the Director is admonished by the Board for having infringed his obligations as a Director, following the proposal or report of the Appointments and Retributions Committee or
 - when the interests of FCC could be jeopardised by the Director remaining on the Board."

13. Age of Directors.

RECOMMENDATION 13

"An age limit should be established for the occupation of positions on the Board. This could be between sixty-five and seventy years of age for executive directors and for the Chairman, and somewhat more flexible in the case of other Board members".

The recommendation in the Aldama Report modified the one found in the Olivencia Report. It does not set an age limit but merely states that any company that implements such a policy must state it clearly in its internal regulations.

FCC has no statutory or regulatory provision in this regard.

14. Information Rights for Directors.

RECOMMENDATION 14

"There should be formal recognition of the right of each and every board member to gather and obtain the information and the advice required for the purposes of his supervisory duties. The channels through which this right is to be exercised – including recourse to external experts in special circumstances – should be established".

Articles 30 and 31 of the Regulations of the Board establish the information and inspection authority and the right of Directors to be assisted by experts.

Article 30. Information and Inspection Authority:

1. In order to perform their duties, Directors may inform themselves of any aspect of FCC and its subsidiaries and associated companies, domestic or foreign. To this end, they may examine documentation, talk to the directors of the departments in question and visit the company's facilities.
2. So as not to disturb the ordinary operations of the FCC Group, the exercise of these information rights shall be channelled through the Chairman who will respond to the Directors' requests by either providing the information directly or offering the appropriate interlocutors at the pertinent organisational level.

3. If such a request for information is denied, delayed or deficiently handled, the requesting Director may repeat his petition to the Audit and Control Committee, which shall listen to the versions of the Chairman and requesting Director and then decide how to proceed.
4. The requested information may only be denied when, in the opinion of the Chairman or the Audit and Control Committee, it is unnecessary or could be harmful to the company's interests. Information requests shall not be denied when the request is supported by a majority of the Board members.

Article 31. Expert Assistance

1. In order to be aided in the performance of their duties, external Directors may request the hiring of legal, accounting and financial advisers or other experts, at the company's expense.

Such requests must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of the Director's duties.

2. Requests for external advisers or experts shall be submitted to the Chairman of FCC and will be authorised by the Board of Directors if, in the Board's opinion:
 - a. It is necessary for the proper performance by independent Directors of their assigned duties.
 - b. The cost is reasonable, in view of the importance of the problem and the assets and income of FCC and
 - c. the technical assistance cannot be properly provided by internal FCC experts or technical personnel.
3. Requests for expert assistance by any of the Board Committees may not be denied, except when a majority of the Board members considers that the conditions foreseen in part 2 of this Article are not met.

15. Director Remuneration.

RECOMMENDATION 15

"The policy as regards the remuneration of directors – which should be proposed, evaluated and reviewed by the Remuneration Committee – should be based on principles of moderation, should bear a relation to the company's income and should be disclosed in the form of a detailed breakdown by individual cases. The remuneration of directors is based on principles of moderation and bears a relation to the company's income".

The remuneration of directors is based on principles of moderation and bears a relation to the company's income. Global information is provided in the annual report as provided for in article 200 of the Public Corporations Act and part B.1.8. of this report. The actual remuneration of the members of the Board of Directors is lower than the limit allowed in the Articles of Association. The principles for Director remuneration are established in article 32 of the Regulations:

Article 32. Remuneration of Directors

1. The Board, following the proposal of the Appointments and Retributions Committee, will pay its members the remuneration agreed by the General Meeting of Shareholders in accordance with the Articles of Association. Each board member shall be entitled to receive the remuneration established by the Board of Directors in accordance with the Articles of Association, following the proposal of the Appointments and Retributions Committee.
2. The remuneration paid to Directors will be stated in the Directors' Report. The remuneration paid to the executive Directors for the performance of their functions shall be part of the information included in the Annual Corporate Governance Report regarding the remuneration and cost FCC Group executives.
3. The remuneration referred to in this Article is compatible with and separate from the salaries, remunerations, indemnities, pensions, stock options or any other kind of compensation established in general or specifically for those members of the Board of Directors who perform executive functions, regardless of the type of contractual relationship with the company, whether it be an employment relationship - common or special for executives - mercantile or service provision, which relationships shall be compatible with sitting on the Board of Directors.
4. The company will take out liability insurance for its Directors.

16. General obligations of Directors and conflicts of interest.

RECOMMENDATION 16

“The company’s internal regulations should detail the obligations arising from the general duties of diligence and loyalty incumbent upon the directors, envisaging, in particular, situations of conflict of interest, their duty of confidentiality, the exploitation of business opportunities, and the use of corporate assets”.

The Regulations of the Board approved in the first half of 2004 discuss the obligations of Directors in Chapter V “Obligations of Directors” (articles 22 to 29), addressing the following issues:

- General obligations of directors.
- Confidentiality.
- Non-competition.
- Conflicts of interest.
- The use of FCC information.
- Business opportunities and the use of company assets.
- Indirect transactions.
- Information obligations of directors.

17. Transactions with significant shareholders.

RECOMMENDATION 17

“The Board of Directors should seek the adoption of appropriate measures designed to extend the duty of loyalty to major shareholders, establishing, in particular, precautions in respect of transactions between such shareholders and the company”.

This report provides detailed information on the relevant transactions with significant shareholders in fiscal year 2004.

The Regulations of the Board contain measures for making the obligation of loyalty applicable to significant shareholders and people related to them. More specifically, article 25 establishes that directors shall abstain from attending and participating in deliberations affecting matters in which they could have a personal interest and from voting on those issues. A personal interest on the part of the Director is likewise considered to exist when it affects:

- a. The Director’s spouse or relative up to and including the 4th degree of consanguinity or affinity or
- b. a company in which the Director holds a significant interest. An interest is considered to be significant when the Director, by himself or in union with relatives of the type mentioned in a. above, owns more than 15% of the political and economic rights or, even without this percentage, may appoint at least one member to the company’s Board of Directors.

Directors shall inform the Board well in advance of any situation which may cause a conflict of interest with the interests of the FCC Group of companies or its associated companies.

The express authorisation of the Board of FCC will be required, based on the report of the Appointments and Retributions Committee, in the following cases:

1. The provision of remunerated professional services by a Director to any company of the FCC Group other than those rendered by executive Directors in the performance of their duties as company employees.
2. The sale, transmission or any other arrangement involving an economic consideration of any kind by a Director to any company of the FCC Group of supplies, materials, goods or rights in general.
3. Transmission of supplies, materials, goods or rights in general by companies of the FCC Group to a Director other than in the course of the transmitting company’s ordinary business.
4. Provision of goods or services by companies of the FCC Group to Director under lower than market conditions, even when they are part of the company’s ordinary business.

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

In any event, all transactions of any kind carried out by Directors with FCC, its subsidiaries or associated companies shall be reported in the Annual Corporate Governance Report. This obligation extends to the transactions between the company and its direct or indirect significant shareholders.

18. Communications with shareholders.

RECOMMENDATION 18

“Measures should be put in place to make the procedure for the delegation of votes more transparent and to increase the level of communication between the company and its shareholders, in particular institutional investors”.

The publication of the formal announcement of the General Meetings (announced in a daily newspaper, stock market bulletins and the BORME) is exceeded as the company publishes the announcements (in eight to ten national daily newspapers). The Stock Market and Investor Relations Department also provides shareholders with information on the agenda and the resolutions to be submitted to the shareholders for their approval. All of this means that shareholders who cannot personally attend the General Meeting can delegate a proxy to vote for them on each agenda item.

The Regulations of the General Meeting were approved on 23 June 2004 with a triple purpose: first of all, to reinforce the transparency which should preside over the company's governing bodies by making the procedures for preparing and holding the General Meetings public. Secondly, to specify the different ways in which shareholders can exercise their political rights in relation to General Meetings. And thirdly, to unify in a single text all of the rules governing the General Meeting of Shareholders, thus favouring the knowledge of shareholders with regard to the operation of the company's supreme governing body.

The Regulations contain a series of measures relative to shareholders' information rights, proxies and electronic voting intended to encourage shareholder participation at general meetings.

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there is a section on the home page entitled “Information for Shareholders and Investors” which includes the information required by Law 26/2003 of 18 July, the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the National Securities Market Committee. That information consists of economic-financial information and information relative to each general meeting of shareholders, the announcement and agenda, the proposed resolutions, voting by proxy and electronic voting.

19. Market transparency.

RECOMMENDATION 19

“The Board of Directors, beyond the requirements imposed by current legislation, should be responsible for supplying the markets with speedy, accurate and reliable information, particularly in relation to the structure of its body of shareholders, substantial modifications to its rules of governance, operations of particular relevance with related parties, or treasury stock”.

The financial information is supplied to the markets in a timely manner and in the appropriate format. The market is also informed in a timely manner of any relevant events, particularly in relation to the structure of its body of shareholders, substantial modifications to its rules of governance, operations of particular relevance with related parties, or treasury stock.

20. Financial Information.

RECOMMENDATION 20

“All periodic financial information which, in addition to the annual information, is offered to the markets should be drawn up in accordance with the same principles and professional practices as apply in the preparation of the annual accounts and should be verified by the Audit Committee prior to publication”.

All periodic financial information is drawn up in accordance with the same principles and professional practices as apply in the preparation of the annual accounts.

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

21. External Auditors.

RECOMMENDATION 21

“The Board of Directors and the Audit Committee should monitor situations which may jeopardise the independent status of the company's external auditors and, specifically, should verify the percentage represented by fees paid by the company to the audit firm, in all respects, in terms of such firm's total income. Information should be issued publicly on fees paid corresponding to professional services other than audit services provided by the audit firm”.

Starting in 2003, the Board's relations with the external auditors of FCC are channelled through the Audit and Control Committee as provided for in the Articles of Association.

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

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

22. Auditors' reservations.

RECOMMENDATION 22

"The Board of Directors should endeavour to ensure that the accounts which it draws up are submitted to the General Meeting without reservations and qualifications in the audit report. When this is not possible, both the Board and the Auditors should explain clearly to both shareholders and the markets the nature and scope of the discrepancies".

In compliance.

RECOMMENDATION 23

"The Board of Directors should include in its annual public report information on its rules of governance, explaining any aspects in which these Regulations fail to conform to the recommendations of this Code".

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

G. OTHER INFORMATION OF INTEREST



If you believe there are any relevant principles or aspects relative to the corporate governance practices of your company which have not been addressed in this report, please explain them below.

You may include any additional information or clarification of previous sections of the report, to the extent that they are relevant and not repetitive.

More specifically, please indicate whether the company is subject to any laws other than the laws of Spain inasmuch as corporate governance is concerned and, if so, include any information the company is obliged to provide other than that requested in this report.

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



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

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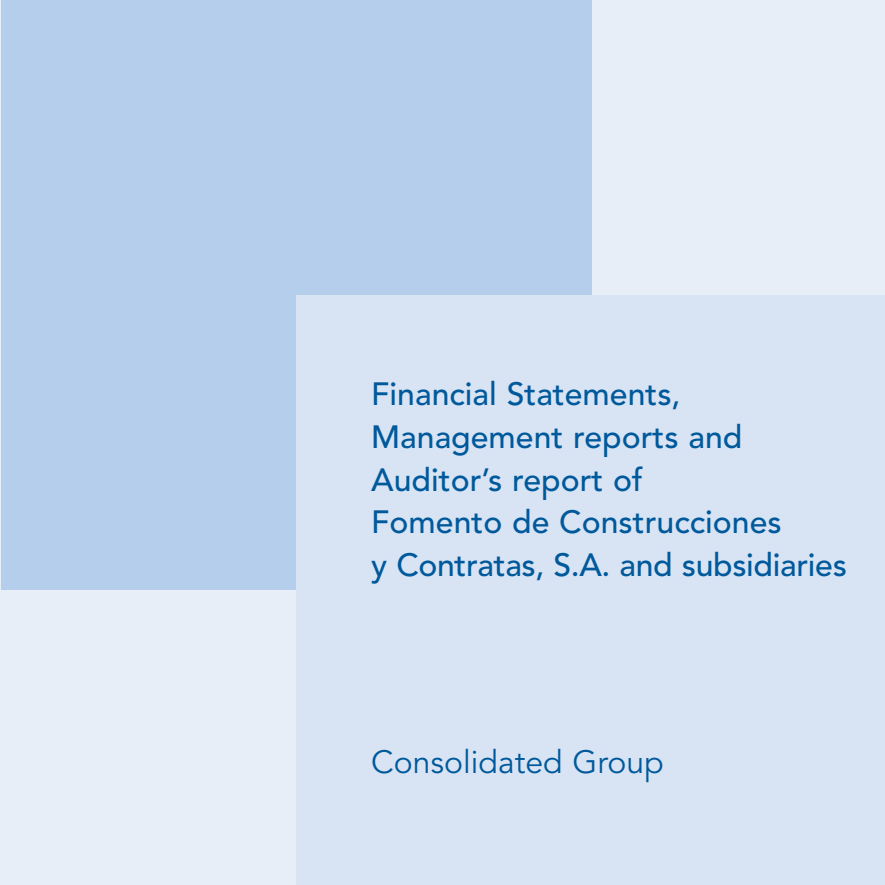
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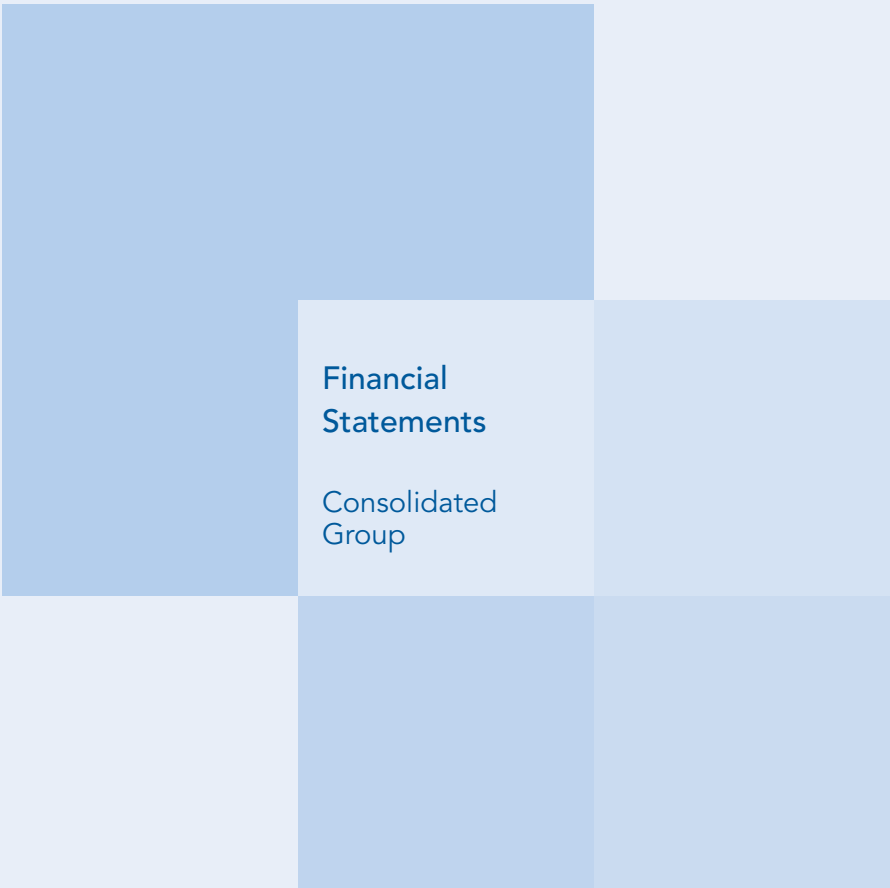
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Financial Statements,
Management reports and
Auditor's report of
Fomento de Construcciones
y Contratas, S.A. and subsidiaries

Consolidated Group



**Financial
Statements**

Consolidated
Group



CONSOLIDATED BALANCE SHEET

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

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

as of December 31, 2004

Thousands of euros

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



CONSOLIDATED STATEMENT OF INCOME

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

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

as of December 31, 2004
Thousands of euros

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



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(consolidated Group) as of december 31, 2004.

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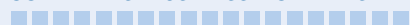
Exhibit I. Consolidable Subsidiaries

Exhibit II. Multigroup Companies

Exhibit III. Companies Accounted for by the Equity Method

Exhibit IV. Changes in the Composition of the Consolidated Group

1. COMPANIES' BUSINESS ACTIVITIES



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

- **Services:** this unit groups together the areas specializing in environmental **services**, i.e. services related to urban cleaning, industrial waste treatment and the integral water cycle, and includes **Versia**, which provides various services such as logistics, street furniture, passenger transport, vehicle roadworthiness tests, vehicle parking lots and ground aircraft and passenger handling, etc.
- **Construction:** this area specializes in infrastructure construction projects, building construction and related activities, such as highways, freeways, roads, tunnels, bridges, waterworks, ports, airports, residential property developments, housing units, nonresidential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc. The Construction area also encompasses the concession-holder companies (highways, tunnels, marinas, railways, trams and multiuse buildings).
- **Cement:** this unit engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related premanufactured products and the production of concrete..

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

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS



a) Basis of presentation

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

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

b) Consolidation principles

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

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

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

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

c) Changes in the consolidated Group

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

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

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

d) Joint ventures and owners' associations

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

3. VALUATION STANDARDS



a) Goodwill and negative consolidation difference

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

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

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

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

b) Transactions between consolidated companies

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

c) Uniformity of presentation

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

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

d) Translation of financial statements of foreign companies

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

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

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

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

e) Start-up expenses

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

f) Intangible assets

Intangible assets are recorded at cost.

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

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

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

g) Tangible fixed assets

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

Group work on fixed assets is valued at production cost.

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

Tangible fixed assets are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of estimated useful life
Buildings and other structures	25 – 50
Torre Picasso building	75
Plant and machinery	5 – 15
Other fixtures, tools and furniture	7 – 12
Computer hardware	4
Other tangible fixed assets	5 – 10

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

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

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

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

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

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

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

In accordance with current legislation, investments in listed and unlisted marketable securities are valued at cost, revalued where appropriate pursuant to Law 9/1983, net of the required allowance for decline in value. The effect of applying this method is that all unrealized losses on investment securities are recorded, whereas unrealized gains are not, except for those disclosed at the time of acquisition and still existing at the date of subsequent valuation.

Loans are valued at the amount delivered plus the unmatured accrued interest at the balance-sheet date. The necessary value adjustments are made by recording allowances for loans with possible recovery problems.

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

j) Inventories

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

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

k) Parent Company shares held by the Group

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

l) Subsidies

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

m) Provisions for pensions and similar obligations

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the revised Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalize their pension and other similar commitments to employees.

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

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

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

n) Provisions for contingencies and expenses

The Group companies, in addition to the provisions mentioned in Note 3-m) above, have recorded other provisions for contingencies and expenses relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain, since they are dependent on the fulfillment of certain conditions. These provisions are recorded when the related liability or obligation arises.

o) Reversion reserve

The companies generally record a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession period. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession period the net book value (after deduction of the related accumulated depreciation) is zero. The period provision to the reversion reserve amounted to €5,656 thousand.

Additionally, the companies consider that the periodic maintenance plans for their facilities, the cost of which is expensed currently, are sufficient to ensure delivery of the revertible assets in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of the reversion.

p) Classification of debt

Debts maturing in under 12 months from the balance sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

Debts are valued at the amounts drawn plus the unmatured accrued interest. Nontrade debts are carried at their repayment value and the interest on the transaction is recorded under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the consolidated balance sheet, depending on whether it is expected to be taken to income at long or short term, respectively. The balances of these captions are allocated to income on the basis of the principal amount outstanding.

In certain cases the exchange rate or interest rate risk relating to the debt is hedged through futures and derivatives. The transaction expenses and the differences arising due to market price fluctuations are charged to income by the same timing of recognition method as that used for the costs of the main debt hedged.

q) Corporate income tax

The expense for corporate income tax included in the accompanying consolidated statement of income is calculated on the basis of consolidated income before taxes, increased or decreased, as appropriate, by the permanent differences between taxable income and book income. The tax rate stipulated by the legislation applicable to each company is applied to this adjusted book income, net of the tax relief and tax credits earned in the year, adding in turn, the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date.

r) Foreign currency transactions

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income as stipulated by current regulations.

The differences resulting from fluctuations in exchange rates from the date on which the transactions were made, or the related values were adjusted, to the date of collection or payment are taken to period income.

s) Recognition of revenues and expenses

In construction and urban cleaning activities, the companies recognize as the period result on their construction and service contracts the difference between production (valued at the sale price of the construction work performed or services provided during the period, as specified in the principal contract entered into with the owners or in amendments or addenda thereto approved by the owners, or at the sale price of completed projects or services with respect to which, although no such approval has been given, there is reasonable assurance of recovery) and the costs incurred during the year, since the revenues and costs of projects and services in these business areas are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Also, late-payment interest is recognized as a revenue at the date of the approval and/or definitive collection thereof.

The difference between the amount of production recorded from inception of each project and the amount certified for each project through the date of the consolidated financial statements is recorded as "Completed Production Pending Certification" under the "Trade Receivables for Sales and Services" caption. Certificate prebillings for various items are recorded under the "Advances Received on Orders" caption on the liability side of the consolidated balance sheet.

The operating costs incurred in construction work and services, which include the interest accrued at market rates during the customary payment period in these business areas, are allocated as they arise. Site-clearance costs and any expenses which may arise from project completion through definitive settlement thereof are accrued over the execution period and the related provisions are recorded under the "Operating Allowances" caption in the consolidated balance sheet.

The revenues and expenses of the remaining activities are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

In accordance with the accounting principle of prudence, the Group companies only record realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known by means of the related provisions (see Notes 3-n, 17 and 19).

t) Environmental information

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventive planning and the analysis and minimization of the environmental impact of the activities performed by the Group.

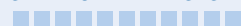
In the Services area, in view of the nature of the activities carried on, particular attention must be paid to controlling the impact on the environment; for example, companies holding concessions to operate landfills are, in general, responsible for the sealing, control and reforestation thereof at the end of the concession period.

The Group's cement companies have fixed assets designed to filter atmospheric gas emissions, honor their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally efficient process management.

The Construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects: reduction of atmospheric dust emissions, noise and vibration control, treatment of effluents generated by construction projects, maximum reduction of waste generation, and safeguarding of biological diversity through the protection of animal or plant species.

The acquisition costs of the fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" and "Intangible Assets" captions based on the nature of the investment, and are depreciated or amortized over their useful lives. Also, in accordance with current accounting regulations, the companies record the expenses and provisions arising from their environmental commitments.

4. START-UP EXPENSES



The variations in 2004 in the balance of this caption in the consolidated balance sheet were as follows:

Balance at 12.31.03	11,490
-----	-----
Additions	4,078
Translation differences and variation in consolidated Group	(14)
Amortization	(2,873)
Balance at 12.31.04	12,681

5. INTANGIBLE ASSETS



The detail of intangible assets and of the related accumulated amortization as of December 31, 2004, is as follows:

	Cost	Accumulated depreciation	Allowances	Net
-----	-----	-----	-----	-----
Research and development expenses	3,096	(390)	-	2,706
Concessions, patents, licenses, trademarks and other	437,478	(116,715)	(62)	320,701
Goodwill	228,726	(99,642)	-	129,084
Computer software	19,183	(15,053)	-	4,130
Rights on leased assets	174,380	(45,516)	-	128,864
-----	862,863	(277,316)	(62)	585,485

The variations in 2004 in the balance of this caption in the consolidated balance sheet were as follows:

	Balance at 12.31.03	Translation differences and variation in consolidated Group	Additions or Provisions	Retirements or reductions	Transfers	Balance at 12.31.04
Research and development expenses	3,439	395	15	(753)	–	3,096
Concessions, patents, licenses, trademarks and other	369,973	9,922	62,894	(5,311)	–	437,478
Goodwill	229,600	(976)	102	–	–	228,726
Computer software	16,813	657	2,286	(573)	–	19,183
Rights on leased assets	204,883	1,396	46,459	(74)	(78,284)	174,380
Allowances	(182)	120	–	–	–	(62)
Amortization	(239,890)	(2,903)	(57,620)	990	22,107	(277,316)
	584,636	8,611	54,136	(5,721)	(56,177)	585,485

The "Concessions, Patents, Licenses, Trademarks and Other" account includes most notably the amounts paid for the concessions held by the Group in order to carry on its business activities (water supply services, passenger transport, operation of landfills, etc.). These amounts are being amortized on a straight-line basis over the concession period. The main additions in 2004 relate to investments in water activities and ground aircraft and passenger handling.

The balance of the "Goodwill" caption includes mainly €104,388 thousand and €17,325 thousand relating to the goodwill, net of amortization, that arose from the mergers in prior years of Cementos Atlántico, S.A. with Cementos Portland Valderrivas, S.A. and of Automóviles Portillo, S.A. with Corporación Española de Transporte, S.A., respectively.

The features of the financial lease contracts in force at 2004 year-end were as follows:

	Movable property	Real estate	Total
Original cost of the assets	173,117	1,263	174,380
Value of purchase options	1,877	11	1,888
Contract term (years)	2 to 5	10	–
Lease payments paid in the year	57,998	102	58,100
Lease payments paid in prior years	51,663	729	52,392
Lease payments outstanding, including purchase option	70,961	434	71,395

The detail of leased assets as of December 31, 2004, is as follows:

Land and structures	1,263
Plant and machinery	136,359
Other fixtures, tools and furniture	25,074
Other tangible fixed assets	11,684
	174,380

6. TANGIBLE FIXED ASSETS

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2004, is as follows:

	Cost	Accumulated depreciation	Allowances	Net
Land and structures	768,508	(145,759)	(30,504)	592,245
Plant and machinery	2,058,814	(1,238,613)	(336)	819,865
Other fixtures, tools and furniture	400,742	(242,974)	–	157,768
Advances and construction in progress	251,794	–	–	251,794
Other tangible fixed assets	151,729	(104,378)	–	47,351
	3,631,587	(1,731,724)	(30,840)	1,869,023

Los movimientos de las diversas partidas del inmovilizado habidas en el ejercicio, han sido los siguientes:

	Balance at 12.31.03	Translation differences and variation in consolidated Group	Additions or provisions	Retirements or reductions	Transfers	Balance at 12.31.04
Land and structures	699,716	(7,622)	17,700	(7,990)	66,704	768,508
Plant and machinery	1,882,433	5,698	70,415	(76,019)	176,287	2,058,814
Other fixtures, tools and furniture	358,872	7,162	29,483	(15,669)	20,894	400,742
Advances and construction in progress	240,633	(2,484)	205,095	(3,760)	(187,690)	251,794
Other tangible fixed assets	138,997	6,312	12,822	(8,491)	2,089	151,729
Allowances	(33,079)	2,600	(361)	-	-	(30,840)
Amortization	(1,556,048)	1,037	(220,767)	66,161	(22,107)	(1,731,724)
	1,731,524	12,703	114,387	(45,768)	56,177	1,869,023

All the tangible fixed assets were being used in production at 2004 year-end; however, €827,395 thousand of tangible fixed assets had been fully depreciated.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their tangible fixed assets are subject.

Tangible fixed assets located outside Spain and the accumulated depreciation thereof amounted to €634,199 thousand and €169,052 thousand, respectively.

7. CONSOLIDATION GOODWILL



The variations in the balance of this caption in the consolidated balance sheet in 2004 were as follows:

Balance at 12.31.03		191,365
Additions:		
Gestió i Recuperació de Terrenys, S.A.	16,841	
Limpiezas Industriales Alfus, S.A.	9,162	
Corporación M&S Internacional C.A., S.A.	6,299	
Recuperació de Pedreres, S.L.	1,605	
Other	3,961	37,868
Amortization:		
Grupo Ekonor	(7,105)	
Tratamientos y Recuperaciones Industriales, S.A.	(1,972)	
Giant Cement Holding, Inc.	(1,637)	
Cementos Portland Valderrivas, S.A.	(1,348)	
Pinturas Jaque, S.L.	(1,266)	
Limpiezas Industriales Alfus, S.A.	(1,224)	
Other	(5,615)	(20,167)
Translation differences		(18,313)
Extraordinary amortization		(6,150)
Balance at 12.31.04		184,603

The detail of the goodwill recorded in the accompanying consolidated balance sheet as of December 31, 2004, is as follows:

Grupo Ekonor	37,198
Giant Cement Holding, Inc.	23,402
Cementos Portland Valderrivas, S.A.	17,864
Gestió i Recuperació de Terrenys, S.A.	16,841
Jaime Franquesa, S.A.	15,677
Recuperació de Pedreres, S.L.	11,776
Atlas Gestión Medioambiental, S.A.	10,292
Limpiezas Industriales Alfus, S.A.	7,938
Tratamientos y Recuperaciones Industriales, S.A.	7,888
Corporación M&S Internacional C.A., S.A.	6,299
Montajes Gavisa, S.A.	4,892
Canteras de Aláiz, S.A.	4,027
Other	20,509
	184,603

The balance of this caption in the accompanying consolidated balance sheet includes €1,961 thousand of goodwill relating to companies accounted for by the equity method.

8. NEGATIVE CONSOLIDATION DIFFERENCE

The negative difference of €36,103 thousand recorded in the accompanying consolidated balance sheet arose as a result of the market valuations of the assets contributed to the Realía Business Group by its shareholders in 2000.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The detail, by company, of the balance of this caption is disclosed in Exhibit III (listing the companies accounted for by the equity method). The variations in 2004, by item, were as follows:

Balance at 12.31.03		496,932
Purchases and subscriptions:		
Metro de Málaga, S.A.	20,546	
Autovía del Camino, S.A.	14,280	
Autopista de la Costa Cálida C.E.A., S.A.	13,799	
Terminal Polivalente de Castellón, S.A.	4,005	
Other	<u>2,000</u>	54,630
2004 income:		
Grupo Realía Business	57,295	
Grupo Cementos Leona	5,196	
Participadas del Grupo Proactiva Medio Ambiente	2,853	
Grupo Eumex	1,594	
Other	<u>8,667</u>	75,605
Change in consolidation method:		
Grupo Eumex	9,496	
Construcciones Olabarrí, S.L.	<u>(2,619)</u>	6,877
Translation differences and capital reductions:		
Grupo Cementos Leona	(5,524)	
Other	<u>(560)</u>	(6,084)
Dividends distributed in the year:		
Grupo Realía Business	(27,637)	
Concesiones de Madrid, S.A.	(1,210)	
Other	<u>(3,774)</u>	(32,621)
Sales:		
Grupo Grubar Hoteles	(78,093)	
Other	<u>(301)</u>	(78,394)
Balance at 12.31.04		516,945

With respect to the "Change in Consolidation Method", as indicated in Exhibit IV, the Eumex Group ceased to be proportionally consolidated since, although FCC exercises significant influence over this group, it no longer jointly manages; also, Construcciones Olabbarri, S.A. is now treated as a multigroup company and, accordingly, is proportionally consolidated.

In 2004 the 50% holding in the Grubar Hoteles Group was sold at a price determined on the basis of the market values of the hotels in which this group held ownership interests, giving rise to a loss of €23,264 thousand, which was included in the "Extraordinary Loss" caption in the accompanying consolidated statement of income.

10. MARKETABLE SECURITIES AND NONTRADE LOANS

The detail of the main accounts under the "Long-Term Investments" and "Short-Term Investments" captions in the accompanying consolidated balance sheet is as follows:

a) Long-term investments

Investment securities

Breakdown of the balance as of December 31, 2004:

	% of Effective ownership	Asset value	Allowances	Net book value
Holdings of over 5%:				
Alazor Inversiones, S.A.	15.75	31,344	(991)	30,353
World Trade Center Barcelona, S.A.	16.52	9,611	(2,994)	6,617
Xfera Móviles, S.A.	8.26	5,413	(5,413)	–
Transportes Ferroviarios de Madrid, S.A.	12.19	5,122	(1,336)	3,786
S.C.L. Terminal Aéreo de Santiago, S.A.	14.77	5,048	(2,625)	2,423
Tacel Inversiones, S.A.	13.32	4,296	(245)	4,051
Artscapital Investment, S.A.	10.83	4,171	(4,171)	–
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	4,098	–	4,098
Shopnet Brokers, S.A.	15.54	2,796	(2,796)	–
Build2Edifica, S.A.	15.45	2,053	(1,257)	796
WTC Almeda Park, S.A.	12.50	1,875	(592)	1,283
Vertederos de Residuos, S.A.	16.03	1,107	–	1,107
Other		6,903	(1,227)	5,676
Holdings of less than 5%				
Parque Temático de Madrid, S.A.	1.75	3,516	(1,758)	1,758
Other		1,562	(1,447)	115
		88,915	(26,852)	62,063

Most of these securities correspond to concession-holders in relation to which the Group companies were awarded tenders to perform the construction projects specified in the related concessions.

The Parent Company has provided guarantees amounting to €28,625 thousand in relation to the investment in Xfera Móviles, S.A.

The variations in the long-term investment securities in 2004 were as follows:

	Cost	Allowances
Balance at 12.31.03	114,705	(48,774)
Additions and provisions:		
Xfera Móviles, S.A.	5,413	(5,413)
Alazor Inversiones, S.A.	1,340	(991)
Vertederos de Residuos, S.A.	1,107	–
Scutvias-Autoestradas Da Beira Interior, S.A.	458	–
Parque Temático de Madrid, S.A.	–	(889)
Terra Mítica PTB, S.A.	–	(803)
Other	527	(852)
Retirements, reductions and amount of allowances used:		
Venditelecom España, S.L.	(26,776)	26,776
Grupo Inversiones y Estudios Financieros	(3,547)	–
Polux Capital, S.L.	(2,344)	2,344
Artscapital Investment, S.A.	(1,298)	1,298
Other	(670)	452
Balance at 12.31.04	88,915	(26,852)

In 2004, 10% of Inversiones y Estudios Financieros, S.A. (Safei) was transferred under the terms and conditions established in the sale option held by the FCC Group, giving rise to a gain of €21,738 thousand, which is recorded under the "Extraordinary Income" caption in the accompanying consolidated statement of income. Also, Venditelecom España, S.L. and Polux Capital, S.L. were liquidated in 2004; these investments had been provisioned in full in prior years.

b) Short-term investments

Short-term investment securities

Breakdown of the balance as of December 31, 2004:

Issuers	Fixed-Income securities	Equity securities	Total
Government debt securities	54,229	–	54,229
Shares and other equity interests	–	40,521	40,521
Corporate promissory notes and other	128,159	–	128,159
	182,388	40,521	222,909

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

Other loans

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

The average rate of return obtained in 2004 on the investments in fixed-income securities and other loans was 2.06%.

11. DEFERRED CHARGES

The variations in the balance of this caption in 2004 were as follows:

Balance at 12.31.03	38,570
Financing of fixed assets assigned to concessions (Note 3-h)	1,503
Variation in the consolidated Group and other variations	4,519
Amounts taken to income	(9,536)
Balance at 12.31.04	35,056

The balance of this caption as of December 31, 2004, includes mainly €23,785 thousand of deferred financial expenses on the financing of fixed assets assigned to concessions and €6,538 thousand capitalized at the Cementos Portland Valderrivas Group originating from the subsidiary Giant Cement Holding Inc.

12. INVENTORIES

The "Inventories – Merchandise" account in the accompanying consolidated balance sheet relates mainly to the building lots acquired by the FCC Construcción Group and intended for sale, including most notably those amounting to €25,520 thousand relating to the Madrid Autonomous Community's Urban Development Plans, which were acquired in exchange for the construction work performed to implement these plans, and to the properties in Sant Joan Despí and Badalona in the province of Barcelona, amounting to €45,580 thousand and €16,670 thousand, respectively, acquired as a result of other construction projects performed.

The decrease in 2005 in this account was due mainly to the sale of building lots relating to the Madrid Autonomous Community's Urban Development Plans.

13. TRADE RECEIVABLE FOR SALES AND SERVICES

The breakdown of the balance of this caption in the accompanying consolidated balance sheet, which relates basically to the amounts receivable for construction work performed, for services provided and other activities, is as follows:

Construction certificates receivable and trade receivables for sales	1,862,964
Completed production pending certification	674,295
Retentions	38,445
	<hr/>
Trade receivables for sales and services	2,575,704
Advances received on orders	(417,130)
Total trade receivables, net	2,158,574

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

The "Construction Certificates Receivable and Trade Receivables for Sales" account reflects mainly the amount of the certificate billings to customers for completed work and services provided pending collection as of December 31, 2004. Of the total balance, €15,194 thousand of notes receivable had been discounted and the related debt to credit institutions is shown on the liability side of the consolidated balance sheet.

As indicated in Note 3-s, the "Completed Production Pending Certification" account reflects the difference at year-end between the production recorded from inception of each project and contract in progress as of December 31, 2004, and the amount of the certificates issued therefor. Accordingly, the balance of this account represents the value at certificate price of the construction units completed and services rendered as of December 31, 2004, which will be certified in the next few months either because they are specified in the principal contract or in addenda or amendments thereto approved by the customer or because there is no doubt as to their immediate approval.

Since the revenues which may ultimately arise from the projects in progress are subject to certain factors whose final effect cannot be objectively determined at present (e.g. the final amounts receivable for settlement, amendments, additions, price revisions, etc.), the companies recognize the revenues from work units not supported by contracts entered into with the owners in the year in which they are approved by the owner or in which the companies consider that there is no doubt as to their recovery in order to proceed to certify them.

The Group companies assign trade receivables to financial institutions, without the possibility of recourse in the event of nonpayment. The amount deducted from the trade receivables balance at year-end in this connection amounted to €284,887 thousand. These transactions accrue interest under normal market conditions through the date on which the financial institution collects from our customers. Collection management in this period continues to be performed by the Group companies.

In 2004 certain future collection rights arising from construction project contracts awarded under the full payment of price method were sold. These rights, amounting to €116,784 thousand, were recorded as a reduction of the balance of the "Completed Production Pending Certification" caption.

The balance of trade receivables for construction activities, after deduction of the receivables assigned, amounted to €1,135,793 thousand, of which €106,342 thousand related to customers abroad. The detail of the accounts receivable from Spanish customers for construction activities, classified by public and private sector, is as follows:

Entities	
Central government	152,272
Autonomous Community governments	172,783
City councils	62,477
Autonomous agencies and State-owned companies	243,440
	<hr/>
Public sector	630,972
Private sector	398,479
	<hr/>
	1,029,451

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

In addition, it should be noted that the "Sundry Accounts Receivable" caption in the accompanying consolidated balance sheet includes the receivables relating to the trade loans granted to joint venturers in connection with the projects and services carried out through them and the receivables relating to other operating revenues, i.e. mainly the revenues from various different services provided on an as-needed basis which, since they do not relate to the Group companies' normal business activities, are not included as net sales.

14. SHAREHOLDERS' EQUITY

The variations in equity accounts in 2004 were as follows:

	Balance at 12.31.03	2003 retained Earnings	Dividends distributed	Translation differences and other Variations	Income for the year	Balance at 12.31.04
Capital stock	130,567	–	–	–	–	130,567
Additional paid-in capital	242,133	–	–	–	–	242,133
Legal reserve	26,113	–	–	–	–	26,113
Reserve for treasury stock	9,422	–	–	–	–	9,422
Reserve for retired capital	2,770	–	–	–	–	2,770
Voluntary reserves	390,898	10,974	–	–	–	401,872
Reserves of the Parent Company	429,203	10,974	–	–	–	440,177
Consolidation reserves	846,158	159,091	–	(5,617)	–	999,632
Translation differences	(63,085)	–	–	(8,971)	–	(72,056)
Income attributable to the Parent Company	308,579	(170,065)	(138,514)	–	388,297	388,297
Interim dividend	(48,049)	–	48,049	–	(88,491)	(88,491)
Shareholders' equity	1,845,506	–	(90,465)	(14,588)	299,806	2,040,259

On December 22, 2003, the Parent Company, Fomento de Construcciones y Contratas, S.A., resolved to distribute an interim dividend out of 2004 income equivalent to 68% gross of the par value of the shares (€0.68 per share), which was paid on and after January 10, 2005.

a) Capital stock

The capital stock of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 common bearer shares of €1 par value each.

All the shares have identical rights and are fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerized trading system (Continuous Market).

With regard to the holdings owned directly or indirectly of 10% or more (through subsidiaries) by other companies, as required by current legislation B-1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.483% in the capital stock. Also, per the data recorded at the Spanish National Securities Market Commission (CNMV), Acciona, S.A. owns a 15.055% holding in Fomento de Construcciones y Contratas, S.A.

The aforementioned company, B-1998, S.L., in which Esther Koplowitz Romero de Juseu, the Ibersuizas Group, Simante, S.L. and Larranza XXI, S.L. have ownership interests of 73.375%, 15.56%, 5.726% and 5.339%, respectively, has certain commitments to its shareholders, recorded and published by the CNMV, including most notably that relating to the distribution of a dividend of at least 50% of the consolidated net income attributed to the Parent Company, excluding extraordinary income or loss.

b) Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use for other purposes.

c) Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

As of December 31, 2004, the Parent Company's legal reserve had reached the legally stipulated minimum.

d) Treasury stock

As of December 31, 2004, the Parent Company held 434,322 shares of treasury stock, representing 0.33% of its capital stock, with a net book value of €9,422.

Also, the subsidiaries Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A. held 316,008 and 475 shares, respectively, of the Parent Company, which represented 0.25% of the latter's capital stock and are recorded in these Group companies' accounting records at a net value of €1,117 thousand.

€10,539 thousand of the total reserves balance are considered to be restricted until such time as the treasury stock held by Fomento de Construcciones y Contratas, S.A. and the shares of the Parent Company held by the Group companies are sold or retired. This amount coincides with the amount at which the shares of the Parent Company held by the Group are valued on the asset side of the accompanying consolidated balance sheet.

No transactions involving shares of treasury stock were performed in 2004.

e) Reserve for retired capital

This reserve includes the par value of the treasury stock retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Corporations Law. The reserve for retired capital is restricted, unless the same requirements as those stipulated for capital reductions are met.

f) Consolidation reserves

This caption in the accompanying consolidated balance sheet includes the reserves at fully and proportionally consolidated companies and companies accounted for by the equity method. The amounts included under this caption for the major companies, including, where appropriate, their subsidiaries, are as follows:

Grupo Cementos Portland Valderrivas	306,314
Afigesa Group	236,853
FCC Construcción Group	104,162
Corporación Financiera Hispánica, S.A.	102,109
FCC Versia, S.A.	42,230
FCC Medio Ambiente, S.A.	40,127
Realia Business Group	30,522
Other, and consolidation adjustments	137,315
Total consolidation reserves	999,632

€20,164 thousand of the total consolidation reserves relate to the effect of the asset revaluations made as indicated in Note 3-g.

g) Translation differences

The amounts included under this caption for each of the major companies are as follows:

USA:		
Giant Cement Holding, Inc.	24,882	
Other	<u>1,395</u>	26,277
Latin America:		
Grupo Proactiva	38,689	
Other	<u>6,798</u>	45,487
Other		292
Total translation differences		72,056

The negative trend in translation differences is due mainly to the appreciation of the euro against the U.S. dollar and certain South American currencies in 2004.

The net worth of the foreign companies accounts for 13% of the FCC Group's total equity. The detail, by geographical market, of this net worth, including the related translation differences, is as follows (in thousands of euros):

USA	179,896
Latin America	73,941
Other	14,417
	268,254

Particularly noteworthy in the U.S. market was the Giant Cement Holding Inc. Group, whose equity, following the 8% depreciation of the U.S. dollar against the euro in 2004, amounted to €147,478 thousand.

15. MINORITY INTERESTS



The balance of this caption in the accompanying consolidated balance sheet reflects the equity of minority shareholders in the net worth and income for the year after taxes of the Group companies in which they have ownership interests. The variations in this account in 2004 were as follows:

Balance at 12.31.03	387,774
Income for the year	55,923
Distribution of dividends	(25,921)
Translation differences and variation in consolidated Group	(6,013)
Balance at 12.31.04	411,763

The 2004 year-end detail, by item, of the balances relating to the main companies with minority interests is as follows:

	Net worth		Income	Total
	Capital stock	Reserves		
Cementos Portland Valderrivas Group	17,193	312,642	53,664	383,499
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	33	111	7,382
Other	8,765	9,969	2,148	20,882
	33,196	322,644	55,923	411,763

€15,243 thousand of total reserves relate to the asset revaluation performed by the cement business companies, as indicated in Note 3-g.

16. SUBSIDIES



The accompanying consolidated balance sheet includes the subsidies that were received in the past for €64,821 thousand, €13,637 thousand of which have been taken to income, including €2,765 thousand in the year ended December 31, 2004.

17. PROVISIONS FOR CONTINGENCIES AND EXPENSES



This caption in the consolidated balance sheet includes the following liabilities:

- a) The reversion reserve for assets subject to administrative concessions which will revert to the grantor entity at the end of the concession period, as indicated in Note 3-o.
- b) The provisions for pensions recorded to cover the commitments described in Note 3-m.
- c) Provisions for litigation which, as indicated in Note 21, cover the contingencies of the FCC Group companies acting as defendants in certain disputes in relation to the liability inherent in the activities carried on by them.
- d) Reinsurance provisions. As indicated in Note 2-c to these consolidated financial statements, in 2004 Fir Re Société Anonyme was included in the scope of consolidation of the FCC Group, as a result of which the accompanying consolidated balance sheet includes the related equalization provisions and the provisions for unexpired risks to cover the contingencies arising from this company's reinsurance activity.
- e) Environmental risks (see Note 23).
- f) Other provisions for contingencies and expenses relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain, since they are dependent on the fulfillment of certain conditions. In 2004 provisions were recorded amounting to €30,000 thousand to cover extraordinary contingencies arising from the Group's activity abroad, mainly in Latin America and North Africa. This amount is included as an extraordinary loss in the accompanying consolidated statement of income.

The balance as of December 31, 2004, of each of the foregoing items is as follows:

Reversion reserve	41,273
Provisions for pensions and similar obligations	19,865
Provisions for litigation	119,121
Reinsurance provisions	15,594
Environmental provisions	17,947
Other provisions for contingencies and expenses	100,015
Total	313,815

18. NONTRADE PAYABLES

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

	2006	2007	2008	2009	2010 and Subsequent year	Total
Nonconvertible debentures	103	517	1,860	413	40,381	43,274
Payable to credit institutions	101,288	104,327	37,039	24,252	58,981	325,887
Limited recourse project financing loans	7,734	8,790	9,912	6,141	25,107	57,684
Taxes payable	3,782	3,136	3,045	3,002	54,238	67,203
Other payables	6,851	2,409	1,339	1,997	58,634	71,230
Uncalled capital payments payable	41,140	–	–	–	172	41,312
	160,898	119,179	53,195	35,805	237,513	606,590

The nonconvertible debentures relate mainly to Giant Cement Holding Inc., which in 2003 launched an issue comprising two tranches of US\$ 25 million and US\$ 30 million, maturing in 2010 and 2013 and with fixed interest rates of 4.95% and 5.63%, respectively.

The foreign currency payables under the "Payable to Credit Institutions" caption include most notably €67,901 thousand denominated in U.S. dollars relating mainly to the U.S. cement companies.

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

The balance of the "Limited Recourse Project Financing Loans" account relates to the payments outstanding in connection with the investments made in certain projects, mainly for operating the water supply in Vigo. The debt will be repaid using the revenues arising from operation of the services and, provided the contract terms and conditions are met, with no other liability for the Group companies if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest. The average interest rate on the loans is tied to Euribor plus a spread based on market rates.

The detail of the balance of the "Taxes Payable" caption is disclosed in Note 20 ("Tax Matters").

The "Other Payables" account includes mainly payables for the acquisition of fixed assets. Of the total balance, €49,826 thousand bear interest at market rates.

- b) The short-term accounts payable to associated companies include trade payables and the current account and loan balances with these companies. The loans bear interest at market rates.
- c) The "Current Liabilities – Other Nontrade Payables – Other Payables" caption in the accompanying consolidated balance sheet includes, inter alia, various debt items which do not bear interest, such as the amounts forecast for the payment of the interim dividend (€88,275 thousand) and fixed asset suppliers (€68,511 thousand).
- d) As indicated in Note 13 ("Trade Receivables for Sales and Services"), certain bank loans have been secured by €15,194 thousand of notes receivable.

As of December 31, 2004, the Group had credit facilities with a limit of €2,679,609 thousand, of which €1,803,802 thousand had not been drawn down at that date.

19. OPERATING ALLOWANCES

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

Allowance for claims	74,604
Allowance for construction contract settlements	21,230
	95,834

The allowance for claims covers the contingent liabilities which might arise from claims by third parties as a result of business operations.

The allowance for construction contract settlements includes the losses and expenses expected to arise from the date of completion through definitive settlement of the contracts.

20. TAX MATTERS

The detail of the balances of the "Tax Receivables" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying consolidated balance sheet is as follows:

I) Long-term

The balance payable of €62,703 thousand relates to deferred corporate income tax which will be payable in years subsequent to 2005.

€46,498 thousand of this liability, which is interest-free, relate to the tax effect of the difference between the book value and the value for tax purposes of certain fixed assets of Giant Cement Holding Inc. The remaining €20,505 thousand relate to the accelerated depreciation of tangible fixed assets under various benefits provided for by tax legislation and include most notably €12,051 thousand relating to 35% of the early depreciation of the Torre Picasso building, which qualify for the tax incentives stipulated in Royal Decree-Law 2/1985 and Royal Decree-Law 3/1993. The due dates of the accrued taxes payable disclosed in Note 18 are based on the years of useful life of the related assets.

II) Short-term

Tax receivables:	
Prepaid corporate income tax and tax assets	257,340
VAT refundable	91,989
Tax refunds and other items	18,109
	367,438
Tax payables:	
Personal and corporate income tax withholdings (from salary income and income from movable capital)	24,262
Deferred corporate income tax	94,669
Corporate income tax payable	84,709
VAT payable	146,626
Levies on construction certificates, services and other items	59,841
Accrued social security taxes payable	35,023
	445,130

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

Consolidated income for the year per books before taxes			603,292
	<u>Increase</u>	<u>Decrease</u>	
Consolidation adjustments and eliminations	-	(45,871)	(45,871)
Adjusted consolidated income per books	28,356	(36,884)	(8,528)
Adjusted consolidated income per books			548,893
Timing differences:			
Arising in the reporting year	273,970	(170,348)	103,622
Arising in prior years	162,418	(99,469)	62,949
Consolidated taxable income			715,464

Adjusted consolidated income per books	548,893
Corporate income tax charge (35%)	192,113
Tax credits and relief	(26,915)
Other adjustments	(6,126)
Corporate income tax payable	159,072

The Fomento de Construcciones y Contratas Group has capitalized the deferred tax assets arising from timing differences, except for those with respect to which there are reasonable doubts as to their future recovery.

The variations due to timing differences arose mainly as follows:

- Items recorded as increases include mainly depreciation and amortization and provisions which will become tax deductible in subsequent years, and the allocation to taxable income of the income of joint ventures which had been deferred in 2003.
- Items recorded as decreases include the deferral due to the special amortization of lease contracts, the income of joint ventures that will be included in the corporate income tax base of the following year and the impact of certain expenses incurred in prior years which became tax deductible in 2004, since the conditions stipulated by tax legislation had been met.

The tax credits and tax relief include those provided for environmental protection, foreign investments, R&D and the reinvestment of gains on the sale of fixed assets.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax inspection authorities for the taxes applicable to them. The criteria which the tax authorities might adopt for the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Parent Company's directors consider that the resulting liabilities would not have a material effect on the Group's net worth.

Under authorization 18/89, the FCC Group is taxed on a consolidated basis for corporate income tax purposes with all the other Group companies which meet the relevant requirements envisaged by tax legislation.

21. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

As of December 31, 2004, the Group had provided €2,031,191 thousand of guarantees to third parties, mostly completion bonds provided to government agencies and private customers as security for the performance of construction projects and urban cleaning contracts.

The Group companies have guaranteed for their employees the investments made in 2000 for a five-year period in the collective investment fund set up by the Vivendi Universal Group. The possible payments and additional costs that may be incurred by the FCC Group companies, which in any case are not expected to be material, are counterguaranteed by the Vivendi Universal Group.

Fomento de Construcciones y Contratas, S.A. and the Group subsidiaries are acting as defendants in certain lawsuits in relation to the liabilities inherent in the various activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recorded (see Notes 3-n, 17 and 19). Accordingly, the resulting liabilities would not have a significant effect on the Group's net worth.

22. REVENUES AND EXPENSES



a) Transactions with associated companies

The net sales figure in the accompanying consolidated statement of income includes €184,591 thousand of billings by Group companies to associated companies.

b) Net sales

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

	2004	2003
Construction	3,090,218	2,950,141
Services	1,819,182	1,708,897
Versia	514,478	380,987
Cement	881,523	865,626
Other activities and eliminations due to intercompany transactions	(19,519)	144,821
	6,285,882	6,050,472

In 2004 certain changes were made to the Group's internal areas of activity, as a result of which the logistics and installations sectors were included in Versia and Construction, respectively. These sectors were included as "Other Activities" in 2003.

The breakdown, by market, of the net sales made abroad by the Group companies is as follows:

	2004	2003
European Union	307,040	319,913
United States	191,092	194,718
Latin America	129,380	112,355
Other	13,140	10,563
	640,652	637,549

Net sales in the Construction Area

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

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

Civil engineering	1,705,721
Residential building construction	573,905
Nonresidential building construction	671,698
Other activities	138,894
	3,090,218

The construction work carried out by subcontractors amounted to €1,332,259 thousand.

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

Central government	632,455
Autonomous Community governments	371,269
City councils	122,527
Autonomous agencies and State-owned companies	716,395
Public sector	1,842,646
Private sector	1,116,124
Total Spain	2,958,770
Abroad	131,448
	3,090,218

The detail of the backlog for construction work at 2004 year-end is as follows:

	Contracts in progress	Contracts not yet commenced	Total backlog
Civil engineering	2,455,724	148,123	2,603,847
Residential building construction	611,715	34,666	646,381
Nonresidential building construction	1,088,179	12,787	1,100,966
	4,155,618	195,576	4,351,194

The breakdown of the backlog for construction work at 2004 year-end, by geographical area, is as follows:

	Andalucía	Castilla y León	Cataluña	Madrid	Other Spain	Abroad
Civil engineering	161,408	421,918	677,780	470,478	779,187	93,076
Residential building construction	68,040	13,992	18,903	402,608	123,817	19,021
Nonresidential building construction	160,798	37,665	258,641	240,743	401,523	1,596
	390,246	473,575	955,324	1,113,829	1,304,527	113,693

c) Operating income by business line

Following is a breakdown, by business line, of operating income and the percentage it represents of net sales.

c.1) Gross operating income.

	2004		2003	
	Income	Percentage of net sales	Income	Percentage of net sales
Construction	159,031	5.15	140,001	4.75
Services	285,371	15.69	254,999	14.92
Versia	91,840	17.85	80,646	21.17
Cement	264,988	30.06	276,218	31.91
Other	50,039	–	52,254	–
	851,269	13.54	804,118	13.29

c.2) Net operating income.

	2004		2003	
	Income	Percentage of net sales	Income	Percentage of net sales
Construction	120,691	3.91	103,215	3.50
Services	149,568	8.22	138,586	8.11
Versia	49,650	9.65	45,220	11.87
Cement	172,327	19.55	189,422	21.88
Other	51,349	–	42,489	–
	543,585	8.65	518,932	8.58

d) Financial loss

Financial loss improved significantly as a result of the combination of various factors: reduced indebtedness, lower average interest rates and lower exchange losses than in 2003, and increased revenues from dividends and from transactions involving short-term marketable securities.

e) Extraordinary income / loss

The main items affecting the balance of the "Extraordinary Income/Loss" caption in the accompanying consolidated statement of income are indicated in Notes 2-c, 9 and 17-f above.

f) Labor force

The average number of employees at the companies in 2004 was as follows:

Managers and university graduate employees	2,781
Other line personnel (junior college graduates)	3,115
Clerical and similar staff	5,542
Other salaried employees	51,990
	63,428

Of the foregoing total, the headcount in the construction business was 10,561 employees, of whom 3,467 were permanent employees.

g) Consolidated income

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

Aqualia Gestión Integral del Agua, S.A.	18,841
Asesoría Financiera y de Gestión, S.A.	7,927
Cementos Alfa, S.A.	6,605
Cementos Portland Valderrivas, S.A.	53,144
(Cemusa) Corporación Europea de Mobiliario Urbano, S.A.	8,563
Contratas y Ventas, S.A.	8,907
FCC Construcción, S.A.	62,709
FCC Medio Ambiente, S.A.	9,702
Flightcare, S.L.	8,651
Fomento de Construcciones y Contratas, S.A.	77,225
General de Servicios ITV, S.A.	5,733
Ibérica de Servicios y Obras, S.A.	6,044
Realia Business, S.A.	56,701
Other	57,544
	388,297

23. ENVIRONMENTAL INFORMATION

As indicated in Note 3-t, the FCC Group's environmental policy is based not only on strict compliance with legislation in the area of environmental conservation and improvement, but also on the establishment of preventive planning and an environmental analysis of the various activities performed by the Group in order to minimize their impact on the surroundings. The implementation of quality management and environmental management systems and follow-up audits are illustrative of the measures taken by the FCC Group in this area.

By their very nature, the Services area activities are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Services area requires the use of specialized structures, plant and machinery that are efficient in terms of environmental protection and conservation. As of December 31, 2004, the acquisition cost of the fixed assets assigned to production in the Services area totaled €1,645,883 thousand and the related accumulated depreciation amounted to €659,291 thousand. The provisions for landfill sealing and shutdown expenses totaled €15,551 thousand.

At year-end the Cementos Portland Valderrivas Group had fixed assets relating to environmental conservation and protection amounting to €46,733 thousand (net of depreciation).

The Construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimizes its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land and the development of specific training programs for the techniques involved in the environmental decision-making process. It has also implemented an "Environmental Behavior Code" which establishes the requirements for subcontractors and suppliers in the area of environmental conservation and protection.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement as of December 31, 2004, would not have a significant impact on the accompanying consolidated financial statements, which include provisions for contingencies and expenses to cover any environmental contingencies which may arise.

24. FEES PAID TO AUDITORS



The 2004 fees for financial audit services and for other professional services provided to the various Group and multigroup companies composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies and by entities related to them are shown in the following table.

Fees for financial audit services:		2,782
Principal auditor	1,813	
Other auditors	<u>969</u>	
Fees for other services:		1,002
Principal auditor	538	
Other auditors	<u>464</u>	
		3,784

25. INFORMATION ON THE BOARD OF DIRECTORS



The compensation earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company or by any of the Group, multigroup or associated companies was as follows (in thousands of euros):

Bylaw-stipulated profit sharing	2,230
Salaries	2,748
Attendance fees	66
Other compensation	<u>474</u>
Total	5,518

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death and permanent occupational disability, and to retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. In 2004 no additional payment was made in this connection.

Except as indicated in the foregoing paragraphs, no other compensation, advances, loans or guarantees of any kind were granted to the directors, and there were no pension or life insurance obligations to former or current directors.

Following is a detail of the equity interests owned by the directors of Fomento de Construcciones y Contratas, S.A., or by persons representing them, in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of the FCC Group, and of the positions they hold and the functions they discharge thereat. This information was provided by the directors themselves.

Director's name or corporate name	Investee company	Percentage of ownership	Position held or functions discharged
D. Marcelino Oreja Aguirre	Metrovacesa, S.A.	<0.01	
D ^a Alicia Alcocer Koplowitz	A.C.S. Actividades de Construcción y Servicios, S.A. Obrascon Huarte Lain, S.A.	<0.01 <0.01	
D. Pedro A. del Castillo Machado	Eléctrica Maspalomas, S.A. Elmasa Medio Ambiente, S.L.	7.46 7.46	Chairman and Chief Executive Officer Director

The directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, as independent professionals or as employees, that is identical, similar or complementary to the activity that constitutes the corporate purpose of the Company.

In 2004 Elmasa Patrimonial, S.A. sold to Aqualia Gestión Integral del Agua, S.A. 51% of the capital stock of Gestión de Aguas del Norte, S.A. for €1 million. This transaction was authorized by resolution of the Board of Directors of Fomento de Construcciones, S.A. in conformity with Article 25.4 of the Board's Regulations. Pedro Agustín del Castillo, who together with his family owns the selling company, acts as representative of Ibersuizas Holdings, S.L., which in turn is a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

Except as indicated in the preceding paragraph, during the business year the directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company of the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on normal market conditions.

26. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated July 19, 2002, all companies governed by the laws of a European Union Member State and whose securities are listed on a regulated market of any EU Member State must present their consolidated financial statements for the years beginning on or after January 1, 2005, in accordance with the International Financial Reporting Standards (IFRSs) ratified by the European Union. In conformity with IFRS 1, for comparison purposes it will be necessary to include in the 2005 consolidated financial statements, the figures for 2004, also prepared in accordance with IFRSs.

In order to comply with the obligation imposed by Regulation (EC) no. 1606/2002 and the provisions of Law 62/2003, the FCC Group has established a plan for the transition to IFRSs that includes, inter alia, the following steps:

1. Analysis of the differences between the methods provided for in the National Chart of Accounts in force in Spain and in IFRSs, and of the effects that such differences might have on the calculation of the estimates required to prepare the financial statements.
2. Selection of the methods to be used in cases or areas for which IFRSs permit alternative treatment.
3. Adaptation of the internal and employee training standards.
4. Assessment, determination and implementation of the appropriate changes to or adaptations of the operating procedures and systems used for compiling and providing the information required in order to prepare the financial statements.
5. Assessment, determination and implementation of the changes that have to be made to the planning and organization of the process involved in the compilation of information and the conversion and consolidation of the information of Group and associated companies.
6. Preparation of the opening consolidated financial statements as of the transition date and of the quarterly financial statements for 2004, both in accordance with IFRSs.

The plan is currently being implemented and will finally be completed during 2005. The analysis performed, taking into account the alternatives being examined by Management, disclosed that the application of IFRSs will not foreseeably have a significant effect on the Group's net worth as of December 31, 2004. However, it is considered that in the future the most significant possible effects may result from the changes in the treatment of business combinations, the valuation of financial instruments, assets and liabilities, and the interpretations to be adopted by the IFRIC on the recording of administrative concessions.

In any case, the final determination of the possible impacts will be subject to the IFRSs and interpretations thereof (IFRIC) that are ultimately in force as of December 31, 2005.

27. CONSOLIDATED COST ACCOUNTING STATEMENTS OF INCOME

	12.31.2004		12.31.2003	
	Amount	%	Amount	%
Net sales	6,285,882	100.00	6,050,472	100.00
+ Other operating revenues	85,186	1.36	73,523	1.22
- Variation in finished goods and work-in-process inventories	21,272	0.34	(8,020)	(0.13)
+ Capitalized expenses of Group work on fixed assets	50,917	0.81	70,618	1.17
Production value	6,400,713	101.83	6,202,633	102.51
- Net purchases	1,004,007	15.97	1,036,641	17.13
- Variation in inventories of merchandise, materials and other consumables	43,642	0.69	(2,459)	(0.04)
- External and operating expenses	2,787,054	44.34	2,738,483	45.26
- Personnel expenses	1,714,741	27.28	1,625,850	26.87
Gross operating income	851,269	13.54	804,118	13.29
- Depreciation and amortization expense	281,260	4.47	263,729	4.36
- Period provision to reversion reserve	5,656	0.09	5,045	0.08
- Bad debts written off and variation in operating allowances	20,768	0.33	16,412	0.27
Net operating income	543,585	8.65	518,932	8.58
+ Financial revenues	65,529	1.04	64,796	1.07
- Financial expenses	86,804	1.38	104,801	1.73
- Variations in investment valuation allowances	7,570	0.12	5,332	0.09
Financial loss	(28,845)	(0.46)	(45,337)	(0.75)
+ Share in income of companies accounted for by the equity method	75,605	1.20	66,406	1.10
- Amortization of consolidation goodwill	20,167	0.32	18,950	0.31
Income from ordinary activities	570,178	9.07	521,051	8.61
+ Gains on fixed assets and extraordinary revenues	78,048	1.24	118,964	1.97
- Losses on fixed assets and extraordinary expenses	44,570	0.71	122,106	2.02
- Variation in tangible fixed asset and intangible asset allowances	364	0.01	21,637	0.36
Income before taxes	603,292	9.60	496,272	8.20
- Corporate income tax	159,072	2.53	126,278	2.09
Consolidated income for the year	444,220	7.07	369,994	6.12
- Income attributed to minority interests	55,923	0.89	61,415	1.02
Income for the year attributed to the parent company	388,297	6.18	308,579	5.10

28. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I. CONSOLIDABLE SUBSIDIARIES

Company	Net book values	%	Nominal percentage of ownership and holder
■ 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
Aremi Tecair, S.A. Av. De les Corts Valencianes, 50. Valencia -Air conditioning-	36	60.00	Internacional Tecair, S.A.
Áridos de Melo, S.L. Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)	60	99.99 0.01	Ibervia Construcciones y Contratas, S.L. Sincler, S.A. Sole-shareholder company
Auxiliar de Pipelines, S.A. Ps. del Club Deportivo, 1. Pozuelo de Alarcón (Madrid) (e)	601	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
BBR Pretensados y Técnicas Especiales, S.L. Retama, 5. Madrid	1,000	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Binatec Al Maghreb, S.A. 213, Rond-Point de L'Europe. Casablanca (Morocco)	88	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. Puerto Pi, 8. Palma de Mallorca (Balearic islands) (d) -Concession-holder-	8,735	56.53	FCC Construcción, S.A.
Concesiones Viales de Costa Rica, S.A. Av. 10 calles 33 y 35. San José (Costa Rica)	-	100	FCC Construcción, S.A.
Conservial, S.L. Manuel Lasala, 36. Zaragoza	276	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 (Mexico)	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 (Asturias) (a)	1,516	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Corporación M&S Internacional C.A., S.A. Costa Rica (a)	9,601	50.00	FCC Construcción, S.A.
Dezvoltare Infrastructura, S.A. Strada Garboveni, 61. Bucharest (Rumania)	5	51.03	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
Especialidades Eléctricas, S.A. Acanto, 22. Madrid (b) -Electrical installations-	10,953	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Espelsa-Luwat, S.A. Acanto, 22. Madrid -Electrical installations-	36	60.00	Especialidades Eléctricas, S.A.
Eurman, S.A. Valentín Beato, 24-26. Madrid -Air conditioning-	120	99.99 0.01	Internacional Tecair, S.A. Tack Inversiones, S.L. Sole-shareholder company
FCC Constructii Romania, S.A. Str Sfintii Voievozi, 49. Bucharest (Rumania)	50	96.00 1.00 1.00 1.00 1.00	FCC Construction International B.V. Dizara Inversión, S.A. Nevasa Inversión, S.L. Sincler, S.L. Sole-shareholder company Tulsa Inversión, S.L.

Company	Net book values	%	Nominal percentage of ownership and holder
FCC Construction International B.V. Amsteldijk, 166 . Amsterdam (Netherlands)	4,190	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)	1	100	FCC Construcción, S.A.
Gavisa Portugal Montagens Eléctricas Lda. Av. General Humberto Delgado, 1 Santa Comba Dao. Portugal	10	97.00	Montajes Gavisa, S.A.
Ibérica de Enclaves, S.A. Arquitecto Gaudí, 4. Madrid	385	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
Ibervia Construcciones y Contratas, S.L. Avda. General Perón, 36. Madrid	20,006	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Internacional Tecair, S.A. Valentín Beato, 24-26. Madrid (b) -Air conditioning-	4,196	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)	3,602	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Marcas Andaluzas, S.L. Hilera, 10. Málaga	246	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
Megaplas Italia, S.P.A.(*) Vía Piamonte, 1. Borgaro (Italy)	-	100	Megaplas, S.A.
Montajes Gavisa, S.A. La Farga, 5-7 Pol. Ind. La Cerrería. Montcada i Reixac (Barcelona) (b)	7,176 14	99.98 0.02	Contratas y Ventas, S.A. Sincler, S.A. Sole-shareholder company
Motre, S.L. Enginyer Algarra, 65. Pals (Girona)	2,519 1,431	63.77 36.23	Servià Cantó, S.A. Moviterra, S.A.
Moviterra, S.A. Enginyer Algarra, 65. Pals (Girona) (e)	600	99.99 0.01	Ibervia Construcciones y Contratas, S.L. 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-	-	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
Norseñal, S.L. Juan Flórez, 64. La Coruña	31	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
Pedreira Les Gavarres, S.L. Enginyer Algarra, 65. Pals (Girona)	6	99.98 0.02	Ibervia Construcciones y Contratas, S.L. Dizara Inversión, S.L.
Pinturas Jaque, S.L. Pol. Ind. Oeste, Paraje Sangonera El Palmar. Murcia (b)	704	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 Central Park, 2. Linda a Velha (Portugal) (a)	6,645	99.98 0.01 0.01	FCC Construcción, S.A. Participaciones Teide, S.A. Sincler, S.A. Sole-shareholder company

Company	Net book values	%	Nominal percentage of ownership and holder
Reparalia, S.A. Parque Empresarial Cerro de los Gamos, 1 Pozuelo de Alarcón. Madrid (b)	–	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Sole-shareholder company
Señalizaciones de Vías Públicas, S.L. Avda. de Barber, 2. Toledo	182	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Señalizaciones Levante, S.L. Itálica, 25. Alicante	228	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Servià Cantó, S.A. Enginyer Algarra, 65. Pals (Girona) (e)	2,400	99.98 0.02	Ibervia Construcciones y Contratas, S.L. 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, 9. Seville	313	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Sole-shareholder company
Valia Sociedad Gestora de Concesiones de Infraestructuras, S.L. Avda. General Perón, 36. Madrid	3 3	50.00 50.00	FCC Construcción, S.A. Ibervia Construcciones y Contratas, S.L.
Xequevia Sinalizaçao de Vias de Comunicaçao, Ltda. Quinta da Mata-Sete-Casa. Loures (Portugal)	–	80.00 20.00	Pinturas Jaque, S.L. 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. 3°. Buenos Aires (Argentina)	148	50.00 5.00	Fomento de Construcciones y Contratas, S.A. AESA, 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)	62	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Compañía Catalana de Servicios, S.A. Balmaes, 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	6,442	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Egypt Environmental Services, S.A.E. El Cairo. Egypt	1,637 17 17 80	97.00 1.00 1.00 1.00	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)	204	80.00	Fomento de Construcciones y Contratas, S.A.
Focsa Services, U.K. Ltd. Brook House. Oldham Road-Middleton. Manchester (United Kingdom)	1,161	100	FCC Medio Ambiente, S.A.
Focsa Serviços de Saneamento Urbano de Portugal, S.A. Rua Castilho, 75-1°. Lisbon (Portugal)	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.

Company	Net book values	%	Nominal percentage of ownership and holder
Giza Environmental Services, S.A.E. El Cairo. Egypt	225 2 2 78	97.00 1.00 1.00 1.00	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 Les Garrigues, 15. Bellpuig (Lleida) (e)	840 9	99.00 1.00	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 (Murcia) (a)	270	90.00	FCC Medio Ambiente, S.A.
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Polígono Industrial. Manacor (Balearic islands) (e)	5,209	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 Torrà i Cabrosa, 7. Girona (e)	96	80.00	FCC Medio Ambiente, S.A.
Onyx Gibraltar, Ltd. 2° 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 Las Garrigas, 15. Bellpuig (Lleida) (e)	173 1	99.90 0.10	Compañía Catalana de Servicios, S.A. International Services Inc., S.A. Sole-shareholder company
Saneamiento y Servicios, S.A. Ronda Vigilancia, s/n. 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
Telford & Wrekin Services, Ltd. Granville House, St. Georges Road. Donnington Wood (United Kingdom)	11	100	Focsa Services, U.K. Ltd.
Valorización y Tratamiento de Residuos, S.A. Alameda de Mazarredo, 15-4° A. Bilbao (Vizcaya) (e)	6,927	99.00 1.00	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
■■■■ Water treatment and distribution			
Abastecimientos y Saneamientos del Norte, S.A. Sole-shareholder company Uruguay, 11. Vigo (Pontevedra)	601	100	Aqualia Gestión Integral del Agua, S.A.
Adobs Orgànics, S.L. Sant Benet, 21. Manresa (Barcelona)	22	60.00	Aqualia Gestión Integral del Agua, S.A.
Aguas Jaén, S.A. Plaza de los Jardinillos, 6. Jaén (a)	1,118	60.00	Aqualia Gestión Integral del Agua, S.A.
Aguas Torrelavega, S.A. La Viña, 4. Torrelavega (Cantabria) (e)	307	51.00	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)	541	90.00	Aqualia Gestión Integral del Agua, S.A.
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid (c)	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)	326	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company

Company	Net book values	%	Nominal percentage of ownership and holder
Compañía Onubense de Aguas, S.A. Avda. Martín Alonso Pinzón, 8. Huelva	27	60.00	Aqualia Gestión Integral del Agua, S.A.
Conservación de Infraestructuras Urbanas, S.A. Federico Salmón, 13. Madrid (e)	300	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A. Princesa, 3. Madrid	–	70.00	Aqualia Gestión Integral del Agua, S.A.
F.S. Colaboración y Asistencia, S.A. Ulises, 18 Edificio H. Madrid (e)	273	65.00	Colaboración, Gestión y Asistencia, S.A.
Gestión de Aguas del Norte, S.A. Av. de Tirajana, 39. San Bartolomé de Tirajana (Las Palmas)	1,000	51.00	Aqualia Gestión Integral del Agua, S.A.
Graver Española, S.A. Sole-shareholder company Epalza, 8. Bilbao (Vizcaya)	2,073	100	Aqualia Gestión Integral del Agua, S.A.
Inversora Riutort, S.L. Alfonso XIII. Sabadell (Barcelona)	1	90.00	Aqualia Gestión Integral del Agua, S.A.
Sociedad Ibérica del Agua, S.I.A., S.A. Sole-shareholder company 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. Común de las Eras-Fustiñana (Navarra)	156	99.99 0.01	Ekonor, S.A. FCC Medio Ambiente, S.A.
Azuser, S.L. Camí de la Rambla, 12. Onda (Castellón de la Plana)	2,383	99.95 0.05	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Baltecma, Gestión de Residuos Industriales, S.L. Conradors, parc. 34 P.I. Marratxi. Mallorca (Balearic islands)	46	70.00	Ekonor, S.A.
Bistibieta, S.L. Trinidad, 9. Algorta (Vizcaya)	1,460 77	95.00 5.00	Ekonor, S.A. FCC Medio Ambiente, S.A.
Compañía de Control de Residuos, S.L. Peña Redonda, 27. Pol. Silvota. Llanera (Asturias)	551	64.00	Ekonor, S.A.
Ecoactiva de Medio Ambiente, S.A. Sole-shareholder company (**) Cr. Puebla Albortón a Zaragoza Km 25. Zaragoza	2,904	100	FCC Medio Ambiente, S.A.
Ecodeal-Gestao Integral de Residuos Industriais, S.A. Rua General Pimenta de Castro, 14. Lisbon (Portugal)	76	54.99 0.01	FCC Medio Ambiente, S.A. T.P.A. Técnicas de Protección Ambiental, S.A.
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services Municipalidad de Atenas. Prefectura de Atica (Greece)		51.00	FCC Medio Ambiente, S.A.
Ekonor, S.A. Larras de San Juan. Iruña de Oca (Álava) (b)	53,511	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Equipos de Protección Ambiental, S.L. Trinidad, 9. Algorta (Vizcaya)	31	99.98 0.02	Ekonor, S.A. FCC Medio ambiente, S.A.
Fepanor, S.L. Ctra. Andalucía, Km 56. Ocaña (Toledo)	–	78.00	Ekonor, S.A.
Gamasur Campo de Gibraltar, S.L. Pz. de la Iglesia, 1. Los Barrios (Cádiz)	1,853	85.00	Gestiones Medioambientales del Sur, S.L.
Gestió i Recuperació de Terrenys, S.A. Paratge Vacamorta. Cruilles (Girona)	15,897	100	Recuperació de Pedreres, S.L.
Gestiones Medioambientales del Sur, S.L. Polígono Industrial Las Quemadas, parc. 271. Córdoba (b)	1,688	99.50	Ekonor, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Hidrocen, S.L. Camino del Valle, 12. Arganda del Rey (Madrid) (b)	2,019	99.99 0.01	Ekonor, S.A. FCC Medio Ambiente, S.A.
Ingetma, S.A. Juan Bautista Zabala, 12. Guecho (Vizcaya) -In liquidation-	170	75.00	T.P.A., Técnicas de Protección Ambiental, S.A.
Innovación y Gestión Medioambiental, S.A. Camí de la Rambla. Onda (Castellón de la Plana)	825	99.33	Ekonor, S.A.
Ipodec Riscop, S.A. Sole-shareholder company Ctra. Sabadell a Mollet, Km 1 Molí d'en Gall. Barberà del Vallès (Barcelona) (b)	1,556	100	FCC Medio Ambiente, S.A.
Jaime Franquesa, S.A. Pol. Ind. Zona Franca Sector B Calle D49 (Barcelona)	18,515	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company
Ligete, S.L. Trinidad, 9. Algorta (Vizcaya)	691	99.98 0.02	Ekonor, S.A. FCC Medio Ambiente, S.A.
Limpiezas Industriales Alfus, S.A. Barrio Ibarra, 20. Bedia (Vizcaya) (e)	11,271	70.00	FCC Medio Ambiente, S.A.
Lizarreka, S.L. Bº Elbarrena. Aduna (Guipúzcoa)	4	99.97 0.03	Ekonor, S.A. FCC Medio Ambiente, S.A.
Recitermia, S.A. Cr. Andalucía Km 12. Políg. Indus. "Los Olivos". Getafe. (Madrid)	1,031	100	T.P.A., Técnicas de Protección Ambiental, S.A.
Recuperació de Pedreres, S.L. Paratge Vacamorta. Cruïlles (Girona) (b)	13,162	80.00	FCC Medio Ambiente, S.A.
Técnicas de Descontaminación, S.A. Polígono Guarnizo, parcela 97. El Astillero (Cantabria)	1,503	99.99 0.01	Limpiezas Industriales Alfus, S.A. FCC Medio Ambiente, S.A.
Tratamiento y Reciclado Integral de Ocaña, S.A. Federico Salmón, 13. Madrid	57	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	214	60.00	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
■ VERSIA			
FCC Versia, 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
Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company Federico Salmón, 13. Madrid (b) -Portfolio Company-	300	100	FCC Versia, 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, Sociedad Anónima Inmobiliaria y de Transportes
Aitena, Sociedad Anónima Inmobiliaria y de Transportes Avda. Fuentemar, 19. Coslada (Madrid) (a)	8,551	100	Grucycsa, S.A.
Logística Navarra, S.A. C/E Polígono Arazuri Orcoyen Parc 3.8. Pamplona (Navarra) (a)	4,520	99.99 0.01	Grucycsa, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
LNP-Logística, Lda. Estrada Nacional nº 3 km 5,7 Vila Nova da Rainha. Azambuja (Portugal) (e)	900 100	90.00 10.00	Logística Navarra, S.A. Aitena Portugal Almacenage Transporte e Distribuição de Mercaderias, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
■■■■ Street furniture			
Beta de Administración, S.A. Federico Salmón, 13. Madrid (b)	7,302	99.99 0.01	FCC Versia, S.A. Aragonesa de Servicios I.T.V., S.A.
Camusa Corporación Americana de Mobiliario Urbano, S.A. Arenales, 1123. Buenos Aires (Argentina)	4	99.00 1.00	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 do Amazonas (Brazil) (b)	853	100	Cemusa Do Brasil Ltda.
Cemusa Brasilia, S.A. SAA/Norte Quadra, 02,25. Brasilia (Brasilia DF. Brazil) (b)	1,734	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 Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Cemusa Do Brasil Ltda. Rua Funchal, 263. Sao Paolo (Brazil) (b)	7,837	99.99 0.01	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)	5	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Italia, S.R.L. Via Vincenzo Monti, 8. Milan (Italy)	10	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	4,427	79.00 21.00	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) (b)	6,666 345	95.00 5.00	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)	–	60.00 5.00	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Cemusa Do Brasil, Ltda.
Cemusa San Antonio, Ltd. 645 N. Michigan Ave Ste. 800 Chicago. Illinois (USA)	206	99.00 1.00	Cemusa Texas, Ll. Cemusa San Antonio GP, Ll.
Cemusa San Antonio GP, Ll. 645 N. Michigan Ave Ste. 800 Chicago. Illinois (USA)	65	100	Cemusa Inc.
Cemusa Texas, Ll. 645 N. Michigan Ave Ste. 800 Chicago. Illinois (USA)	215	100	Cemusa Inc.
Servicios de Publicidad Urbanos, S.A. Atenas, Nave 46 Pol. Ind. San Luís. Málaga	451	75.00	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Zona Verde Promoção e Marketing Lim. R. Cândido dos Reis, 90. Vera Cruz (Portugal)	1,027	100	Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.
■■■■ Parking lots and 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, S.A. 27 Rue Bapaume. Casablanca (Morocco)	48	97.87 0.01 0.01 0.01	Estacionamientos y Servicios, S.A. Aparcamientos Concertados, S.A. FCC Versia, S.A. Beta de Administración, S.A.
Casa Park Moulay Youseff, S.A.R.L. 27 Rue Bapaume. Casablanca (Morocco)	–	99.90	Estacionamientos y Servicios, S.A.
Conservación y Sistemas, 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

Company	Net book values	%	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)	513	60.00	Estacionamientos y Servicios, S.A.
Estacionamientos y Servicios, S.A. Federico Salmón, 13. Madrid (a)	34,760	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
■■■■ Passenger handling and transport			
Belgian Ground Services, S.A. Avenue Louise, 149. Ixelles (Brussels). Belgium (a)	15,000	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 (a)	13,373	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
Flightcare, S.L. Federico Salmón, 13. Madrid (a)	22,535	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Sole-shareholder company
■■■■ Vehicle roadworthiness testing			
Aragonesa de Servicios I.T.V., S.A. Federico Salmón, 13. Madrid (e)	3,133	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)	121	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)	532	50.00 50.00	C.T.V., S.A. General de Servicios I.T.V., S.A.
C.T.V., S.A. Coronel Esteban Bonorino, 277. Buenos Aires (Argentina)	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)	600	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)	9,188	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 Río de Janeiro (Brazil)	69	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)	146	99.00 1.00	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)	6,512	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)	572 171 114	50.00 37.50 10.00	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)	303	99.95 0.05	Aragonesa de Servicios I.T.V., S.A. Industrial de Limpieza y Servicios, S.A. Sole-shareholder company
■ CEMENT AREA			
Cementos Portland Valderrivas, S.A. Estella, 6. Pamplona (Navarra) (a)	175,953 571	58.70 0.06	Fomento de Construcciones y Contratas, S.A. Compañía Auxiliar de Agencia y Mediación, S.A. Sole-shareholder company
	7	0.01	Participaciones Estella 6, S.L. Sole-shareholder company
	3	0.01	Hormigones y Morteros Preparados, S.A. Sole-shareholder company
	2	0.01	Compañía Gral. de Servicios Empresariales, S.A. Sole-shareholder company
	2	0.01	Corporación Española de Servicios, S.A.
	2	0.01	Corporación Financiera Hispánica, S.A.
	2	0.01	Europea de Gestión, S.A. Sole-shareholder company

Company	Net book values	%	Nominal percentage of ownership and holder
Almacenes, Tránsitos y Reexpediciones, S.A. Sole-shareholder company Calderón de la Barca, 4. Santander (Cantabria)	1,164	100	Cementrade, S.A. Sole-shareholder company
Áridos Andújar, S.L. Sole-shareholder company Cr. de los Villares Km 7,5. Andújar (Jaén)	7,043	100	Áridos y Premezclados, S.A. Sole-shareholder company
Áridos de Navarra, S.A. Estella, 6. Pamplona (Navarra)	1	66.00	Hormigones Arkaitza, S.A. Sole-shareholder company
Áridos y Premezclados, S.A. Sole-shareholder company José Abascal, 59. Madrid (a)	25,437	100	Cementos Portland Valderrivas, S.A.
Atracem, S.A. Sole-shareholder company José Abascal, 59. Madrid (a) -Goods transportation and sale of construction materials-	1,000	100	Cementos Portland Valderrivas, S.A.
Cántabra Industrial y Minera, S.A. Sole-shareholder company Calderón de la Barca, 4. Santander (Cantabria)	542	100	Cementos Alfa, S.A.
Canteras de Aláiz, S.A. Estella, 6. Pamplona (Navarra) (c)	14,237	70.02	Cementos Portland Valderrivas, S.A.
Canteras del Pirineo Occidental, S.A. Estella, 6. Pamplona (Navarra)	1,159	60.00 40.00	Cementos Portland Valderrivas, 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 (Cantabria) -Wholesale of construction materials-	674	100	Cementos Alfa, S.A.
Cementos Alfa, S.A. Calderón de la Barca, 4. Santander (Cantabria) (b)	26,403	76.56 0.01 0.01	Cementos Portland Valderrivas, S.A. Compañía Auxiliar de Bombeo de Hormigón, S.A. Sole-shareholder company Participaciones Estella 6, S.L. Sole-shareholder company
Cementrade, S.A. Sole-shareholder company Calderón de la Barca, 4. Santander (Cantabria) -Wholesale of construction materials-	1,199	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 (Cantabria) -Quartz mining-	1,941	100	Cementos Alfa, S.A.
Giant Cement Holding, Inc. 320-D Midland Parkway. Sumerville-South Carolina (USA) (a)	157,518	100	Cementos Portland Valderrivas, S.A.
Hormigones Arkaitza, S.A. Sole-shareholder company Estella, 6. Pamplona (Navarra) (c)	5,738	100	Cementos Portland Valderrivas, S.A.
Hormigones de la Jacetania, S.A. Llano de la Victoria, s/n. Jaca (Huesca)	141 222	50.00 25.00	Cementos Portland Valderrivas, S.A. Hormigones y Áridos del Pirineo Aragonés, S.A.
Hormigones del Zadorra, S.A. Sole-shareholder company Estella, 6. Pamplona (Navarra)	1,294	100	Canteras del Pirineo Occidental, S.A.
Hormigones Reinosa, S.A. Sole-shareholder company Calderón de la Barca, 4. Santander (Cantabria)	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 Valderrivas, S.A.
Participaciones Estella 6, S.L. Sole-shareholder company Estella, 6. Pamplona (Navarra) -Inactive-	6	100	Cementos Portland Valderrivas, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
■ OTHER ACTIVITIES			
■■■■ Portfolio and instrumentality companies			
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 0.01	Corporación Financiera Hispánica, S.A. Fomento de Construcciones y Contratas, S.A. Compañía General de Servicios Empresariales, S.A. Sole-shareholder company
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-shareholder company Federico Salmón, 13. Madrid	1,657	100	Fomento de Construcciones y Contratas, S.A.
Compañía General de Servicios Empresariales, S.A. Federico Salmón, 13. Madrid	60	100	Fomento de Construcciones y Contratas, S.A. Sole-shareholder company
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 0.01	Fomento de Construcciones y Contratas, S.A. Compañía General de Servicios Empresariales, S.A. Sole-shareholder company 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. Sole-shareholder company
FCC Construcciones y Contratas Internacional, S.L. Federico Salmón, 13. Madrid	3	100	Fomento de Construcciones y Contratas, S.A. Sole-shareholder company
FCC Finance, B.V. Amsteldijk, 166. Amsterdam (Netherlands) (b)	38,246	100	FCC International, B.V.
FCC Fomento de Obras y Construcciones, S.L. Federico Salmón, 13. Madrid	3	100	Fomento de Construcciones y Contratas, S.A. Sole-shareholder company
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)	40,718	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.
Grucyca, S.A. Plaza Pablo Ruiz Picasso, 1. Madrid (a)	156,786	100	Fomento de Construcciones y Contratas, S.A.
Puerto Cala Merced, S.A. Arquitecto Gaudí, 4. Madrid	56	99.99 0.01	Corporación Financiera Hispánica, S.A. Compañía General de Servicios Empresariales, S.A. Sole-shareholder company
T.A.C.K. Inversiones, S.L. Sole-shareholder company Arquitecto Gaudí, 4. Madrid	6	100	Grucyca, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Marketing of industrial equipment			
Equipos y Procesos, S.A. Conde de Peñalver, 45. Madrid	150	80.73	Sistemas y Vehículos de Alta Tecnología, S.A.
High Technology Vehicles, Inc. Centre Road, 1013 Wilmington. Delaware (USA)	38	100	Sistemas y Vehículos de Alta Tecnología, S.A.
Sistemas y Vehículos de Alta Tecnología, S.A. Conde de Peñalver, 45. Madrid (b)	180	99.99 0.01	Grucyca, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Insurance and reinsurance brokerage			
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111. Madrid (a)	160 30	75.00 25.00	Asesoría Financiera y de Gestión, S.A. Fomento de Construcciones y Contratas, S.A.
Fir Re Societé Anonyme 19 Rue de Bitbourg. 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	80.00	Fomento de Construcciones y Contratas, S.A.
Security and surveillance			
Falcon Contratas y Seguridad, S.A. Ronda de Poniente, 13 Locales E2 y P1. Tres Cantos (Madrid) (e)	311	70.00	Grucyca, S.A.
Falcon Contratas y Servicios Auxiliares, S.A. Ronda de Poniente, 13 Local E5. Tres Cantos (Madrid)	60	99.90 0.10	Falcon Contratas y Seguridad, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company
Formación y Contratas, S.A. Ronda de Poniente, 13 Local E1. Tres Cantos (Madrid)	60	99.90 0.10	Falcon Contratas y Seguridad, S.A. T.A.C.K. Inversiones, S.L. Sole-shareholder company

Notes:

- The financial statements of all the companies listed above are as of December 31, 2004.
- As required by Article 86 of the revised Corporations Law, in 2004 the Group companies made the related notifications to the companies in which they had acquired direct or indirect holdings of over 10%.
- The main Group companies were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(*) Formerly Sanfilippo Messaggi Luminosi, S.R.L.

(**) Formerly Euroresiduos, S.A. (Sole-shareholder company).

EXHIBIT II. MULTIGROUP COMPANIES


Company	Net book values	%	Nominal percentage of ownership and holder
■ CONSTRUCTION AREA			
Ace Acessibilidade Das Antas Construção e Obras Públicas Rua da Constituição, 797. Porto (Portugal)	–	50.00 25.00 25.00	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Construtora Do Tãmega, S.A. Somague Engehnería, S.A.
Ace Acestrada Construção de Estradas Na rua Julieta Ferrao, 12. Lisbon (Portugal)	–	13.33 20.00 20.00 20.00	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Sociedade de Construções Soares da Costa, S.A. Teixería Duarte Ergehnería e Construções, S.A. ACS, Actividades de Construcciones y Servicios, S.A.
Ace Epos-Dragados-Sopol-Ramalho Rosa Cobetar Avda. Casal Riberio, 18. Lisbon (Portugal)	–	13.33 43.33 13.34 30.00	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)	–	50.00 50.00	FCC Construcción, S.A. Edifer Construções Pires Coelho e Fernandes, S.A.
Ace Fomento de Construcciones y Contratas e Soares da Costa Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)	–	50.00 50.00	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Sociedade de Construções Soares Da Costa, S.A.
Ace Infraestructuras Das Antas. Construção e Obras Públicas Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)	–	33.33 33.33 33.34	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Construtora Do Tãmega, S.A. Somague Engehnería, S.A.
Ace Ramalho Rosa Cobetar e Edifer Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)	–	55.90 0.10 44.00	Ramalho Rosa Cobetar Sociedade de Construções, S.A. FCC Construcción, S.A. Edifer Construções Pires Coelho e Fernandes, S.A.
Ace Ramalho Rosa Cobetar & Soares Da Costa Rua Soeiro Pereira Gomes, 7. Lisbon (Portugal)	–	50.00 50.00	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Sociedade de Construções Soares Da Costa, S.A.
Ace Spie, Ramalho Rosa Cobetar, Etermar Avda. Marechal Craveiro Lopes, 8. Lisbon (Portugal)	–	35.00 35.00 30.00	Ramalho Rosa Cobetar Sociedade de Construções, S.A. Spie Batignolles T.P. Etermar, Emp. de Obras Terrestres y Marítimas
Ace Túnel Rua de Ceuta, Construção e Obras Públicas Rua da Constituição, 797. Lisbon (Portugal)	–	49.50 49.50 1.00	FCC Construcción, S.A. Spie Batignolles, T.P. Idom, Ingeniería y Consultoría, S.A.
Auxel Electricidad Auxiliar A.I.E. Acanto, 22. Madrid -Electrical installations-	5	75.00 15.00 10.00	Especialidades Eléctricas, S.A. Fapsa Instalaciones y Obras, S.A. Tendisa, S.A.
Construcciones Olabbarri, S.L. Plaza Pio Baroja, 3. Bilbao (Vizcaya)	1,683	49.00 51.00	Ibervia Construcciones y Contratas, S.L. José Luis Olabbarri Zalbide
Constructora Aeropuerto Santiago Limitada Alfredo Barros Errazuriz, 1953. Santiago (Chile)	15	50.00 50.00	FCC Construcción, S.A. ACS, Actividades de Construcciones y Servicios, S.A.
Dragados FCC Canadá, Inc. 200 King Street West -Toronto (Canada)	–	50.00 50.00	FCC Construction International, B.V. Dragados FCC Netherlands, B.V.
■ SERVICES AREA			
■■■■ Urban cleaning			
Beacon Waste Limited 106 High Street. Evesham-Worcestershire (United Kingdom)	910	100	Mercia Waste Management, Ltd.
Compañía de Servicios Medioambientales Do Atlántico, S.A. Cr. de Cedeira Km 1. Narón (San Xulián) – La Coruña (e)	294	49.00 51.00	Aqualia Gestión Integral del Agua, S.A. Narón Municipal Council
Ecoparc del Besòs, S.A. Rambla Catalunya, 91-93. Barcelona	4,163 2,621	54.00 31.00 10.00	Tratamiento Industrial de Residuos Sólidos, S.A. Fomento de Construcciones y Contratas, S.A. Tractament i Selecció de Residus, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Ecoserveis Urbans de Figueres, S.L. Av. de les Alegries, s/n. Lloret de Mar (Girona)	301	50.00 50.00	Fomento de Construcciones y Contratas, S.A. Tractaments Alt Empordà, S.L.
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1. Torrox (Málaga) (e)	300	50.00 50.00	Fomento de Construcciones y Contratas, S.A. Torrox Municipal Council
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pza. Al Andalus, 1. Rincón de la Victoria (Málaga) (b)	301	50.00 50.00	Fomento de Construcciones y Contratas, S.A. Rincón de la Victoria Municipal Council
Fisera Ecoserveis, S.A. Alemania, 5. Figueres (Girona)	532	72.72 27.28	Ecoserveis Urbans de Figueres, S.L. Figueres de Serveis, S.A. Sole-shareholder company
Hades Soluciones Medioambientales, S.L. Mayor, 3. Cartagena (Murcia)	60	50.00	FCC Medio Ambiente, S.A.
Ingeniería Urbana, S.A. Av. Saturno, 6. Alicante (a)	3,786	35.00 35.00 30.00	Fomento de Construcciones y Contratas, S.A. Segema Servicios Generales del Medio Ambiente, S.A. Enrique Ortiz e Hijos Contratistas de Obras, S.A.
Mercia Waste Management, Ltd. Brook House. Oldham Road, Middleton. Manchester (United Kingdom)	71	50.00 50.00	Focsa Services U.K. Ltd. Urbaser Limited
Servicios de Limpieza Integral de Málaga III, S.A. Camino de la Térmica, 83. Málaga (b)	3,065	51.00	Servicios Urbanos de Málaga, S.A.
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid	1,610	51.00 49.00	Fomento de Construcciones y Contratas, S.A. Urbana de Servicios Ambientales, S.L.
Severn Waste Services Limited Brook House. Oldham Road, Middleton. Manchester (United Kingdom)	177	50.00 50.00	Focsa Services U.K. Ltd. Urbaser Limited
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Catalunya, 91. Barcelona	1,286	33.33 33.33 33.33	FCC Medio Ambiente, S.A. Concesionaria Barcelonesa, S.A. Urbaser, S.A.
■■■■ Water treatment and distribution			
Aguas y Servicios de la Costa Tropical de Granada, A.I.E. Plaza de la Aurora, s/n. Motril (Granada) (e)	828	51.00	Aqualia Gestión Integral del Agua, S.A.
Aigües de Girona, Salt i Sarrià de Ter, S.A. Ciudadans, 11. Girona	481	80.00 14.00 4.00 2.00	Girona, S.A. Girona Municipal Council Salt Municipal Council Sarrià de Ter Municipal Council
Empresa Mixta de Aguas y Servicios, S.A. Alarcos, 13. Ciudad Real	97	55.00	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	50.00 50.00	Aqualia Gestión Integral del Agua, S.A. Benalmádena Municipal Council
Generavila, S.A. Pz. de la Catedral, 11 – Ávila (e)	428	36.00 36.00 18.00 10.00	Aqualia Gestión Integral del Agua, S.A. Ávila Municipal Council Caja de Ahorros de Ávila Ávila Provincial Government
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E. Ramírez de Arellano, 15. Madrid	–	75.00	Aqualia Gestión Integral del Agua, S.A.
Girona, S.A. Travesía del Carril, 2. Girona	365	33.61	Aqualia Gestión Integral del Agua, S.A.
Itam Delta de la Tordera A.I.E. Berlín, 38-48. Barcelona	3	49.90 0.10 0.10 49.90	Aqualia Gestión Integral del Agua, S.A. FCC Construcción, S.A. Servicios y Procesos Ambientales, S.A. Proyectos e Instalaciones de Desalación, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Searsa. Cañellas, A.I.E. Pasaje Can Faixina, 11. Palma de Mallorca (Balearic islands)	–	50.00	Sociedad de Explotación de Aguas Residuales, S.A.
Sociedad de Explotación de Aguas Residuales, S.A. Bruc, 49. Barcelona (a)	1,044	50.00 50.00	Aqualia Gestión Integral del Agua, S.A. Sociedad General de Aguas de Barcelona, S.A.
Sociedad Española de Aguas Filtradas, S.A. Jacometrezo, 4. Madrid	575	50.00 50.00	Aqualia Gestión Integral del Agua, S.A. Corporación Agbar, S.A.
Zabalgardi, S.A. Rodríguez Arias, 6. Bilbao (Vizcaya)	7,445	26.00 26.00 20.00 10.00 8.00 5.00 5.00	Valorización y Tratamiento de Residuos, S.A. Sener Grupo de Ingeniería, S.A. Vizcaya Provincial Government Ente Vasco de la Energía Instituto para la Diversificación y Ahorro de la Energía, S.A. Bilbao Bizkaia Kutxa Association of Municipalities on the Left Bank of the River of the River Nervión

Waste treatment

Atlas Gestión Medioambiental, S.A.(*) Viriato, 47. Barcelona	11,945	50.00	FCC Medio Ambiente, S.A.
Electrorecycling, S.A. Ctra. BV-1224 Km 6,750. El Pont de Vilomara i Rocafort (Barcelona)	800	66.67 33.33	Pilagest, S.L. Indumetal Recycling, S.A.
Pilagest, S.L. Ctra. BV-1224 Km 6,750. El Pont de Vilomara i Rocafort (Barcelona)	400	50.00 50.00	T.P.A. Técnicas de Protección Ambiental, S.A. Senda Ambiental, S.A.
Reciclado de Componentes Electrónicos, S.A. Johan G. Gutemberg, s/n. Seville	1,151	37.50 37.50 25.00	T.P.A. Técnicas de Protección Ambiental, S.A. IR Electronik, S.A. Empresa Gestión Medioambiental, S.A.
Sereco Gestión, S.L. Polígono Guarnizo, parcela 97. El Astillero (Cantabria)	75	50.00	Técnicas de Descontaminación, S.A.

Proactiva group investees

Following is a detail of the subsidiaries of Proactiva Medio Ambiente, S.A. which engage in urban cleaning and water treatment and distribution in Latin America, stating the Group's percentage of direct and indirect ownership therein.

Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216. Madrid (a)	26,923	50.00 50.00	Fomento de Construcciones y Contratas, S.A. Veolia Environnement, S.A.
AESA, Aseo y Ecología, S.A. Avda. Camacué. 5335. Avellaneda (Argentina) (e)		99.96 0.04	Proactiva Medio Ambiente, S.A. FCC Medio Ambiente, S.A.
AESA Misiones, S.A. 25 de Mayo, 1840. Ciudad de Posadas. Misiones (Argentina) (e)		86.75 13.25	Proactiva Medio Ambiente, S.A. AESAs, Aseo y Ecología, S.A.
Agencia Compagnie Generale des Eaux Chile, Ltda. Silvina Hurtado, 1782. Providencia. Santiago de Chile (Chile)		99.90	Proactiva Medio Ambiente, S.A.
Aguas del Valle, S.A. Avda. Ocampo, 1013. Catamarca (Argentina) (e)		70.03 19.97	Proactiva Medio Ambiente, S.A. AESAs, Aseo y Ecología, S.A.
Aseo Candelaria, S.A. E.S.P. Cra. 33 A, 19-25 Valle del Cauca (Colombia) (e)		87.99 0.01	Proactiva Medio Ambiente, S.A. 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 0.01	Proactiva Medio Ambiente, S.A. 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 0.01	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Aseo Yumbo, S.A. E.S.P.		62.00	Proactiva Medio Ambiente, S.A.
Municipio de Yumbo. Valle del Cauca (Colombia) (e)		15.00	Proactiva Colombia, S.A.
		1.00	FCC Medio Ambiente, S.A.
		1.00	International Services Inc., S.A. Sole-shareholder company
		1.00	Servicios Especiales de Limpieza, S.A.
Bugueña de Aseo, S.A. E.S.P.		87.51	Proactiva Medio Ambiente, S.A.
Cra. 16 Norte 32-01– Buga, Valle del Cauca (Colombia) (e)		0.01	Proactiva Medio Ambiente Venezuela, C.A.
CIMA, Obras y Servicios, S.A. de C.V.		99.99	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)		0.01	Compañía General de Servicios Urbanos, S.A. de C.V.
Coinca, S.A.		99.99	Proactiva Medio Ambiente Chile, S.A.
Silvina Hurtado, 1782. Providencia. Santiago de Chile (Chile) (d)		0.01	Agencia Compagnie Generale des Eaux Chile, Ltda.
Compañía de Aguas de Puerto Rico Inc.		100	Proactiva Medio Ambiente, S.A.
604 Barbosa Ave HR. San Juan (Puerto Rico) (e)			
Compañía de Limpieza y Embellecimiento C por A		99.94	Proactiva Medio Ambiente, S.A.
Avda. Los Restauradores, 56. Sábana Perdida (Santo Domingo) (a)		0.01	Alfonso Benítez, S.A.
		0.01	Castellana de Servicios, S.A.
		0.01	FCC Medio Ambiente, S.A.
		0.01	International Services, Inc., S.A. Sole-shareholder company
		0.01	Servicios de Levante, S.A.
		0.01	Servicios Especiales de Limpieza, S.A.
Compañía General de Servicios Urbanos, S.A. de C.V.		99.99	Proactiva Medio Ambiente, S.A.
Pª de las Palmas nª 930. Lomas de Chapultepec Ciudad de México. (Mexico) (e)			
Concesionaria de Aguas de Aguascalientes, S.A. de C.V.		99.99	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Ecuador, 205. Aguascalientes (Mexico) (a)		0.01	Compañía General de Servicios Urbanos, S.A. de C.V.
Concesionaria Tibitoc, S.A. E.S.P.		33.33	Proactiva Medio Ambiente, S.A.
Trans, 21 nª 100-20 Santa Fe de Bogotá (Colombia) (b)			
Consorcio Internacional de Medio Ambiente, S.A. de C.V.		50.00	Proactiva Medio Ambiente, S.A.
Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)		40.00	Compañía General de Servicios Urbanos, S.A. de C.V.
Cotécnica Caracas, C.A.		100	Inversiones Cotécnica, C.A.
Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)			
Cotécnica Chacao, C.A.		100	Inversiones Cotécnica, C.A.
Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)			
Cotécnica La Bonanza, C.A.		100	Inversiones Cotécnica, C.A.
Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)			
Deltacom, S.A.		55.37	AESA, Aseo y Ecología, S.A.
Tucumán, 1321. Buenos Aires (Argentina) (d)		44.63	Proactiva Medio Ambiente, S.A.
Deltaliq, S.A.		60.00	Deltacom, S.A.
Tucumán, 1321. Buenos Aires (Argentina) (d)			
Derclase, S.A.		70.00	Proactiva Medio Ambiente, S.A.
Cerrito, 461. 1ª. Montevideo (Uruguay)		30.00	AESA, Aseo y Ecología, S.A.
DIVAG, S.A. de C.V.		98.00	Consorcio Internacional de Medio Ambiente S.A. de C.V.
Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)		2.00	Servicios de Agua Potable, S.A. de C.V.
Dominicana Sanitary Services, B.V.		100	Proactiva Medio Ambiente, S.A.
Brinkwal, 11. Nieuwegein (Netherlands) (a)			
ESETASA, S.A. de C.V.		98.00	Consorcio Internacional de Medio Ambiente, S.A. de C.V.
Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)		2.00	Servicios de Tecnología Ambiental, S.A. de C.V.
FCC Servicios Santo Domingo, S.A.		94.00	Proactiva Medio Ambiente, S.A.
Prol. Ave 27 de Febrero-Manz. 44. Las Caobas Santo Domingo (Dominican Republic) (a)		1.00	Alfonso Benítez, S.A.
		1.00	Castellana de Servicios, S.A.
		1.00	FCC Medio Ambiente, S.A.
		1.00	International Services Inc., S.A. Sole-shareholder company
		1.00	Servicios de Levante, S.A.
		1.00	Servicios Especiales de Limpieza, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Fospuca, C.A. Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Baruta, C.A. Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Carrizal, C.A. Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Guaicaipuro, C.A. Los Teques. Miranda (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Libertador, C.A. Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Nueva Esparta, C.A. Calle Miranda con Calle Fuentes, Caserío Fajardo. Porlamar (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Servicios, C.A. Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
Fospuca Zamora, C.A. Edif. Delta 5° Avda. Fco. Miranda. Caracas (Venezuela) (a)		60.00	Proactiva Medio Ambiente, S.A.
GCIMA, S.A. de C.V. Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)		98.00 2.00	Consortio Internacional de Medio Ambiente, S.A. de C.V. Servicios de Agua Potable, S.A. de C.V.
Gestión Ambiental Petrolera, S.A. Tucumán, 1321. Buenos Aires (Argentina) (d)		50.00	Deltacom, S.A.
Intrascol S.A. Gestao Global de Residuos Rua Ferreira de Oliveira, 59. Sao Paulo (Brazil) (e)		99.99 0.01	Proactiva Brasil Participações Ltda. Sanedo Participações Ltda.
Inversiones Cotécnica, C.A. Avda. Fco. de Miranda. Los Palos Grandes. Caracas (Venezuela) (e)		60.00	Proactiva Medio Ambiente, S.A.
Lamcef, S.A. Calle 11, 690- La Plata (Argentina) (d)		99.99	AESA Aseo y Ecología, 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. Tomás Alva Edison, 176. Cuauhtemoc (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)		100	Proactiva Medio Ambiente de Chile, S.A.
Palmirana de Aseo, S.A. E.S.P. Cra. 33 A, 19-25. Valle del Cauca (Colombia) (e)		61.99 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)		94.96 1.54 1.18 0.77 0.77 0.77 0.01	Proactiva Colombia, S.A. Aqualia Gestión Integral del Agua, S.A. Proactiva Medio Ambiente, S.A. Castellana de Servicios, S.A. FCC Medio Ambiente, S.A. Servicios Especiales de Limpieza, S.A. Proactiva de Servicios, S.A. E.S.P.
Proactiva Avellaneda, S.A. Cl. Camacua 5335. Avellaneda (Argentina) (e)		70.00 30.00	Proactiva Medio Ambiente, S.A. AESAs, Aseo y Ecología, S.A.
Proactiva Brasil Participações Ltda. (**) Avda. Presidente Wilson, 231. Río de Janeiro (Brazil) (e)		99.99 0.01	Proactiva Medio Ambiente, S.A. Sanedo Participações Ltda.
Proactiva Colombia, S.A. Cl. 98 n° 9. 03 Edif. Torre Sancho Santa Fe de Bogotá (Colombia) (e)		94.59 1.23 1.04 1.04 1.04 1.04	Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela C.A. Alfonso Benitez, S.A. FCC Medio Ambiente, S.A. International Services Inc., S.A. Sole-shareholder company Servicios Especiales de Limpieza, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Proactiva de Servicios, S.A. E.S.P. Carrera, 4. Santiago de Cali (Colombia) (e)	69.71 29.41 0.29 0.29 0.29		Proactiva Colombia, S.A. Proactiva Medio Ambiente, 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 Participações, Ltda. Avda. Presidente Wilson, 231. Rio de Janeiro (Brazil) (e)	99.98 0.01		Société d'Investissement et de Gestion 41. Sig 41, S.A. Cía en Comandita Proactiva Brasil Participações 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 0.01		Consortio Internacional de Medio Ambiente, S.A. de C.V. Compañía General de Servicios Urbanos, S.A. de C.V.
Servicios de Tecnología Ambiental, S.A. de C.V. Tomás Alva Edison, 176. Cuauhtemoc (Mexico) (a)	99.99 0.01		Consortio Internacional de Medio Ambiente, S.A. de C.V. Compañía General de Servicios Urbanos, S.A. de C.V.
Servicios Plasticot, 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)	70.00		Proactiva Medio Ambiente, S.A.
Tulueña de Aseo, S.A. E.S.P. Cra. 24, 24-03 Tuluá, Valle del Cauca (Colombia) (e)	61.99 0.01		Proactiva Medio Ambiente, S.A. Proactiva Medio Ambiente Venezuela, C.A.

■ VERSIA

■■■■ Parking lots

Infoser Estacionamientos AIE Manuel Silvela, 8. Madrid	60	33.33 33.33 33.33	Estacionamientos y Servicios, S.A. Dornier Sau UTE Satex-Sufi Aparcamientos
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■■■■ Passenger transport

Almeraya, S.A. Ulises, 18. Madrid	60	50.00 45.00 5.00	Corporación Española de Transporte, S.A. Automnibus Interurbanos, S.A García Alonso, Gabriel
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Company	Net book values	%	Nominal percentage of ownership and holder
Corgobus Transportes Urbanos de Vila Real Sociedade Unipessoal Lda. Praceta Cidade Pávoa de Varzim, 7. Vila Real (Portugal)	16	100	Corporación Española de Transporte, S.A.
Corporación Española de Transporte, S.A. Ulises, 18. Madrid (d)	24,243	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 (d)	4,034	99.99 0.01	FCC-Connex Corporación, S.L. Corporación Española de Transporte, S.A.
FCC-Connex Corporación, S.L. Ulises, 18. Madrid (d)	13,013	50.00 50.00	C.G.T. Corporación General de Transportes, S.A. CGEA Connex, S.A.
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. Sanlúcar de Barrameda Municipal Council
Transports Municipals d'Egara, S.A. Ctra. Nacional 150 Km 15. Terrassa (Barcelona) (e)	721	80.00 20.00	Corporación Española de Transporte, S.A. Terrassa Municipal Council

■■■■ Vehicle roadworthiness testing

Valenciana de Servicios ITV, S.A. Polígono Industrial "El Oliveral" – Ribarroja de Turia (Valencia) (e)	905 603	30.00 20.00 50.00	General de Servicios ITV, S.A. Aragonesa de Servicios ITV, S.A. Aguas de Valencia, S.A.
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■ CEMENT AREA

Grupo CDN-USA Preble Street, 38. Portland. Maine (USA) (e)	28,143	50.00 50.00	Cementos Portland, Valderrivas, S.A. Cementos Lemona, S.A.
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Notes:

- The financial statements of all the companies listed above are as of December 31, 2004.
- The main multigroup companies were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

(*) Formerly Gestión Medioambiental Enviland, S.A.

(**) Formerly CGEA Brasil Participações s/c Ltda.

EXHIBIT III. COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD


Company	Net book values	%	Nominal percentage of ownership and holder
■ CONSTRUCTION AREA			
■■■■ Concessions-holders			
Aigües del Segarra Garrigues, S.A. Santa Clara, 4. Tàrraga (Lleida)	7,460	24.00 1.00	FCC Construcción, S.A. Aqualia Gestión Integral del Agua, S.A.
Autopistas del Valle, S.A. San José (Costa Rica)	257	35.00 13.00	Concesiones Viales de Costa Rica, S.A. Corporación M&S Internacional C.A., S.A.
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A. Saturno, 1. Pozuelo de Alarcón (Madrid)	13,800	35.75	FCC Construcción, S.A.
Autovía del Camino, S.A. Leyre, 11. Pamplona (Navarra) (a)	22,280	40.00	FCC Construcción, S.A.
Concesiones Aeroportuarias, S.A. Avda. Hermanos Bou, 22. Castellón de la Plana	40	40.00	FCC Construcción, S.A.
Concesiones de Madrid, S.A. Avda. de Europa, 18. Alcobendas (Madrid) (a)	8,664	25.00	FCC Construcción, S.A.
Concessió i Explotació d'Infraestructures, S.A. Travessera de Gràcia, 58. Barcelona (a)	11,798	34.00	FCC Construcción, S.A.
Metro de Málaga, S.A. Martínez, 11. Málaga (e)	20,546	20.73	FCC Construcción, S.A.
Ruta de los Pantanos, S.A. Avda. Europa, 18. Parque Empres. La Moraleja-Alcobendas (Madrid) (a)	3,897	25.00	FCC Construcción, S.A.
Tramvia Metropolità, S.A. Córcega, 270. Barcelona	6,872	19.03 4.82 1.00	FCC Construcción, S.A. Detren Compañía General de Servicios Ferroviarios, S.L. CGT Corporación General de Transportes, S.A.
Tramvia Metropolità del Besòs, S.A. Córcega, 270. Barcelona	7,079	19.03 4.82 1.00	FCC Construcción, S.A. Detren Compañía General de Servicios Ferroviarios, S.L. CGT Corporación General de Transportes, S.A.
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra Avda. Tarragona, 58-70 Edificio Les Colomnes Andorra la Vella (Andorra)	5,287	40.00	FCC Construcción, S.A.
■■■■ Other activities			
Cleon, S.A. Villanueva, 2. Madrid (c)	25,262	25.00	FCC Construcción, S.A.
Compañía Tecnológica de Corella Construcción, S.A. Polígono Industrial s/n. Corella (Navarra) (e)	329	49.00	Prefabricados Delta, S.A.
Dinfra Cofimex, S.A. de C.V. Coahuila, 299. Colonia Cuajimalca. Mexico City (Mexico)	42	49.90	Construcción y Filiales Mexicanas, S.A. de C.V.
ECCE Signs for Europe B.V. Essenestraat, 24. Ternat (Belgium) -Commercial sign marketing-	60	25.00	Megaplas, S.A.
ECCE Signs for Europe B.V. S.L. Polaris Ave 53. J.H. Hofddorp (Netherlands) -Commercial sign marketing-	2	25.00	Megaplas, S.A.
Elaboración de Cajones Pretensados, S.L. Avda. General Perón, 36. Madrid	1	50.00	FCC Construcción, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Grupo Foment de Construccions i Consulting, S.A. Av. Copríncep Francès 11. Encamp (Andorra)	(38)	33.30	FCC Construction International B.V.
Las Palmeras de Garrucha, S.L. Mayor, 19. Garrucha (Almería)	1,695	20.00	Participaciones Teide, S.A.
Marina de l'Empordà, S.A. Avda. Diagonal, 512. Barcelona -In liquidation-	18	20.00	FCC Construcción, S.A.
Marina Port Vell, S.A. Varadero, s/n. Ed. Torre de Control-Moll del Rellotge (Barcelona) (e) -Operation of marinas-	1,751	30.66	FCC Construcción, S.A.
Nàutic Tarragona, S.A. Edificio Club Náutico, Puerto Deportivo. Tarragona -Operation of marinas-	273	25.00	FCC Construcción, S.A.
Nova Bocana Barcelona, S.A. Avda. Josep Tarradellas, 123. Barcelona	250	25.00	FCC Construcción, S.A.
Operador Logístico Integral de Graneles, S.A. Explanada de Aboño-Puerto del Musel. Gijón (Asturias)	1,036	20.00	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-	837	24.08	FCC Construcción, S.A.
Sa Stria, Societat Consortile a Responsabilità Limitada Piazza Fernando de Lucia, 60 Roma (Italy)	-	40.00	FCC Construcción, S.A.
Terminal Polivalente de Castellón, S.A. Muelle del Centenario (Terminal B). El Grao (Castellón de la Plana) (e)	4,050	45.00	FCC Construcción, S.A.
Terminal Polivalente de Huelva, S.A. La Marina, 29. Huelva	19	31.50	FCC Construcción, S.A.
Torres Porta Fira, S.A. Mestre Nicolau, 19. Barcelona	1,200	33.33	FCC Construcción, S.A.
Urbs Iudex et Causidicus, S.A. Tarragona, 161, Cos Baix, 3 Derecha. Barcelona	11,177	29.00	FCC Construcción, S.A.
Viveros del río Razón, S.L. Camino del Guardatillo. Valdeavellano de Tera (Soria) -Tree nurseries and gardening-	2	48.00	Naturaleza, Urbanismo y Medio Ambiente, S.A.

■ SERVICES AREA

■■■■ Urban cleaning

Clavegueram de Barcelona, S.A. Acer, 16. Barcelona	910	22.50	Fomento de Construcciones y Contratas, S.A.
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia	1,878	49.00	Fomento de Construcciones y Contratas, S.A.
Tirme, S.A. Ctra. Sóller, km. 8. Son Reus Camí. Balearic islands	3,762	20.00	FCC Medio Ambiente, S.A.

■■■■ Water treatment and distribution

Aguas de Denia, S.A. Pedro Esteve, 17. Denia (Alicante)	316	33.00	Aqualia Gestión Integral del Agua, S.A.
Aguas de Ubrique, S.A. Avda. España, 9. Ubrique (Cádiz)	64	49.00	Aqualia Gestión Integral del Agua, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Aigües de Blanes, S.A. Canigó, 5. Blanes (Girona)	46	49.00	Girona, S.A.
Conducció del Ter, S.L. Bourg de Peage, 89. Sant Feliu de Guíxols (Girona)	36	48.00	Aqualia Gestión Integral del Agua, S.A.
Empresa Municipal de Aguas de Algeciras, S.A. Virgen del Carmen, s/n. Algeciras (Cádiz) (e)	232	49.00	Aqualia Gestión Integral del Agua, S.A.
Empresa Municipal de Aguas de Toxiria, S.A. Plaza de la Constitución. Torredonjimeno (Jaén)	111	49.00	Aqualia Gestión Integral del Agua, S.A.
La Unión Servicios Municipales, S.A. Salvador Pascual, 7. La Unión (Murcia) (e)	108	49.00	Aqualia Gestión Integral del Agua, S.A.
Nueva Sociedad de Aguas de Ibiza, S.A. Avda. Bartolomé de Rosselló, 18. Ibiza (Balearic islands)	70	40.00	Aqualia Gestión Integral del Agua, S.A.
Proveïments d'Aigua, S.A. Asturias, 13. Girona	119	45.00	Girona, S.A.
Sera Q.A. Duitama E.S.P., S.A. Duitama, Bocaya (Colombia)	44	30.60	Aqualia Gestión Integral del Agua, S.A.
■■■■ Waste treatment			
A.B.G. Servicios Medioambientales, S.A. Colón de Larreátegui, 26. Bilbao (Vizcaya)	102	20.00	Limpiezas Industriales Alfus, S.A.
Aprochim Getesarp Rymoil, S.A. Polígono Industrial Logrenzana La Granda. Carreño (Asturias)	737	30.00	FCC Medio Ambiente, S.A.
Sogecar, S.A. Polígono Torrelaragoiti. Zamudio (Vizcaya)	122	30.00	Ekonor, S.A.
■■■■ Proactiva group investees			
Listed below is Proactiva Medio Ambiente, S.A.'s investee accounted for by the equity method, stating the percentage of direct and indirect ownership held by Proactiva Medio Ambiente, S.A.			
Grupo Domino Holdings Avda. Candido Abreu, 651-80530 Curitiba (Brazil) (d)	20,631	30.00	Sanedo Participações, Ltda.
■ VERSIA			
■■■■ Street furniture			
Equipamientos Urbanos de Costa Rica, S.A. Av. 6, CL 17-19 N° 1753. San José (Costa Rica)	348	100	Equipamientos Urbanos de México, S.A. de C.V.
Equipamientos Urbanos de El Salvador, S.A. de C.V. Pasaje Stahl, 117. San Salvador (El Salvador)	172	99.98 0.02	Equipamientos Urbanos de México, 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)	709	99.99 0.01	Equipamientos Urbanos de México, S.A. de C.V. Servicios de Comercialización de Publicidad, S.A. de C.V.
Equipamientos Urbanos de México, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	7,326	50.00 50.00	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. G-40, S.L.
Equipamientos Urbanos de Panamá, S.A. Panamá	241	99.99 0.01	Equipamientos Urbanos de México, 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)	570	99.99	Equipamientos Urbanos de México, S.A. de C.V.

Company	Net book values	%	Nominal percentage of ownership and holder
Medios de Publicidad, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	106	100	Tenedora de Acciones de Mobiliario, S.A. de C.V.
Servicio y Tecnología Especializada, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	(33)	98.00 2.00	Equipamientos Urbanos de México, 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. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	(5)	98.00 2.00	Equipamientos Urbanos de México, S.A. de C.V. Servicio y Tecnología Especializada, S.A. de C.V.
Stoc, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	442	100	Tenedora de Acciones de Mobiliario, S.A. de C.V.
Tenedora de Acciones de Mobiliario, S.A. de C.V. Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	658	50.00	Equipamientos Urbanos de México, S.A. de C.V.
■■■■ Passenger transport			
Bus Turístico de Málaga, S.L. Pº de los Tilos. Estación de Autobuses. Málaga	46	40.00	Corporación Española de Transporte, S.A.
■■■■ Vehicle roadworthiness testing			
I.T.V. Córdoba, S.A. Dean Funes 802 - Córdoba (Argentina)	63	30.00	General de Servicios I.T.V., S.A.
■ CEMENT AREA			
Aplicaciones Minerales, S.A. Camino Fuente Herrero, s/n. Cueva de Cardiel (Burgos)	318	24.00 12.00 12.00	Cementos Portland Valderrivas, S.A. Cementos Alfa, S.A. Cementos Lemona, S.A.
Canteras y Hormigones Quintana, S.A. Ctra. Irún-La Coruña, Km. 184. Gama (Cantabria) (e)	2,981	50.00	Cementos Alfa, S.A.
Canteras y Hormigones VRE, S.A. Arieta, 13. Estella (Navarra) (c)	1,841	50.00	Cementos Portland Valderrivas, S.A.
Carbocem, S.A. Pº de la Castellana, 45. Madrid -Import of coal- (c)	369	42.85 14.28	Cementos Portland Valderrivas, S.A. Cementos Alfa, S.A.
Cementos Lemona, S.A. y sociedades dependientes Alameda de Urquijo, 10. Bilbao (Vizcaya) (a)	35,930	30.71 0.01	Cementos Portland Valderrivas, S.A. Hormigones y Morteros Preparados, S.A. Sole-shareholder company
Dragon Alfa Cement Limited Harbour House-Deck Road, 138. Gloucestershire (United Kingdom) (e)	2,707	50.00	Cementos Alfa, S.A.
Exponor, S.A. Alameda de Urquijo, 10. Bilbao (Vizcaya) -In liquidation-	1	32.00 23.00	Cementos Lemona, S.A. Cementos Portland Valderrivas, S.A.
Hormigones Alcanadre, S.L. Alcubierre, 11- Huesca	430	50.00	Cementos Portland Valderrivas, S.A.
Hormigones Calahorra, S.A. Brebicio, 25. Calahorra (La Rioja)	284	49.99	Cementos Portland Valderrivas, S.A.
Hormigones Castro, S.A. Ctra. Irún-La Coruña, Km. 153. Islares (Cantabria)	440	40.00	Cementos Alfa, S.A.
Hormigones del Baztán, S.L. Suspeltxiki, 25. Vera de Bidasoa (Navarra)	709	50.00	Hormigones Arkaitza, S.A. Sole-shareholder company
Hormigones Delfín, S.A. Venta Blanca - Peralta (Navarra)	964	50.00	Cementos Portland Valderrivas, S.A.

Company	Net book values	%	Nominal percentage of ownership and holder
Hormigones en Masa de Valtierra, S.A. Ctra. de Cadreíta, Km. 0. Valtierra (Navarra)	1,509	50.00	Cementos Portland Valderrivas, S.A.
Hormigones Galizano, S.A. Ctra. Irún-La Coruña, Km. 184. Gama (Cantabria)	295	50.00	Cementos Alfa, S.A.
Hormigones Giral, S.A. Alcubierre, 11. Huesca (e)	2,546	50.00	Cementos Portland Valderrivas, S.A.
Hormigones Reinares, S.A. Bretón de los Herreros, 8. Calahorra (La Rioja)	735	50.00	Cementos Portland Valderrivas, S.A.
Hormigones y Áridos del Pirineo Aragonés, S.A. Ctra. de Biescas, s/n. Sabiñánigo (Huesca) (c)	3,566	50.00	Cementos Portland Valderrivas, S.A.
Lázaro Echeverría, S.A. Isidoro Melero. Alsasua (Navarra) (c)	6,172	40.00	Canteras de Aláiz, S.A.
Navarra de Transportes, S.A. Ctra. Pamplona-Vitoria, km. 52. Olazagutia (Navarra) (c) -Bulk goods transportation-	956	33.33	Cementos Portland Valderrivas, S.A.
Novhorvi, S.A. Portal de Gamarra, 25. Vitoria (Álava)	207	25.00	Canteras del Pirineo Occidental, S.A.
Silos y Morteros, S.L. General Vara del Rey, 1. Logroño (La Rioja)	226	33.33	Hormigones y Morteros Preparados, S.A. Sole-shareholder company
■ REAL ESTATE			
Grupo Realía Business Paseo de la Castellana, 216. Madrid (a)	258,437	44.25 4.41 0.51	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A. Grucysa, S.A.
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TOTAL COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	516,945		

Notes:

- The financial statements of all the companies listed above are as of December 31, 2004.
- As required by Article 86 of the revised Corporations Law, in 2004 the Group companies made the related notification to the companies in which they had acquired direct or indirect holdings of over 10%.
- The main companies accounted for by the equity method were audited by Deloitte & Touche, PricewaterhouseCoopers, KPMG Peat Marwick and Ernst & Young, as indicated in the foregoing list with the letters (a), (b), (c) and (d), respectively. Other audit firms are grouped under the letter (e).

EXHIBIT IV. CHANGES IN THE CONSOLIDATED GROUP


Additions	Address
■ FULLY CONSOLIDATED COMPANIES	
ABIES RE ANSTALT (1)	Josef Rheinbergertrasse, 6. Vaduz (Liechtenstein)
ÁRIDOS ANDÚJAR, S.L. UNIPERSONAL	C. de los Villares Km. 7,5. Andújar (Jaén)
ÁRIDOS DE MELO, S.L.	Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)
BBR PRETENSADOS Y TÉCNICAS ESPECIALES, S.L.	Retama, 5. Madrid
CONCESIONES VIALES DE COSTA RICA, S.A.	Av. 10 calles 33 y 35. San José (Costa Rica)
CORPORACIÓN M & S INTERNACIONAL C.A., S.A.	Costa Rica
ECOGENESIS SOCIÉTÉ ANONYME RENDERING OF CLEANSING AND WASTE MANAGEMENT SERVICES	Municipalidad de Atenas. Prefectura de Atica (Greece)
FIR RE SOCIÉTÉ ANONYME	19 Rue de Bitbourg. Luxembourg
GESTIÓ I RECUPERACIÓ DE TERRENYS, S.A.	Paratge Vacamorta. Cruïlles (Girona)
GESTIÓN DE AGUAS DEL NORTE, S.A.	Av. de Tirajana, 39. San Bartolomé de Tirajana (Las Palmas)
LIMPIEZAS INDUSTRIALES ALFUS, S.A.	Barrio Ibarra, 20. Bedia (Vizcaya)
TÉCNICAS DE DESCONTAMINACIÓN, S.A.	Polígono Guarnizo, parcela 97. El Astillero (Cantabria)
■ PROPORTIONALLY CONSOLIDATED COMPANIES	
CONSTRUCCIONES OLABARRI, S.L. (*)	Plaza Pío Baroja, 3. Bilbao (Vizcaya)
CORGOBUS TRANSPORTES URBANOS DE VILA REAL SOCIEDADE UNIPESSOAL LDA.	Praceta Cidade Pávoa de Varzim, 7. Vila Real (Portugal)
GESTIÓN AMBIENTAL PETROLERA, S.A.	Tucumán, 1321. Buenos Aires (Argentina)
HADES SOLUCIONES MEDIOAMBIENTALES, S.L.	Mayor, 3. Cartagena (Murcia)
RECICLADO DE COMPONENTES ELECTRÓNICOS, S.A.	Johan G. Gutemberg, s/n. Seville
SERECO GESTIÓN, S.L.	Polígono Guarnizo, parcela 97. El Astillero (Cantabria)
■ COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	
A.B.G. SERVICIOS MEDIOAMBIENTALES, S.A.	Colón de Larreátegui, 26. Bilbao (Vizcaya)
AUTOPISTA DE LA COSTA CÁLIDA CONCESIONARIA ESPAÑOLA DE AUTOPISTAS, S.A.	Saturno, 1. Pozuelo de Alarcón (Madrid)
AUTOPISTAS DEL VALLE, S.A.	San José (Costa Rica)
EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA, S.A.	Plaza de la Constitución. Torredonjimeno (Jaén)
EQUIPAMIENTOS URBANOS DE COSTA RICA, S.A. (*)	Av. 6, CL 17-19 N° 1753. San José (Costa Rica)
EQUIPAMIENTOS URBANOS DE EL SALVADOR, S.A. DE C.V. (*)	Pasaje Stahl, 117. San Salvador (El Salvador)
EQUIPAMIENTOS URBANOS DE GUATEMALA, S.A. (*)	6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala)
EQUIPAMIENTOS URBANOS DE MÉXICO, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
EQUIPAMIENTOS URBANOS DE PANAMÁ, S.A. (*)	Panamá
EQUIPAMIENTOS URBANOS DOMINICANOS, S.A. (*)	El Conde, 451. Santo Domingo, D.N. – (Dominican Republic)
MEDIOS DE PUBLICIDAD, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
METRO DE MÁLAGA, S.A.	Martínez, 11. Málaga
NOVA BOCANA BARCELONA, S.A.	Av. Josep Tarradellas, 123. Barcelona
SERVICIOS DE COMERCIALIZACIÓN DE PUBLICIDAD, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
SERVICIOS Y TECNOLOGÍA ESPECIALIZADA, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
STOC, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
TENEDORA DE ACCIONES DE MOBILIARIO, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
TERMINAL POLIVALENTE DE HUELVA, S.A.	La Marina, 29. Huelva
TORRES PORTA FIRA, S.A.	Mestre Nicolau, 19. Barcelona

Retirements	Domicilio
■ FULLY CONSOLIDATED COMPANIES	
ABIES RE ANSTALT (1)	Josef Rheinbergertrasse, 6. Vaduz (Liechtenstein)
ÁRIDOS SILICIOS DE EXTREMERA, S.L. (2)	Cr. de Madrid, 22. Almoguera (Guadalajara)
HORMIGONES ALÁIZ, S.A. UNIPERSONAL (3)	Estella, 6. Pamplona (Navarra)
HORMIGONES ARAQUIL, S.A. UNIPERSONAL (3)	Estella, 6. Pamplona (Navarra)
LOGISTIC ACTIVITIES, S.A. (4)	Avda. de la Industria, 18. Coslada (Madrid)
NOULAS-RESEVI, S.L.	Polígono Artana Nave III. Villarreal (Castellón de la Plana)
SERVICIOS ARAGONESES DE ENERGÍA Y BIOMASA, S.A. (5)	Autovía de Logroño km. 12,6 Utebo (Zaragoza)
VIÑEDOS Y MADERAS PARA EXTERIORES, S.L.	Autovía de Castilla N-620 km. 136. Simancas (Valladolid)
■ PROPORTIONALLY CONSOLIDATED COMPANIES	
CES COMPAÑÍA ECOLÓGICA SUDAMERICANA, S.A. (6)	Tucumán, 1321. Buenos Aires (Argentina)
EQUIPAMIENTOS URBANOS DE COSTA RICA, S.A. (*)	Av. 6, CL 17-19 N° 1753. San José (Costa Rica)
EQUIPAMIENTOS URBANOS DE EL SALVADOR, S.A. DE C.V. (*)	Pasaje Stahl, 117. San Salvador (El Salvador)
EQUIPAMIENTOS URBANOS DE GUATEMALA, S.A. (*)	6ª Avenida 14-50. Zona 10 Guatemala C.A. (Guatemala)
EQUIPAMIENTOS URBANOS DE MÉXICO, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
EQUIPAMIENTOS URBANOS DE PANAMÁ, S.A. (*)	Panamá
EQUIPAMIENTOS URBANOS DOMINICANOS, S.A. (*)	El Conde, 451. Santo Domingo, D.N. – (República Dominicana)
FASSA ENVIRONNEMENT, S.A.	76 Av. du Président Wilson. La Plaine Saint Denis (France)
FASSA SERVICES, S.A.	1 Rue de Berri. París (France)
FORMACO TRANSAMBIENTAL, LTDA. (7)	Rua Ferreira de Oliveira, 197. Sao Paulo (Brazil)
FRANÇAISE D'ASSAINISSEMENT ET DE SERVICE, S.A.	Av. de Colmar 55/57. Rueil Malmaison (France)
MEDIOS DE PUBLICIDAD, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
SERVICIOS DE COMERCIALIZACIÓN DE PUBLICIDAD, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
SERVICIOS Y TECNOLOGÍA ESPECIALIZADA, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
SOCIÉTÉ D'EXPLOITATION ET DE TRANSPORTS D'ORDURES INDUSTRIELLES ET MÉNAGÈRES, S.A.	Le Nid Coquet. Soudan (France)
STOC, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
TENEDORA DE ACCIONES DE MOBILIARIO, S.A. DE C.V. (*)	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)
■ COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	
CONSTRUCCIONES OLABARRI, S.L. (*)	Plaza Pío Baroja, 3. Bilbao (Vizcaya)
FASSA-COVED ENVIRONNEMENT, SAS	Av. L'Europe, 34. Velizy Villacoublay (France)
GRUPO GRUBAR HOTELES	Pza. Pablo Ruiz Picasso, 1. Madrid
HORMIGONES ARAGÓN, S.A.	Barrio Movera, 20. Zaragoza
HORMIGONES ARNEDO, S.L.	Término Sendero. Arnedo (La Rioja)
HORMIGONES SAN ADRIÁN, S.A.	Avda. de Navarra, 30. San Adrián (Navarra)
IDEX-FASSA ENVIRONNEMENT, SAS	Rue Escudier, 8-bis. Boulogne Billancourt (France)

(1) Company included in consolidation in 2004 (see Note 2-c) and retired in the same year due to liquidation.

(2) Company merged by absorption into ÁRIDOS Y PREMEZCLADOS, S.A.

(3) Company merged by absorption into CANTERAS DE ALÁIZ, S.A.

(4) Company merged by absorption into AITENA, SOCIEDAD ANÓNIMA INMOBILIARIA Y DE TRANSPORTES.

(5) Retirement due to liquidation.

(6) Company merged by absorption into AESA, ASEO Y ECOLOGÍA, S.A.

(7) Company merged by absorption into INTRANSCOL, S.A. GESTAO GLOBAL DE RESIDUOS.

(*) Change in consolidation method (see information in Note 9 on the Eumex Group).



Management
report

Consolidated
Group

GROUP PERFORMANCE IN 2004

1. INTRODUCTION

The FCC Group's strategic activities, Services, Construction and Cement, are structured into four management units relating to the following specialized areas:

■ Services

- a) The Services unit groups together the various activities relating to urban cleaning, such as the collection and treatment of solid waste, the cleaning of roads and sewerage systems, the maintenance of green areas and offices, industrial waste treatment and the integral water cycle. These activities are performed through the Parent Company Fomento de Construcciones y Contratas, S.A., FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua and other subsidiaries of these companies and the Ámbito brand.
- b) Versia, which provides various services such as vehicle parking lots, street furniture, advertising, passenger transport, vehicle roadworthiness tests, ground aircraft and passenger handling, and logistics services to companies from various industries. These activities are carried on mainly by FCC Versia, S.A. and subsidiaries and the Flightcare brand.

- **Construction**, this area specializes in construction and related industries, such as highways, freeways and roads, waterworks, maritime works, airports, railroad infrastructures, property developments, housing, nonresidential buildings, infrastructure conservation, oil and gas pipelines, environmental restoration, etc. These activities are carried on by FCC Construcción, S.A. and subsidiaries.

The Construction area also includes companies holding administrative concessions for the construction and operation of various infrastructures, such as highways, tunnels, airports, marinas and tram lines, and the construction and operation of buildings for various uses.

- **Cement**, this unit engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related premanufactured products and the production of concrete. These activities are performed by Cementos Portland Valderrivas, S.A. and Subsidiaries, a Group which is listed on the Spanish computerized trading system.

The FCC Group is also present in the Real Estate industry through Realia Business, S.A., a company in which the Group and Caja Madrid each have a 50% ownership interest, as a result of which it is accounted for by the equity method in the Group's financial statements. The real estate activity focuses on the operation of exceptional office buildings and shopping malls owned by Realia Business, S.A. and on the development of real estate products for their subsequent sale.

2. MAIN AGGREGATES OF THE FCC GROUP

	2004	2003	Variation	
			Absolute	%
Net sales	6,285.9	6,050.5	235.4	3.9
Gross operating income	851.3	804.1	47.2	5.9
Net operating income	543.6	519.0	24.6	4.7
Ordinary income	570.2	521.1	49.1	9.4
Consolidated income before taxes	603.3	496.3	107.0	21.6
Income attributed to the Parent Company	388.3	308.6	79.7	25.8
Construction and services backlog	16,405.1	15,344.0	1,061.1	6.9
Investments	624.6	624.0	0.6	–
Funds obtained	715.1	707.7	7.4	1.0
Net debt	250.8	546.7	(295.9)	(54.1)
Shareholders' equity	2,040.3	1,845.5	194.8	10.6
Dividend per share (euros)	1.36	1.067	0.293	27.5
Earnings per share (euros)	2.99	2.38	0.61	25.6
Consolidated income as % of shareholders' equity and minority interests (ROE)	21.2	19.4	1.8	9.3

2.1. Net sales

In 2004 the FCC Group recorded net sales of €6,285.9 million, up 3.9% on 2003. This increase was underpinned by the positive performance of all the Group's strategic areas.

Net sales by activity	2004		2003		% Variation
	Amount	% of total	Amount	% of total	
Construction	3,090.2	49.2	2,950.1	48.8	4.7
Services	1,819.2	28.9	1,708.9	28.2	6.5
Versia	514.5	8.2	381.0	6.3	35.0
Cementos Portland Valderrivas	881.5	14.0	865.6	14.3	1.8
Consolidation eliminations for intercompany transactions and other	(19.5)	(0.3)	144.9	2.4	
Total	6,285.9	100	6,050.5	100	3.9

In 2004 certain changes were made to the Group's internal areas of activity, as a result of which the logistics and installations sectors were included in Versia and Construction, respectively. These sectors were included as "Other Activities" in 2003.

As regards the breakdown of sales by geographical area, sales in Spain continued to record steady growth (4.3%), due to the commendable performance of all the Group's business lines.

The contribution of sales abroad to consolidated sales fell to 10.2%, due to the impact of both the exclusion from the scope of consolidation of the Mexican street furniture subsidiary Eumex, which is now accounted for by the equity method, and the 8% depreciation of the U.S. dollar against the euro in 2004.

Net sales by geographical area	2004		2003		% Variation
	Amount	% of total	Amount	% of total	
Spain	5,645.3	89.8	5,413.0	89.5	4.3
Abroad	640.6	10.2	637.5	10.5	0.5
Total	6,285.9	100	6,050.5	100	3.9

2.2. Gross operating income

At 2004 year-end the Group reported gross operating income of €851.3 million, up 5.9% on 2003. This growth represents a 0.2 percentage point improvement in the sales margin, which stood at 13.5%, due to the sound performance of the Versia, Construction and Services areas.

As regards the breakdown of income by business line, the growth of the Services and Versia areas prompted their contribution to gross operating income to rise from 41.7% in 2003 to 44.3% in 2004.

Business activity	2004		2003		% Variation
	Amount	% of total	Amount	% of total	
Construction	159.0	18.7	140.0	17.4	13.6
Services	285.4	33.5	255.0	31.7	11.9
Versia	91.8	10.8	80.6	10.0	13.9
Cementos Portland Valderrivas	265.0	31.1	276.2	34.3	(4.0)
Other	50.1	5.9	52.3	6.5	(4.2)
Total	851.3	100	804.1	100	5.9

2.3. Net operating income

Net operating income amounted to €543.6 million, a year-on-year increase of 4.7%. The sales margin of 8.6% was in line with that obtained in 2003.

As regards the trends reported in the various areas, mention should be made of the sound performance of the Services, Versia and Construction areas, which increased their contribution to the Group's operating income, as shown in the following table:

Business activity	2004		2003		% Variation
	Amount	% of total	Amount	% of total	
Construction	120.7	22.2	103.2	19.9	17.0
Services	149.6	27.5	138.6	26.7	7.9
Versia	49.6	9.1	45.2	8.7	9.7
Cementos Portland Valderrivas	172.3	31.7	189.4	36.5	(9.0)
Other	51.4	9.5	42.6	8.2	20.7
Total	543.6	100	519.0	100	4.7

2.4. Ordinary income

Ordinary income in 2004 rose by 9.4% to €570.2 million. The sales margin was up from 8.6% in 2003 to 9.1% in 2004.

This growth in operating income was complemented by the containment of financial costs as a result of the reduction of the Group's indebtedness and the maintenance of interest rates at their current low levels.

Also, the income from companies accounted for by the equity method includes an increased contribution by Realia, whose net income rose by 15.3%, despite the fact that its extraordinary income for the year fell significantly with respect to 2003.

2.5. Consolidated Income before Taxes

Consolidated income before taxes amounted to €603.3 million, an increase of 21.6% with respect to the year-ago period.

Extraordinary income amounted to €33.1 million in 2004, as compared with the extraordinary loss of €24.8 million reported in 2003.

Noteworthy in this connection was the income amounting to €60.3 million received, mainly through dividends, from the reinsurers Abies Re Anstalt and Fir Re Société Anonyme. These companies, which were included in the consolidated Group as a result of the change in legislation introduced by Law 62/2003, are currently being restructured. The sale of the Group's 10% ownership interest in Inversiones y Estudios Financieros, S.A. (Safei) gave rise to additional income of €21.7 million.

Conversely, the sale of the 50% holding in the Grubar Hoteles Group, whose price was determined on the basis of the market value of the hotels in which this group had held ownership interests, gave rise to a loss of €23.2 million. In addition, provisions amounting to approximately €30 million were recorded, basically to cover the risks inherent in the businesses located in Latin America and North Africa.

2.6. Income Attributed to the Parent Company

Income net of taxes attributable to the Parent Company amounted to €388.3 million, representing a 25.8% increase with respect to 2003 and an improvement of 1% in the net sales margin, which stood at 6.2%.

2.7. Backlog

The total construction and services backlog rose by 6.9% to €16,405.1 million, and will guarantee 16.9 months' activity in Construction and 61.9 months' activity in Services.

2.8. Investments

Investments in tangible fixed assets and intangible assets totaled €446.9 million. Of this amount, €40.5 million related to buildings and land, €275.0 million to machinery and equipment and €131.4 million to concessions and other assets.

Long-term investment additions amounted to €177.7 million in 2004, including most notably the investments of €82.3 million in the construction business, the most significant of which were capital contributions to concession-holders.

2.9. Funds Obtained

In 2004 the funds obtained by the FCC Group totaled €715.1 million, up 1% on 2003, as shown in the following table.

	2004	2003	% Variation
Ordinary income net of taxes	411.4	398.2	3.3
Depreciation of assets	301.5	282.7	6.7
Undistributed income from companies accounted for by the equity method	(42.8)	(40.9)	4.6
Other	45.0	67.7	(33.5)
Total	715.1	707.7	1.0

2.10 Net debt

The Group's net debt, as shown in the following table, amounted to €250.8 million, a reduction of 54.12% from €546.7 million in 2003, and the leverage ratio fell from 19.7% in 2003 to 9.3% in 2004.

	2004	2003	% Variation
Debenture issues	43.3	46.2	(6.3)
Bank debt	955.3	1,034.0	(7.6)
Limited recourse debt	68.5	70.9	(3.4)
Other debts	51.4	78.9	(34.9)
Cash + investments	(867.7)	(683.3)	27.0
Net position	250.8	546.7	(54.12)

The table below shows the statement of net financial debt flows, indicating the source of the various balances (from ordinary, investment and financing transactions).

Statement of net financial debt flows	2004	2003	Variation
From ordinary activities	852.5	705.5	147.0
Funds obtained (after taxes)	715.1	707.7	7.4
Variation in working capital	137.4	(2.2)	139.6
(Increase)/Decrease in inventories and accounts receivable	(117.8)	(204.8)	87.0
Increase/(Decrease) in suppliers and accounts payable	255.2	202.6	52.6
From investment transactions	(481.7)	(460.8)	(20.9)
Investments	(624.6)	(624.0)	(0.6)
Buildings and land	(40.5)	(75.5)	35.0
Machinery and equipment	(275.0)	(330.1)	55.1
Concession royalties and other	(131.4)	(78.3)	(53.1)
Shares and other equity interests	(177.7)	(140.1)	(37.6)
Divestments	146.7	149.7	(3.0)
Tangible fixed assets and intangible assets	43.7	16.2	27.5
Shares and other equity interests	103.0	133.5	(30.5)
Other	(3.8)	13.5	(17.3)
From financing transactions	(157.6)	(91.6)	(66.0)
Shareholders' contributions	0.5	0.8	(0.3)
Dividends distributed	(164.3)	(101.6)	(62.7)
Increase / (decrease) in debt	6.2	9.2	(3.0)
From accounting adjustments	82.7	(49.9)	132.6
(Increase)/decrease in net financial debt	295.9	103.2	192.7
Net financial debt	(250.8)	(546.7)	295.9

2.11. Shareholders' Equity

The Group's shareholders' equity at 2004 year-end amounted to €2,040.3 million, up 10.6% on 2003. The main variations in 2004 in the Group's equity accounts are shown in the following table:

Undistributed income for 2004	299.8
Distribución de beneficios de ejercicios anteriores	(90.5)
Foreign currency translation differences	(9.0)
Other	(5.5)
Total	194.8

2.12. Dividend and Earnings per Share

The total dividend proposed for 2004 amounts to €1.36 gross per share, representing a 27.5% increase with respect to 2003. An interim dividend of €0.68 gross per share was distributed.

Earnings per share in 2004 amounted to €2.99, approximately 25.6% higher than in 2003.

The pay out, i.e. the ratio of the income distributed to the income attributed to the Parent Company, was 45.5%.

2.13 ROE. Consolidated Income as a % of Shareholders' Equity and Minority Interests

The return on shareholders' equity increased from 19.4% in 2003 to 21.2% in 2004, evidencing the sound performance of the Group's business activities.

3. ANALYSIS BY BUSINESS AREA



3.1. Construction

3.1.1. Earnings

	2004	2003	% Variation
Net sales	3,090.2	2,950.1	4.7
Gross operating income	159.0	140.0	13.6
Gross operating income margin	5.1%	4.7%	
Net operating income	120.7	103.2	17.0
Net operating income margin	3.9%	3.5%	

Net sales amounted to €3,090.2 million, up 4.7% on the year-ago period. This increase was the result not only of activity in Spain, where billings rose by 3.9%, but also of sales abroad, which increased by 27.8% with respect to 2003.

	2004	2003	% Variation
Spain	2,958.8	2,847.3	3.9
% of total	95.7	96.5	
International	131.4	102.8	27.8
% of total	4.3	3.5	

3.1.2. Return

Gross operating income grew by 13.6% to €159 million, representing a 5.1% sales margin.

Also, net operating income rose by 17% to €120.7 million, and the sales margin also improved, reaching 3.9%.

3.1.3. Backlog and investments

	2004	2003	% Variation
Backlog	4,351.2	3,659.8	18.9
Investments	135.5	99.9	35.6

The construction backlog increased significantly (18.9%) with respect to 2003 to €4,351.2 million. This amount guarantees business operations for a period of 16.9 months, representing an increase of two months with respect to the year-ago period.

Investments made in 2004 amounted to €135.5 million, representing a considerable increase on 2003 (35.6%). Significant investments include the acquisition of machinery and equipment amounting to €39.4 million and financial investments totaling €82.3 million, mainly relating to capital contributions for concession projects, including €14.3 million for the Autovía del Camino freeway (Pamplona-Logroño), €13.8 million for the Costa Cálida highway (Cartagena-Vera) and €20.5 million for the Málaga subway.

3.2. Services

3.2.1. Earnings

	2004	2003	% Variation
Net sales	1,819.2	1,708.9	6.5
Gross operating income	285.4	255.0	11.9
Gross operating income margin	15.7%	14.9%	
Net operating income	149.6	138.6	7.9
Net operating income margin	8.2%	8.1%	

In 2004 net sales in the Services area amounted to €1,819.2 million, up 6.5% on 2003.

Special mention should be made of to the strong position of the Services line in Spain, which grew by 7.2% to €1,656.2 million, All sectors ended the year with marked improvements in their net sales, including most notably the sound performance of Waste, which rose by 29% with respect to 2003.

	Net sales 2004	% Variation	% Total area
Water	460.8	8.3	25.3
Environment	1,088.6	5.0	59.8
International	163.0	(0.7)	9.0
Waste	106.8	29.0	5.9

International sales, which account for 9% of the area's total sales, virtually remained at 2003 levels, standing at €163 million at 2004 year-end.

	2004	2003	% Variation
Spain	1,656.2	1,544.7	7.2
% of total	91.0	90.4	
Internacional	163.0	164.2	(0.7)
% of total	9.0	9.6	

Europe and Latin America accounted for 45.3% and 51.5%, respectively, of total international sales, and the remaining 3.2% was contributed by the contracts obtained in North Africa.

3.2.2. Return

Gross operating income amounted to €285.4 million, up 11.9% on the year-ago period. The sales margin rose from 14.9% in 2003 to 15.7% in 2004.

Net operating income increased by 7.9% to €149.6 million, and its margin also improved, rising to 8.2%.

3.2.3. Backlog and investments

	2004	2003	% Variation
Backlog	11,849.1	11,419.2	3.8
Investments	209.7	263.0	(20.3)

The Services backlog increased by 3.8% to €11,849.1 million, representing 72.2% of the Group's total backlog.

Investments in 2004 totaled €209.7 million, of which €167 million related to tangible fixed assets and intangible assets and €42.7 million to equity interests, including most notably those acquired in Gestió i Recuperació de Terreys, S.A. (€15.9 million) and Operación y Mantenimiento de Sistemas de Aguas, S.A. (€10.3 million).

3.3. Versia

3.3.1. Earnings

	2004	2003	% Variation
Net sales	514.5	381.0	35.0
Gross operating income	91.8	80.6	13.9
Gross operating income margin	17.8%	21.2%	
Net operating income	49.6	45.2	9.7
Net operating income margin	9.6%	11.9%	

Net sales rose by 35% to €514.5 million, partly due to the inclusion in FCC Versia of the logistics services companies which, effective from January 1, 2004, were transferred to this internal management area without any effect on the Group's total net sales. These companies contributed additional net sales of €109 million to the area. Conversely, also in 2004, the Mexican subsidiary Cemusa ceased to be fully consolidated and was accounted for by the equity method. Consequently, disregarding these changes, the increase in sales would have been 10.4%.

The increase, considering a constant scope of consolidation, is due mainly to the Parking Lot sector, which grew by 22.8% and to the Transportation sector, which improved by 32.8%, mainly as a result of the commencement of operations of the Barcelona tram system. Also, had the effect of the exclusion of the Mexican subsidiary Cemusa referred to in the preceding paragraph been neutralized, net sales in the Street Furniture area would have increased by 17.8%.

	Net sales 2004	% Variation	% Total area
Upkeep and Systems	50.8	3.3	9.9
Street Furniture (Cemusa)	80.9	(2.5)	15.7
Vehicle Roadworthiness Tests	37.4	6.9	7.3
Parking Lots	58.8	22.8	11.4
Handling	153.0	3.9	29.7
Logistics	109.0		21.2
Urban Transport	24.6	32.8	4.8

Business activity in Spain accounted for 71.3% of total net sales in this area (€366.6 million). The international business expanded by 11.8%, with the most outstanding performances being reported in the Handling and Street Furniture divisions.

	2004	2003	% Variation
Spain	366.6	248.7	47.4
% of total	71.3	65.3	
International	147.9	132.3	11.8
% of total	28.7	34.7	

89.78% of international billings were generated in Europe and the remaining 10.22% in Latin America, the United States and North Africa.

3.3.2. Return

Gross operating income rose by 13.9% to €91.8 million in 2004. However, the net sales margin fell to 17.8%, due mainly to the inclusion of the Logistics business which, in view of its low capital intensity, generates reduced operating margins.

Net operating income amounted to €49.6 million, representing growth of around 9.7% with respect to 2003.

3.3.3. Backlog and investments

	2004	2003	% Variation
Backlog	193.7	43.9	341.2
Investments	90.6	64.6	40.2

Versia's backlog showed highly substantial growth in 2004 (341.2%) to €193.7 million, due mainly to the inclusion of the Logistics business, which contributed a backlog of €146.5 million. Investments made in 2004 increased by 40.2% to €90.6 million, of which €73.2 million related to investments in fixed assets.

3.4. Cementos Portland Valderrivas

3.4.1. Earnings

	2004	2003	% Variation
Net sales	881.5	865.6	1.8
Gross operating income	265.0	276.2	(4.1)
Gross operating income margin	30.1%	31.9%	
Net operating income	172.3	189.4	(9.0)
Net operating income margin	19.5%	21.9%	

Net sales in the Cement area amounted to €881.5 million, an increase of 1.8%. In the Spanish market this growth figure was affected by the increase in billings in geographical areas in which the price per tonne was lower, with the concomitant effect on the average selling price per tonne.

Business in Spain, which accounted for 77.6% of cement sales, continues to show high levels of activity and grew by 3.5% with respect to 2003. By contrast, business abroad fell by 3.4% to €197.8 million, due mainly to the depreciation of over 8% of the U.S. dollar with respect to the euro.

	2004	2003	% Variation
Spain	683.7	660.8	3.5
% of total	77.6	76.3	
International	197.8	204.8	(3.4)
% of total	22.4	23.7	

3.4.2. Return

Gross operating income, which represented 30.1% of net sales, amounted to €265 million, including both the aforementioned impact on the average selling price per tonne and the increase in transport costs arising from the increased number of tonnes transported to the areas of greatest demand.

Net operating income totaled €172.3 million and the sales margin for the area was 19.5%, considering the aforementioned effects and the increase in amortization and depreciation relating to investments made in the United States.

3.4.3. Investments

	2004	2003	% Variation
Investments	155.8	142.1	9.6

Investments in the Cement business amounted to €155.8 million in 2004, a year-on-year increase of 9.6%, and related mainly to the modernization of the Group's U.S. factories.

3.5. Realia Business, S.A.

The Group operates in the real estate industry through its 49.17% holding in Realia Business, S.A., and accounts for this company's earnings by the equity method. The main aggregates of the Realia Business Group taken as a whole are shown below:

3.5.1. Earnings

	2004	2003	% Variation
Net sales	574.6	470.3	22.2
Gross operating income	193.8	140.6	37.8
Gross operating income margin	33.7%	29.9%	
Net operating income	176.8	121.1	46.0
Net operating income margin	30.8%	25.7%	

Particularly worthy of note was the substantial 22.2% increase in net sales and the improvement of the gross and net margins, which stood at 33.7% and 30.8%, respectively.

ACQUISITIONS OF TREASURY STOCK

At year-end Fomento de Construcciones y Contratas, S.A. held 434,322 shares of treasury stock, representing 0.33% of capital stock, valued at €9,422 thousand.

Also, in 2004 Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,008 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at their book value of €1,107 thousand, and Grucycsa, S.A. owned 475 shares of Fomento de Construcciones y Contratas, S.A., recorded at their book value of €10 thousand. These shares are also deemed to be Parent Company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, it should be noted that there were no variations in treasury stock in 2004.

RESEARCH AND DEVELOPMENT ACTIVITIES

The FCC Group is actively present in the world of research, development and technological innovation and employs the most effective means of production and techniques in carrying on its various business activities.

Noteworthy developments in the year were the steps taken in each of the three strategic activities, Services, Construction and Cement, to ensure a level of environmental protection that will permit sustained growth.

The Group's research and development initiatives addressed those matters which are directly or indirectly related to our activities, such as the reduction of energy and raw materials consumption, the control of polluting emissions and discharges, the increase in valorization and recycling, the reduction of noise levels, the treatment to eliminate smells from organic waste biomethanization and composting plants, the development of high-performance stainless steels which improve the security of reinforced concrete structures, and the search for low-reflection caissons solutions for use in quays and dikes.

Particular mention should be made of the Group's technological drive, which featured the inclusion of a new natural gas engine in two types of vehicles, mainly for special solid waste collection itineraries and, by extension, in street cleaning activities. Since this very low emission new engine was fitted in reduced-width collection vehicles, it was necessary to install special compressed gas tanks to achieve the same autonomy as a conventional diesel vehicle.

Also, in the Construction area it should be noted that, through FCC Construcción, the Group is a member of the Management Board of the European Construction Technology Platform, an initiative involving more than 300 organizations (industries, universities, research centers, European authorities, etc.) whose objective is to define the Strategic Research Agenda for the construction industry and to attempt to develop macroprojects using public and private-sector financing.

In Europe work commenced on the two construction projects approved by the European Commission within the VI Framework Program, the Tunconstruct Project to optimize underground construction, considering the design, construction and operation cycle, and the Manubuild project to industrialize construction and bring developments closer to user needs.

Other projects worthy of mention in which the Group is involved are the "Optimization of Waste Management in the Construction Industry" and the "Reduction of the Effects on Land of Construction Projects" in the building construction and civil engineering areas, respectively.

The new research and development projects performed obtained the recognition of institutions in Spain such as the Spanish Ministry of Science and Technology's PROFIT Funds, the autonomous community governments and the Industrial Technological Development Center. Noteworthy among the PROFIT program projects is the LOGRO Project for the optimization of construction waste, conducted in collaboration with the Cataluña Technological Institute, and the SHTOEC Project for the automation of gunite spraying and the improvement of gunned concrete mixes.

Also, the European Union's EUREKA Program Committee granted its seal of approval to the research and development project entitled "Definition of Environmental Variables and Indicators in Joint Urban Solid Waste Treatment Processes". This certification acknowledges the originality of the project, the scientific quality of its program and its interest for Europe, as a possible basis for improving knowledge in the area of urban solid waste treatment processes.

OUTLOOK FOR 2005

Below we set forth the prospects for 2005 of the various lines of business composing the FCC Group, which will foreseeably lead to growth in the Group's net sales and earnings.

First of all, it should be mentioned that the construction and services backlog at 2004 year-end amounted to €16,400 million, equivalent to over 31 months' annual production.

For **FCC Servicios**, any increase in the current market share of the Environment division will be linked to the extension and renewal of a significant number of contracts and to the entry into service of new waste treatment and elimination facilities.

In Industrial Waste, 2005 will witness the consolidation of the growth obtained from the investments made in prior years, the entry into service at full capacity of the newly built operating centers and the acquisition of one or other major company in the industry.

In Water Management, significant growth potential continues to exist in the Spanish market. This area will continue to diversify, incorporating new companies with broad experience in the design, construction and operation of water treatment and purification plants and in desalination. Also, the acquisition of a company specializing in industrial water management is envisaged.

As regards the Group's international business, the growth strategy will be based on expansion into new emerging markets, mainly in Eastern Europe. In addition, operations in the countries in which we already have a presence will be consolidated by opening up new business lines.

At the beginning of 2005 the services backlog amounted to €11,850 million, equivalent to over six and a half years of annual production.

Versia's growth in 2005 will be sustained, on the one hand, by the upward trend in Logistics services following the acquisition of the Logístico Santos Group and, on the other hand, by the growth of the market itself.

Increased activity is also forecast in the Street Furniture and Advertising divisions, based on the consolidation of the contracts awarded in the USA, Portugal and Brazil and the obtainment of new contracts in the Spanish market.

As regards **FCC Construcción**, there are sound prospects in the Spanish market for 2005 due to the existing construction backlog and the demand for public-sector construction projects that will be generated by the Ministry for Development's Transportation Infrastructure Strategic Plan. This Plan envisages a series of measures, through 2020, focusing on roads, railways, ports and airports in Spain and on links with the Transeuropean transport network.

In the international market FCC Construcción's presence in Central America will be consolidated through the investments made, and the geographical diversification process will be boosted in Central and Eastern Europe.

At 2004 year-end, the construction backlog amounted to €4,350 million, a figure which guarantees nearly 17 months' production.

The performance of **Cementos Portland Valderrivas** in Spain will be determined by the development of the housing industry and by the rate at which the Spanish infrastructure construction plans are implemented. Forecasts indicate that the levels of production achieved in 2004 will be maintained.

May 2005 will see the entry into service of the modernized facilities of the plant owned by the subsidiary Giant Cement Inc. in South Carolina (USA). As a result, the plant will switch from wet-process to dry-process manufacturing and expand its production capacity to 1 million tonnes, leading to reduced production costs. In addition, an upward trend in prices in the market area of this investee (the states of Virginia, North Carolina and South Carolina) has been detected.

Significant investments will be made to adapt the facilities owned by Cementos Portland Valderrivas, both in Spain and in the United States, to bring them into line with environmental and safety regulations.

In 2005 **Realia's Development** area will continue with its policy of major land acquisitions and turnover in the zoning areas in which it has a significant presence. It also aims to establish itself in the areas in which it is not present, such as Zaragoza and La Rioja.

As regards Realia's International business, the investments in Portugal will be consolidated and land purchases will commence in Poland with short-term urban development plans that will enable the subsidiary Realia Polska Investycje, z.o.o to commence construction on certain plots of land.

The volume of sales and deposits on property units not yet delivered amounted to €587 million at 2004 year-end, representing a significant proportion of net sales for the coming years.

As regards the Property Portfolio, two new shopping mall projects will be launched in 2005 in Guadalajara and Leganés (Madrid). Also, construction work will commence on a shopping mall in the city of Murcia, with a potential buildable area of 30,000 m².

Realia's strategic plan for 2005 and subsequent years foresees significant investments to acquire and/or develop new projects, both in the office and the shopping mall segments. Also, the Company will continue with its policy to dispose of mature, non-strategic assets. Properties of this kind have already been sold in 2005.



Auditor's
report

Consolidated
Group

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES comprising the consolidated balance sheet as of December 31, 2004, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent Company's directors. Our responsibility is to express an opinion on the consolidated financial statements referred to above taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the 2004 financial statements of certain subsidiaries and associated companies, whose aggregate assets and net income in absolute values represent 36% and 48%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Exhibits I, II and III to the notes to consolidated financial statements). Our opinion as expressed in this report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.
2. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the consolidated balance sheet and consolidated statement of income, the figures for 2003. Our opinion refers only to the 2004 consolidated financial statements. Our auditors' report dated April 2, 2004, on the 2003 consolidated financial statements contained an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors (see Exhibits I, II and III), the consolidated financial statements for 2004 referred to above present, in all material respects, a true and fair view of the net worth and financial position of Fomento de Construcciones y Contratas, S.A. and Subsidiaries as of December 31, 2004, and of the results of their operations in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
4. The accompanying consolidated management report for 2004 contains the explanations which the directors of the Parent Company consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2004. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the companies that compose the Group.

DELOITTE
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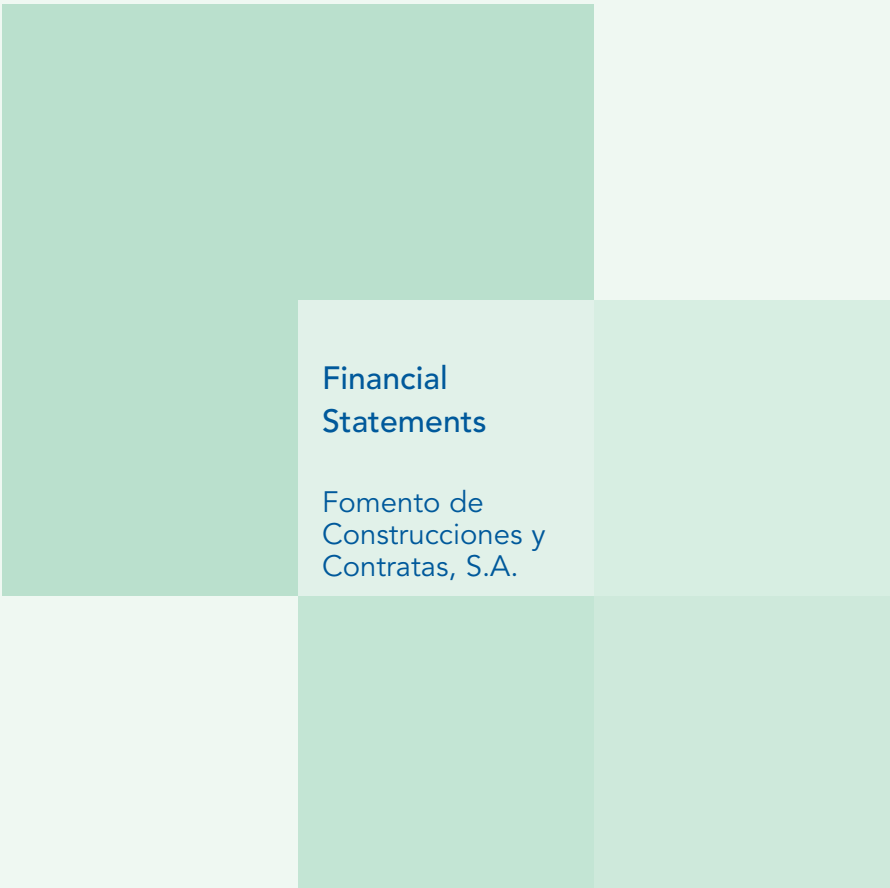
Madrid, España - 28000

April 8, 2005



Financial Statements,
Management report,
Auditor's report

Fomento de Construcciones
y Contratas, S.A.



**Financial
Statements**

Fomento de
Construcciones y
Contratas, S.A.



BALANCE SHEET

Fomento de Construcciones y Contratas, S.A.

ASSETS	12.31.2004	12.31.2003
Fixed and other noncurrent assets	1,657,957	1,660,003
Intangible assets	81,244	115,030
- Concessions, patents, licenses, trademarks and other	29,635	28,548
- Rights on leased assets	81,159	118,995
- Accumulated amortization	(29,550)	(32,513)
Tangible fixed assets	278,515	245,730
- Land and structures	157,947	149,555
- Plant and machinery	320,340	264,289
- Other fixtures, tools and furniture	80,166	68,136
- Advances and construction in progress	25,017	20,974
- Other tangible fixed assets	15,514	14,459
- Allowances	(311)	(311)
- Accumulated depreciation	(320,158)	(271,372)
Long-term investments	1,288,776	1,289,821
- Investments in Group companies	1,139,334	1,139,755
- Investments in associated companies	244,296	243,864
- Loans to Group and associated companies	3,426	3,744
- Long-term investment securities	13,788	39,002
- Other loans	10,503	9,435
- Long-term deposits and guarantees given	4,798	4,371
- Allowances	(127,369)	(150,350)
Treasury stock	9,422	9,422
Deferred charges	5,414	5,320
Current assets	497,700	445,525
Inventories	12,998	25,632
- Raw materials and other supplies	5,610	17,112
- Finished goods	3,227	3,286
- Advances	4,885	5,971
- Allowances	(724)	(737)
Accounts receivable	424,976	368,004
- Trade receivables for sales and services	314,822	298,153
- Receivable from Group companies	35,138	14,029
- Receivable from associated companies	6,812	8,944
- Sundry accounts receivable	11,741	9,237
- Employee receivables	628	853
- Tax receivables	65,235	46,451
- Allowances	(9,400)	(9,663)
Short-term investments	33,865	16,584
- Loans to Group companies	14,668	7,348
- Loans to associated companies	11,373	7,162
- Short-term investment securities	6,616	857
- Other loans	978	992
- Short-term deposits and guarantees given	578	573
- Allowances	(348)	(348)
Cash	23,306	31,613
Accrual accounts	2,555	3,692
TOTAL ASSETS	2,161,071	2,110,848

as of december 31, 2004

In thousands of euros

SHAREHOLDERS' EQUITY AND LIABILITIES	12.31.2004		12.31.2003
Shareholders' equity			903,680
Capital stock		130,567	130,567
Additional paid-in capital		242,133	242,133
Reserves		440,177	429,203
- Legal reserve	26,113		26,113
- Reserves for treasury stock	9,422		9,422
- Reserve for retired capital	2,770		2,770
- Other reserves	401,872		390,898
Income for the year		196,628	149,826
Interim dividend		(88,491)	(48,049)
Deferred revenues		4,517	4,923
- Capital subsidies	4,517		4,923
Provisions for contingencies and expenses		140,496	98,509
- Provisions	130,228		89,034
- Reversion reserve	10,268		9,475
Long-term debt		29,587	93,073
Payable to credit institutions		3,578	62,823
- Loans and other payables	285		60,330
- Long-term lease payments payable	3,293		2,493
Other payables		26,009	30,250
- Limited recourse project financing loans	9,684		13,481
- Long-term guarantees and deposits received	4,274		4,229
- Long-term taxes payable	12,051		12,540
Current liabilities		1,065,457	1,010,663
Payable to credit institutions		20,510	39,197
- Loans and other payables	5,293		7,970
- Interest payable	425		673
- Short-term lease payments payable	14,792		30,554
Payable to Group and associated companies		594,224	638,049
- Payable to Group companies	590,154		634,681
- Payable to associated companies	4,070		3,368
Trade accounts payable		156,545	146,549
- Advances received on orders	19,328		17,675
- Accounts payable for purchases and services	77,066		72,957
- Notes payable	60,151		55,917
Other nontrade payables		248,211	156,020
- Taxes payable	113,581		65,996
- Notes payable	3,349		5,001
- Limited recourse project financing loans	3,797		3,682
- Other payables	105,768		61,316
- Compensation payable	21,621		19,932
- Short-term guarantees and deposits received	95		93
Operating allowances		45,454	30,616
Accrual accounts		513	232
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,161,071	2,110,848



STATEMENT OF INCOME

Fomento de Construcciones y Contratas, S.A.

DEBIT	12.31.2004	12.31.2003
Total operating expenses	839,832	800,995
Decrease in finished goods and work-in-process inventories	59	100
Cost of materials used and other external expenses	156,909	165,570
- Raw materials and other consumables used	79,039	71,473
- Other external expenses	77,870	94,097
Personnel expenses	485,191	451,675
- Wages, salaries and similar expenses	366,695	339,307
- Employee welfare expenses	118,496	112,368
Depreciation and amortization expense	50,932	45,260
Variation in operating allowances	17,459	5,330
- Variation in inventory allowances	(13)	(22)
- Variation in allowances for and losses on uncollectible receivables	35	624
- Variation in other operating allowances	17,437	4,728
Other operating expenses	129,282	133,060
- Outside services	124,795	128,664
- Taxes other than income tax	3,543	3,506
- Provision to the reversion reserve	944	890
Operating income	84,310	88,413
Financial expenses	21,955	19,025
- On debts to Group and associated companies	11,031	13,444
- On debts to third parties and similar expenses	6,228	5,581
- Losses on investments	4,696	-
Variation in investment valuation allowances	4,115	2,493
Exchange losses	128	34
Financial income	169,582	87,594
Income from ordinary activities	253,892	176,007
Variation in intangible asset, tangible fixed asset and control portfolio allowances	2,233	17,052
Losses on fixed assets	211	-
Extraordinary expenses and losses	32,113	4,140
Income before taxes	220,082	155,985
Corporate income tax	23,454	6,159
Income for the year	196,628	149,826

as of december 31, 2004

In thousands of euros

CREDIT	12.31.2004	12.31.2003
Total operating revenues	924,142	889,408
Net sales	834,726	808,342
Capitalized expenses of in-house work on fixed assets	1,335	1,903
Other operating revenues	88,081	79,163
<hr/>		
Revenues from equity investments	192,354	102,754
- Group companies	162,194	81,913
- Associated companies	26,343	20,841
- Nongroup companies	3,817	-
Revenues from other marketable securities and noncurrent loans	598	1,295
- Associated companies	132	143
- Nongroup companies	466	1,152
Other financial revenues	2,807	1,306
- Group and associated companies	11	329
- Other interest	2,276	977
- Gains on investments	520	-
Exchange gains	21	3,791
<hr/>		
Gains on fixed assets and control portfolio	-	760
Capital subsidies transferred to income for the year	406	410
Extraordinary revenues	341	-
<hr/>		
Extraordinary loss	33,810	20,022



Notes to financial statements

Fomento de Construcciones y Contratas, S.A.

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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 the collection and treatment of solid waste, the cleaning of public streets and drainage systems, the maintenance of green areas and buildings, water purification and distribution and other complementary services. It also owns holdings in other Spanish and foreign companies and is the parent company of the FCC Group, which in turn prepares consolidated financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements, which were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures in which it participates, are presented in accordance with current legislation and expressed in thousands of euros. The balance sheets and income statements of the joint ventures in which the Company participates were proportionally consolidated on the basis of the percentage share in the income, revenues and expenses of each joint venture.

Also, the Company has an 80% ownership interest in the Torre Picasso building, which is being operated through an owners' association. Consequently, the financial statements include the assets, liabilities, revenues and expenses of this association based on the percentage of the Company's ownership interest.

The joint ventures and the owners' association were included by making the necessary uniformity adjustments, reconciliations and reclassifications and by eliminating reciprocal asset and liability balances and revenues and expenses. The detail of any material amounts relating thereto are included in these notes to financial statements.

Exhibit II lists the joint ventures, showing the percentage share in income.

The financial statements of Fomento de Construcciones y Contratas, S.A., which were prepared by its directors, have not yet been approved by the related Shareholders' Meeting. However, it is considered that they will be approved without any changes.

The directors of the Company prepared, together with the 2004 individual financial statements of Fomento de Construcciones y Contratas, S.A., the 2004 consolidated financial statements of the Fomento de Construcciones y Contratas Group, which will also be submitted for approval by the Shareholders' Meeting.

3. DISTRIBUTION OF INCOME

The proposed distribution of the income for 2004 of Fomento de Construcciones y Contratas, S.A. that will be submitted for approval by the Shareholders' Meeting is as follows:

	Amount
Income for the year, before distribution	196,628
Distribution:	
Interim dividend	0.68 euros per share
Final dividend	0.68 euros per share

To voluntary reserve:

The amount remaining after payment of the interim and final dividends on the shares outstanding entitled to remuneration at the date of payment will be allocated to this reserve.

On December 22, 2004, Fomento de Construcciones y Contratas, S.A. resolved to distribute an interim dividend of €0.68 per share out of 2004 income, equivalent to 68% (gross) of the par value of the shares. This dividend, totaling €88,491 thousand, was paid as from January 10, 2005 on the dividend-entitled shares.

The Board of Directors' report evidencing the existence of sufficient liquidity for the distribution of the aforementioned interim dividend is included as Exhibit IV hereto.

4. VALUATION STANDARDS



a) Intangible assets

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

Leased assets are amortized by the straight-line method over the years of estimated useful life, which are the same as those for tangible fixed assets, and administrative concessions are amortized over the concession period, which ranges on average from 25 to 50 years.

b) Tangible fixed assets

Tangible fixed assets are carried at acquisition cost or at production cost if the Company has performed in-house work thereon.

The cost of the tangible fixed assets does not include financing interest or exchange differences.

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

Tangible fixed assets are depreciated by the straight-line method at rates based on the following years of estimated useful life:

	Years of estimated useful life
Buildings and other structures	25 – 50
Torre Picasso building	75
Plant and machinery	5 – 15
Other fixtures, tools and furniture	8 – 12
Other tangible fixed assets	4 – 10

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

c) Deferred financial expenses relating to the financing of fixed assets

The interest on loans used to finance fixed assets is generally expensed currently.

However, the Company capitalizes the financial expenses arising from the financing of the fixed assets required to carry on its water supply/treatment line of business, in accordance with the Spanish National Chart of Accounts specific to this industry. The expenses thus capitalized are deferred over the term of the service, provided that there is evidence that future revenues will enable the costs previously incurred to be recovered.

The interest capitalized as described in the preceding paragraph is included under the "Deferred Charges" caption in the accompanying balance sheet.

d) Long-term investments. Marketable securities and nontrade loans

In accordance with current legislation, investments in listed and unlisted marketable securities are valued at cost, net of the required allowances for decline in value. The effect of applying this method is that all unrealized losses existing at year-end are recorded, but unrealized gains are not, except for those disclosed at the time of acquisition and still existing at the date of subsequent valuation.

Loans are valued at the amount delivered plus the unmatured accrued interest at the balance-sheet date. The necessary value adjustments are made by recording allowances for loans with possible recovery problems.

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

e) Inventories

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

f) Treasury stock

Treasury stock is valued at the lower of average cost or market, or, if applicable, at approximate underlying book values in accordance with the principle of prudence.

g) Subsidies

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

h) Provisions for pensions and similar obligations

The Company has not established any pension plans to supplement the social security pension benefits.

In 2002, pursuant to the revised Pension Fund and Plan Law, the Company externalized its pension and other similar commitments to its employees.

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

i) Provisions for contingencies and expenses

The Company has recorded provisions for contingencies and expenses relating to the estimated amount required for probable or certain third-party liability and for outstanding obligations whose exact amount cannot yet be fully determined or whose date of payment is uncertain, since they are dependent on the fulfillment of certain conditions. These provisions are recorded when the related liability or obligation arises.

j) Reversion reserve

The Company records a reversion reserve for assets subject to administrative concessions which revert to the grantor entity at the end of the concession period. This reserve is calculated by supplementing the depreciation of the related asset, so that at the end of the concession period the net book value (after deduction of the related accumulated depreciation) is zero.

Additionally, the Company considers that the periodic maintenance plans for its assets, the cost of which is expensed currently, are sufficient to ensure delivery of the revertible assets in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of the reversion.

k) Classification of debt

Debts maturing in under 12 months from the balance-sheet date are classified as current liabilities and those maturing at over 12 months as long-term debt.

Debts are valued at the amounts drawn plus the unmatured accrued interest. Nontrade debts are carried at their repayment value and the interest on the transaction is recorded under the "Deferred Charges" or "Accrual Accounts" captions on the asset side of the balance sheet, depending on whether the principal amount is classified as long- or short-term. The interest is taken to income on the basis of the principal amount outstanding.

In certain cases the interest rate risk relating to the debt is hedged through futures and derivatives. The transaction expenses and the differences arising due to interest rate fluctuations are charged to income by the same timing of recognition method as that used for the costs of the main debt hedged.

l) Corporate income tax

The expense for corporate income tax of each year is calculated on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences from taxable income for corporate income tax purposes and book income, which do not reverse in subsequent periods. To this adjusted book income the Company applies the current tax rate, deducts the tax credits and tax relief earned in the year and adds the positive or negative differences arising between the tax calculated for the closing of the prior year's financial statements and the tax actually paid subsequently.

m) Foreign currency transactions

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the balance sheet, and the differences that arise are taken to income as stipulated by current regulations.

The differences resulting from fluctuations in exchange rates from the date on which the transactions were made, or the related values were adjusted, to the date of collection or payment are taken to period income.

n) Recognition of revenues and expenses

Revenues and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The Company recognizes as the period result on its contracts the difference between period production (valued at the sale price of the service provided during the period, as specified in the principal contract or in approved amendments thereto, and the sale price of other as yet unapproved services for which there is reasonable assurance of recovery) and the costs incurred. Additionally, late-payment interest is recognized as a revenue when it is approved or finally collected.

The difference between the amount of production and the amount certified through the date of the financial statements is recorded as "Completed Production Pending Certification" under the "Trade Receivables for Sales and Services" caption. Certificate prebillings for various items are recorded under the "Advances Received on Orders" caption on the liability side of the balance sheet.

In accordance with the accounting principle of prudence, the Company only records realized income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known, by booking the appropriate provisions (see Notes 4-i and 12).

o) Environmental information

As indicated in Note 1, the Company engages mainly in services activities which, due to their nature, involve special care in controlling environmental impact. For example, with regard to the operation under concession of landfills, the Company is generally responsible for the sealing, control and reforestation thereof on completion of operations. Also, the Company has fixed assets for the protection of the environment and bears any expenses that may be required for this purpose in the performance of its business activities.

The acquisition costs of these fixed assets used in environmental conservation are recorded under the "Tangible Fixed Assets" or "Intangible Assets" captions based on the nature of the investment, and are amortized or depreciated over their useful lives. Also, in accordance with current accounting regulations, the Company records the expenses and provisions arising from such environmental commitments.

5. INTANGIBLE ASSETS

The variations in 2004 in this caption in the accompanying balance sheet were as follows:

	Balance at 12.31.03	Additions or provisions	Retirements or Reductions	Transfers	Balance at 12.31.04
Concessions, patents, licenses, trademarks and other	28,548	3,239	(2,152)	–	29,635
Rights on leased assets	118,995	25,817	–	(63,653)	81,159
Accumulated amortization	(32,513)	(12,294)	88	15,169	(29,550)
	115,030	16,762	(2,064)	(48,484)	81,244

The "Concessions, Patents, Licenses, Trademarks and Other" account relates mainly to joint ventures and includes most notably the amounts paid for concessions for, inter alia, water supply services, which are being amortized on a straight-line basis over the concession period.

The features of the financial lease contracts in force at 2004 year-end are as follows:

Original cost of the assets	81,159
Value of purchase options	865
Contract term (years)	2
Lease payments paid in the year	37,746
Lease payments paid in prior years	26,624
Lease payments outstanding, including purchase option	18,085

The detail of leased assets as of December 31, 2004, is as follows:

Plant and machinery	70,472
Other fixtures, tools and furniture	9,904
Other tangible fixed assets	783
	81,159

6. TANGIBLE FIXED ASSETS

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2004, is as follows:

	Cost	Accumulated depreciation	Allowances	Net
Land and structures	157,947	(51,143)	(311)	106,493
Plant and machinery	320,340	(206,764)	–	113,576
Other fixtures, tools and furniture	80,166	(50,650)	–	29,516
Advances and construction in progress	25,017	–	–	25,017
Other tangible fixed assets	15,514	(11,601)	–	3,913
	598,984	(320,158)	(311)	278,515

€56,707 thousand of the net balance of tangible fixed assets relate to joint ventures.

All the tangible fixed assets were being used in production at 2004 year-end; however, €168,690 thousand of tangible fixed assets had been fully depreciated.

The Company takes out the insurance policies it considers necessary to cover the possible risks to which its tangible fixed assets are subject.

The variations in tangible fixed asset accounts, broken down to show the additions and retirements in 2004, were as follows:

	Balance at 12.31.03	Additions or provisions	Retirements or reductions	Transfers	Balance at 12.31.04
Land and structures	149,555	2,524	(161)	6,029	157,947
Plant and machinery	264,289	5,034	(9,106)	60,123	320,340
Other fixtures, tools and furniture	68,136	5,107	(1,798)	8,721	80,166
Advances and construction in progress	20,974	16,043	–	(12,000)	25,017
Other tangible fixed assets	14,459	583	(308)	780	15,514
Allowances	(311)	–	–	–	(311)
Accumulated depreciation	(271,372)	(38,638)	5,021	(15,169)	(320,158)
	245,730	(9,347)	(6,352)	48,484	278,515

7. LONG- AND SHORT-TERM INVESTMENTS. MARKETABLE SECURITIES AND NONTRADE LOANS

The detail of the main accounts under the "Long-Term Investments" and "Short-Term Investments" captions in the accompanying balance sheet is as follows:

1) Long-term

Investments in Group companies

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

The variations in the balance of this caption in 2004 were as follows:

	Cost
Balance at 12.31.03	1,139,755
Retirement due to liquidation:	
Abies Re Anstalt	(421)
Balance at 12.31.04	1,139,334

Investments in associated companies

This account in the accompanying balance sheet reflects the Company's holdings in associated and multigroup companies, as detailed in Exhibit III, which discloses the same information for each investee in which the Company has a direct holding as that presented for the Group companies.

The variations in the balance of this caption in 2004 were as follows:

	Cost
Balance at 12.31.03	243,864
Share purchase or subscription:	
Ecoparc del Besós, S.A.	432
Balance at 12.31.04	244,296

Long-term investment securities

The detail, by investment, cost and allowance, of the balance of this account as of December 31, 2004, is as follows:

	Equity securities	Allowances	Net book value
Artscapital Investment, S.A. (10.83% shareholding)	4,171	(4,171)	–
Shopnet Brokers, S.A. (15.54% shareholding)	2,796	(2,796)	–
Xfera Móviles, S.A. (8.26% shareholding)	5,413	(5,413)	–
Rest	1,408	(72)	1,336
	13,788	(12,452)	1,336

Fomento de Construcciones y Contratas, S.A., which has an 8.26% holding in Xfera Móviles, S.A., a UMTS wireless telephony license-holder, increased its holding in 2004 by 0.79% due to the restructuring of the investee's shareholder structure. The Company has also provided guarantees totaling €28,625 thousand for Xfera Móviles, S.A.

The variations in 2004 were as follows:

		Cost
Balance at 12.31.03		39,002
Shareholding purchases and subscriptions:		
Xfera Móviles, S.A.	5,413	5,413
Shareholding retirements, disposals and capital reductions:		
Venditelecom España, S.L.	(26,776)	
Polux Capital, S.L.	(2,344)	
Artscapital Investment, S.A.	(1,298)	
Shopnet Brokers, S.A.	(209)	(30,627)
Balance at 12.31.04		13,788

Investment valuation allowances

The detail, by company, of this account in the accompanying balance sheet is presented in Exhibit I, in the case of the Group companies, and in Exhibit III, in the case of associated companies. The detail of the allowances relating to long-term investment securities is shown in the preceding tables.

The variations in 2004 were as follows:

Balance at 12.31.03		150,350
Provisions and reversals:		
Group and associated companies:		
Ambiente y Ecología de Buenos Aires, S.A.	267	
Egypt Environmental Services S.A.E.	1,560	
FCC International B.V.	(919)	
Giza Environmental Services S.A.E.	2,387	
Proactiva Medio Ambiente, S.A.	(1,046)	
Other	(16)	2,233
Long-term investment securities:		
Artscapital Investment, S.A.	(1,298)	
Polux Capital, S.L.	(2,344)	
Shopnet Brokers, S.A.	(209)	
Xfera Móviles, S.A.	5,413	
Venditelecom España, S.L.	(26,776)	(25,214)
Balance at 12.31.04		127,369

In 2004 Venditelecom España, S.L. and Polux Capital, S.L. were liquidated, provisions for these investments having been recorded previously. The Company also recorded a provision in 2004 for the total investment in Xfera Móviles, S.A.

II) Short-term investments

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

€8,141 thousand of the balance of this caption relate to joint ventures.

8. DEFERRED CHARGES

The variations in 2004 in the balance of this caption in the accompanying balance sheet were as follows:

	Balance at 12.31.03	Additions	Amounts taken to income	Balance at 12.31.04
Financing of fixed assets (Note 4-c)	5,141	105	–	5,246
Financial leases	179	230	(241)	168
	5,320	335	(241)	5,414

9. TRADE RECEIVABLES FOR SALES AND SERVICES

The breakdown of the balance of this caption in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows:

Production certificates receivable	255,526
Completed production pending certification	59,296
Trade receivables for sales and services	314,822
Advances received on orders	(19,328)
Total trade receivables, net	295,494

€45,793 thousand of the net trade receivables balance relate to joint ventures.

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

The "Production Certificates Receivable" account reflects the amount of the certificate billings to customers for services provided pending collection as of December 31, 2004.

The "Completed Production Pending Certification" account reflects the difference between the production recognized by Fomento de Construcciones y Contratas, S.A. on each contract and the amount of the certificates issued to the customers. The balance of this account relates basically to the production performed in December 2004 and the price revisions per the various contracts which, although as yet unapproved, the Company considers will be duly certified since there are no doubts as to their recovery.

The Company assigns trade receivables to financial institutions, without recourse against Fomento de Construcciones y Contratas, S.A. in the event of nonpayment. The amount deducted from the trade receivables balance at year-end in this connection amounted to €94,142 thousand. These transactions accrue interest under normal market conditions through the date on which the financial institution collects from the customers. Collection management in this period continues to be performed by Fomento de Construcciones y Contratas, S.A.

10. SHAREHOLDERS' EQUITY

The variations in equity accounts in 2004 were as follows:

	Balance at 12.31.03	2003 Retained earnings	Dividends distributed	Income for the year	Balance at 12.31.04
Capital stock	130,567	–	–	–	130,567
Additional paid-in capital	242,133	–	–	–	242,133
Legal reserve	26,113	–	–	–	26,113
Reserve for treasury stock	9,422	–	–	–	9,422
Reserve for retired capital	2,770	–	–	–	2,770
Voluntary reserves	390,898	10,974	–	–	401,872
Income for the year	149,826	(10,974)	(138,852)	196,628	196,628
Interim dividend	(48,049)	–	48,049	(88,491)	(88,491)
Shareholders' equity	903,680	–	(90,803)	108,137	921,014

a) Capital stock

The capital stock of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 common bearer shares of €1 par value each.

All the shares have identical rights and are fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Spanish computerized trading system.

With regard to direct holdings or indirect holdings (through subsidiaries) of 10% or more owned by other companies, as required by current legislation B 1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.483% in the Company's capital stock. Acciona, S.A., according to the declaration made to the Spanish National Securities Market Commission, owns a 15.055% holding.

The aforementioned B 1998, S.L., which is owned by Esther Koplowitz Romero de Juseu (73.375%), the Ibersuizas Group (15.56%), Simante, S.L. (5.726%) and Larranza XXI, S.L. (5.339%), has certain commitments to its shareholders which have been registered and published by the Spanish National Securities Market Commission and include notably that concerning the distribution of a dividend of at least 50% of net consolidated income attributed to the Parent Company, net of the results arising from extraordinary income or losses.

b) Additional paid-in capital

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use for other purposes.

c) Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

As of December 31, 2004, the legal reserve had reached the legally stipulated minimum.

d) Treasury stock

The Company holds 434,322 shares of treasury stock, representing 0.33% of its capital stock, with a net book value of €9,422 thousand.

As required by Article 79.3 of the Spanish Corporations Law, the Company recorded a reserve of €9,422 thousand for treasury stock, with a charge to voluntary reserves. This reserve is restricted until such time as the treasury stock is sold or retired.

There were no variations under this caption in 2004.

e) Reserve for retired capital

This reserve includes the par value of the treasury stock retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Corporations Law. The reserve for retired capital is restricted, unless it meets the same requirements as those stipulated for capital reductions.

f) Dividends distributed

On March 30, 2004, the Board of Directors approved the preparation of the 2003 financial statements and the proposed distribution of 2003 income, which included the payment of a final dividend of €0.341 gross per share. Subsequently, the Board of Directors at its meeting of June 14, 2004, resolved to modify the proposed distribution of the final dividend, by increasing it to €0.699 gross per share. This agreement was ratified at the Shareholders' Meeting on June 23, 2004, and a final dividend amounting to €90,803 thousand was paid, as reflected in the foregoing table.

11. SUBSIDIES

The accompanying balance sheet includes €7,945 thousand of subsidies received in the past, €3,428 thousand of which had been taken to income, including €406 thousand in the year ended December 31, 2004. This amount relates in full to joint ventures.

12. PROVISIONS AND ALLOWANCES

The variations in 2004 were as follows:

Provisions for contingencies and expenses

	Balance at 12.31.03	Period allocation	Amounts used	Reversals	Balance at 12.31.04
Provisions	89,034	42,160	(966)	–	130,228
Reversion reserve	9,475	944	–	(151)	10,268
	98,509	43,104	(966)	(151)	140,496

Operating allowances

	Balance at 12.31.03	Period provisions	Amounts used	Reversals	Balance at 12.31.04
Allowances	30,616	14,929	–	(91)	45,454
	30,616	14,929	–	(91)	45,454

The Company records the provisions required for third-party liability and other estimated risks as mentioned in Note 4-i. It also records a reversion reserve as indicated in Note 4-j. Noteworthy was the provision charged to extraordinary income of approximately €30 million for the inherent risks in the international business in Latin America, North Africa and other areas.

13. NONTRADE PAYABLES



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

	2006	2007	2008	2009	2010 and Subsequent years	Total
Payable to credit institutions	1,470	1,035	553	355	165	3,578
Limited recourse project financing loans	1,951	2,178	2,427	2,701	427	9,684
Long-term taxes payable	479	208	208	208	10,948	12,051
Guarantees and deposits	4,274	–	–	–	–	4,274
	8,174	3,421	3,188	3,264	11,540	29,587

The balance of the "Limited Recourse Project Financing Loans" caption relates to the payments outstanding in connection with the investments made by the Seragua-FCC-Vigo joint venture which operates the water supply in Vigo. The main features of this debt are as follows: the interest rate on the amount outstanding is Euribor plus a spread based on market rates; repayment is in semiannual installments ending in 2010; the repayments are made using the joint venture's revenues from operation of the service and, if the contract terms and conditions are met, with no other liability for the venturers if the funds obtained during the term of the loan do not cover the full amount of the principal plus interest.

The average interest rate on the long-term payables to credit institutions is Euribor plus a spread per the market.

The detail of the balance of the "Long-Term Taxes Payable" caption is disclosed in Note 14 ("Tax Matters").

b) Short-term payables

The accounts payable to Group and associated companies include the loans from these companies, which bear interest at market rates, and the operating payables to these companies.

Noteworthy is the "Other Payables" caption which includes the interim dividend amounting to €88,275 thousand payable out of 2004 income to non-Group third parties, as indicated in Note 3 above.

c) Credit lines

The Company had long- and short-term credit facilities with a limit of €1,346,231 thousand and had drawn down substantially the full amount as of December 31, 2004.

14. TAX MATTERS



The detail of the balances of the "Tax Receivables" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying balance sheet is as follows:

I. Long-term

The "Long-Term Taxes Payable" caption balance of €12,051 thousand relates to deferred corporate income tax for 35% of the accelerated depreciation of the Torre Picasso building in accordance with the tax incentives provided in Royal Decree-Law 2/1985 and the depreciation of the assets covered by Royal Decree-Law 3/1993. The maturity schedule indicated in Note 13 above relates to the years in which this deferred tax will reverse, calculated on the basis of the useful lives of the related assets.

II. Short-term

Tax receivables:	
Prepaid corporate income tax	61,660
VAT refundable	2,922
Other items	653
	65,235
Taxes payable:	
Personal and corporate income tax withholdings (from salary income and income from movable capital)	5,815
Deferred corporate income tax	28,754
Corporate income tax payable	49,310
VAT and other indirect taxes payable	18,849
Levies and other taxes other than income tax	290
Accrued social security taxes payable	10,563
	113,581

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

Income per books for the year before taxes			220,082
	Increase	Decrease	
Permanent differences	10,276	–	10,276
Adjusted income per books			230,358
Timing differences:			
Arising in the reporting year	55,996	23,331	32,665
Arising in prior years	4,045	3,705	340
Taxable income			263,363

Adjusted income per books	230,358
Corporate income tax charge (35%)	80,625
Intercompany double taxation tax credit	(46,833)
Other tax credits and relief	(13,494)
Other adjustments	3,156
Corporate income tax payable	23,454

Noteworthy among the timing differences are those that arose in the reporting year. The increases were due mainly to the depreciation, amortization and provisions recorded which will be recoverable for tax purposes in subsequent years. The decreases arose mainly from the deferral due to the special method of amortization applied to fixed assets acquired under lease contracts pursuant to Law 43/1995.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the tax inspection authorities for the taxes applicable to it. The criteria which the tax authorities might adopt for the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the Company's directors consider that the resulting liabilities would not have a material effect on the Company's net worth.

Under authorization 18/89, Fomento de Construcciones y Contratas, S.A. is taxed on a consolidated basis for corporate income tax purposes with all the other Group companies which meet the relevant requirements envisaged by tax legislation.

15. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

As of December 31, 2004, Fomento de Construcciones y Contratas had provided €287,909 thousand of guarantees to government agencies and private customers, mainly as security for the provision of services under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to €134,990 thousand

The Company has guaranteed for its employees the investments made by them in 2000 for a five-year period in the collective investment fund set up by the Vivendi Universal Group. The possible payments and additional costs that may be incurred by the Company, which in any case are not expected to be material, are counterguaranteed by the Vivendi Universal Group.

Complaints have been filed against Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it participates concerning the Company's responsibilities during its activities under the contracts awarded. Since the appropriate provisions have been recorded (see Notes 4-i and 12), any liabilities arising from this situation would have no material impact on the Company's net worth.

16. REVENUES AND EXPENSES



In 2004 Fomento de Construcciones y Contratas, S.A. performed work and provided services for Group and associated companies totaling €89,119 thousand. This amount included most notably €54,628 thousand billed for management, representation and administration services provided to the Company's wholly-owned subsidiary FCC Construcción, S.A., and this balance was recorded under the "Other Operating Revenues" caption in the accompanying statement of income. The Company also purchased €33,850 thousand of services and consumables from the aforementioned companies. The financial expenses incurred in 2004 on nontrade accounts payable to Group companies amounted to €11,031 thousand.

Substantially all the net sales relate to services provided in Spain. Joint ventures accounted for €96,610 thousand of the total "Net Sales" balance.

Operating revenues include rent revenues and billings for the allocation of 80% of costs to the tenants of the Torre Picasso building, amounting to €16,709 thousand and €5,409 thousand, respectively.

The average number of employees at the Company in 2004 was as follows:

Managers and university graduate employees	300
Other line personnel (junior college graduates)	190
Clerical and similar staff	691
Other salaried employees	17,508
	18,689

17. ENVIRONMENTAL INFORMATION



As indicated in Note 4-o, by their very nature, the activities carried on by the Company in the Services area are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems aimed at reducing environmental impact in accordance with the legally stipulated limits. The implementation of quality management and environmental management systems and the follow-up audits accredit the Company's activities in this connection.

The performance of the aforementioned production activities requires the use of specialized structures, plant and machinery that are efficient in terms of environmental protection and conservation. As of December 31, 2004, the acquisition cost of the fixed assets assigned to these production activities totaled €540,750 thousand and the related accumulated depreciation amounted to €293,971 thousand.

Company management considers that the contingencies relating to environmental protection and improvement as of December 31, 2004, would not have a significant impact on the accompanying financial statements.

18. FEES PAID TO AUDITORS



The "Outside Services" caption in the accompanying statement of income includes the fees for audit services provided to the Company, amounting to €166 thousand. This caption also includes fees relating to other services billed by the auditor or by other entities related to the auditor, amounting to €147 thousand.

19. INFORMATION ON THE BOARD OF DIRECTORS



The compensation earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company was as follows (in thousands of euros):

Bylaw-stipulated profit sharing	1,548
Salaries	2,748
Attendance fees	6
Other compensation	474
	4,776

In the past an insurance policy was arranged and the premium paid to cover the payment of contingencies relating to death and permanent occupational disability, and to retirement bonuses and other benefits for certain of the directors of Fomento de Construcciones y Contratas, S.A. In 2004 no additional payment was made in this connection.

Except as indicated in the foregoing paragraphs, no other compensation, advances, loans or guarantees of any kind were granted to the directors, and there were no pension or life insurance obligations to former or present directors.

Following is a detail of the equity interests owned by the directors of Fomento de Construcciones y Contratas, S.A., or the individuals representing them, in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's corporate purpose which are not directly or indirectly owned by Fomento de Construcciones y Contratas, S.A., and of the positions they hold and the functions they discharge thereat. This information was provided by the directors themselves.

Director's name or corporate name	Investee Company	Percentage of ownership	Position held or functions discharged
D. Marcelino Oreja Aguirre	Metrovacesa, S.A.	<0.01	
D ^a Alicia Alcocer Koplowitz	A.C.S. Actividades de Construcción y Servicios, S.A. Obrascón Huarte Lain, S.A.	<0.01 <0.01	
D. Pedro A. del Castillo Machado	Eléctrica Maspalomas, S.A. Elmasa Medio Ambiente, S.L.	7.46 7.46	Chairman and Chief Executive Officer Director

The directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not engage in any activity, for their own account or for the account of others, that is identical, similar or complementary to the activity that constitutes the corporate purpose of the Company.

In 2004 Elmasa Patrimonial, S.A. sold its 51% holding in Gestión de Aguas del Norte, S.A. to Aqualia Gestión Integral del Agua, S.A. for € 1 million and the transaction was authorized by a resolution of the Board of Directors of Fomento de Construcciones, S.A. pursuant to Article 25.4 of the Board Regulations. The vendor company is owned by Pedro Agustín del Castillo and his family, and he represents Ibersuizas Holdings, S.L., which is in turn a member of the Board of Directors of Fomento de Construcciones y Contratas, S.A.

Except as expressed in the preceding paragraph, during the business year the directors of Fomento de Construcciones y Contratas, S.A., or persons acting on their behalf, did not perform, with the Company or with any company of the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on normal market conditions.

20. STATEMENTS OF CHANGES IN FINANCIAL POSITION

Source of funds	2004	2003
Funds obtained from operations	295,238	222,300
Capital subsidies	–	148
Increase in long-term debt	3,424	62,493
Disposal of tangible fixed assets	6,532	4,686
Disposal of long-term investments	2,662	–
Repayment or transfer to short term of long-term investments	1,021	455
Increase in provisions for contingencies and expenses	–	2,869
Decrease in working capital	2,619	–
311,496	292,951	292,951

Application of funds	2004	2003
Fixed asset additions:	65,365	141,192
Intangible assets	29,056	58,386
Tangible fixed assets	29,291	36,221
Long-term investments	7,018	46,585
Acquisition of treasury stock	–	7,257
Dividends	179,294	81,018
Repayment or transfer to short term of long-term debt	66,837	6,306
Increase in working capital	–	57,178
311,496	292,951	292,951

Variation in working capital	2004		2003	
	Increase	Decrease	Increase	Decrease
Inventories	–	12,634	6,676	–
Deudores	56,972	–	35,208	–
Accounts payable	–	54,794	18,434	–
Short-term investments	17,281	–	5,369	–
Cash	–	8,307	–	6,222
Accrual accounts	–	1,137	–	2,287
	74,253	76,872	65,687	8,509
Variation in working capital	2,619	–	–	57,178
	76,872	76,872	65,687	65,687

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

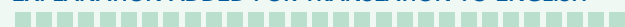
	2004	2003
Income for the year after taxes	196,628	149,826
Depreciation and amortization expense	50,932	45,260
Period provision to reversion reserve	944	890
Deferred charges	(94)	(376)
Provisions for contingencies and expenses	41,194	(7,083)
Variation in investment valuation allowances	6,348	34,953
Losses on fixed asset disposals	(308)	(760)
Capital subsidies transferred to income for the year	(406)	(410)
Funds obtained from operations	295,238	222,300

21. COST ACCOUNTING STATEMENTS OF INCOME



	12.31.2004		12.31.2003	
	Amount	%	Amount	%
Net sales	834,726	100.00	808,342	100.00
+ Other operating revenues	88,081	10.55	79,163	9.79
+ Variation in finished goods and work-in-process inventories	(59)	(0.01)	(100)	(0.01)
+ Capitalized expenses of Group work on fixed assets	1,335	0.16	1,903	0.24
Production value	924,083	110.70	889,308	110.02
- Net purchases	67,537	8.09	72,278	8.94
- Variation in inventories of merchandise, materials and other consumables	11,502	1.38	(805)	(0.10)
- External and operating expenses	206,208	24.70	226,267	27.99
- Personnel expenses	485,191	58.13	451,675	55.88
Gross operating income	153,645	18.40	139,893	17.31
- Depreciation and amortization expense	50,932	6.10	45,260	5.60
- Period provision to reversion reserve	944	0.11	890	0.11
- Bad debts and variation in operating allowances	17,459	2.09	5,330	0.66
Net operating income	84,310	10.10	88,413	10.94
+ Financial revenues	195,780	23.45	109,146	13.50
- Financial expenses	22,083	2.65	19,059	2.36
- Variations in investment valuation allowances	4,115	0.48	2,493	0.31
Financial income	169,582	20.32	87,594	10.83
Income from ordinary activities	253,892	30.42	176,007	21.77
+ Gains on fixed assets and extraordinary revenues	747	0.09	1,170	0.14
- Losses on fixed assets and extraordinary expenses	32,324	3.87	4,140	0.51
- Variation in tangible fixed asset, intangible asset and control portfolio allowances	2,233	0.27	17,052	2.11
Income before taxes	220,082	26.37	155,985	19.29
- Corporate income tax	23,454	2.81	6,159	0.76
Income after taxes	196,628	23.56	149,826	18.53

22. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH



These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I GROUP COMPANIES


Company	Book Value		% Ownership	Dividends received	Capital	Reserves	2004 Income (Loss) before taxes	
	Assets	Allowance					2004 Income (Loss) before taxes	
							Ordinary	Extraordinary
Abies Re Anstalt Josef Rheinbergerstrasse, 6. Vaduz (Liechtenstein) -Liquidated company-	-	-		27,900			-	-
AEBA Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321- 3ª Buenos Aires. Argentina -Urban Cleaning-	834	687	direct 50.00 indirect 2.50	104	1,000 (ARP)	1,360 (ARP)	(385) (ARP)	2 (ARP)
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid -Water management-	254,768	-	direct 99.99 indirect 0.01	13,485	145,000	45,851	40,296	(1,662)
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13. Madrid -Financial-	3,008	-	direct 43.84 indirect 56.16	-	6,843	445,773	12,341	-
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111. Madrid	30	-	direct 25.00 indirect 75.00	-	120	776	189	-
Cementos Portland Valderrivas, S.A. Estella, 6. Pamplona -Cement-	175,953	-	direct 58.76 indirect 0.06	29,444	41,757	645,865	143,471	(15,544)
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal Federico Salmón, 13. Madrid -Portfolio company-	1,657	-	100	-	61	2,319	489	-
Compañía General de Servicios Empresariales, S.A. Unipersonal Federico Salmón, 13. Madrid -Instrumentality company-	60	-	100	-	60	17	3	-
Corporación Española de Servicios, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	44	-	direct 99.99 indirect 0.01	-	60	15	1	-
Corporación Financiera Hispánica, S.A. Federico Salmón, 13. Madrid -Portfolio company-	69,818	-	direct 99.99 indirect 0.01	-	58,393	283,470	5,693	1
Egypt Environmental Services SAE Cairo-Egypt -Urban Cleaning-	7,760	6,123	direct 97.00 indirect 3.00	-	36,400 (££)	(10,735) (££)	(11,527) (££)	(45) (££)
Empresa Comarcal de Serveis Mediambientals del Baix Penedés, ECOBP, S.L. Plaça del Centre, 3. El Vendrell (Tarragona) -Urban Cleaning-	240	-	80.00	-	301	36	205	-
Europea de Gestión, S.A. Unipersonal Federico Salmón, 13. Madrid -Instrumentality company-	63	-	100	-	60	22	8	-
FCC Construcción, S.A. Balmes, 36. Barcelona -Construction-	275,551	-	direct 99.99 indirect 0.01	39,000	130,000	83,379	97,972	(5,201)
FCC Construcciones y Contratas Internacional, S.L. Unipersonal Federico Salmón, 13. Madrid -Instrumentality company-	3	-	100	-	3	-	-	-

Company	Book Value		% Ownership	Dividends received	Capital	Reserves	2004 Income (Loss) before taxes	
	Assets	Allowance					Ordinary	Extraordinary
FCC Fomento de Obras y Construcciones, S.L. Unipersonal Federico Salmón, 13. Madrid -Instrumentality company-	3	-	100	-	3	-	-	-
FCC Inmobiliaria Conycon, S.L. Unipersonal Federico Salmón, 13. Madrid -Instrumentality company-	3	-	100	-	3	-	-	-
FCC International B.V. Amsteldijk 166 Amsterdam (Holland) -Portfolio company-	49,910	9,192	100	27,450	40,840	(28,491)	28,367	(3)
FCC Medio Ambiente, S.A. Federico Salmón, 13. Madrid -Urban cleaning -	35,102	-	direct 98.98 indirect 1.02	4,497	43,272	41,030	11,232	(4,829)
FCC Versia, S.A. Federico Salmón, 13. Madrid -Management company-	62,625	-	direct 99.99 indirect 0.01	18,824	40,337	49,910	14,667	433
FCC 1, S.L. Unipersonal Federico Salmón, 13. Madrid -Instrumentality company -	3	-	100	-	3	-	-	-
F-C y C, S.L. Unipersonal 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	14,485	396	-
Fomento Internacional Focsa, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	69	-	direct 99.93 indirect 0.07	-	90	23	3	-
Giza Environmental Services S.A.E. Cairo. Egypt -Urban cleaning-	7,566	7,342	direct 97.00 indirect 3.00	-	35,500 (£E)	(14,532) (£E)	(18,987) (£E)	(45) (£E)
Grucycsa, S.A. Pza. Pablo Ruiz Picasso, s/n. Madrid -Portfolio company-	156,786	-	100	-	135,600	12,376	1,350	1,396
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Manacor (Balears) -Urban cleaning-	5,208	-	direct 99.92 indirect 0.08	-	308	981	187	(20)
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n. Madrid -Property management and administration-	48	-	80.00	12	60	50	16	-
Tratamientos y Recuperaciones Industriales, S.A. Angli, 31. Barcelona -Waste treatment-	21,455	-	direct 74.92 indirect 0.08	1,478	72	8,059	2,273	24
TOTAL	1,139,334	23,344		162,194				

Note:

- Of the related companies, only Cementos Portland Valderrivas, S.A. is a listed company and its share price was €48,00 at year-end. The average market price in the last quarter of 2004 was €44,10.
- As required by Article 86 of the revised Corporations Law, in 2004 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

EXHIBIT II. JOINT VENTURES


Company	% Ownership	Company	% Ownership
1 ZONA 3 MADRID	10.00	EXTREMADURA	25.00
2 ZONA 10 MADRID	10.00	F.L.F. LA PLANA	47.00
ACERAS Y CALZADAS	50.00	FANGOS VIC	20.00
ADDENDA PUENTE DE VALLECAS 5ª FASE	50.00	FCC – ACISA - AUDING	45.00
AIGÜES DE LLEIDA	50.00	FCC - ANPE	80.00
AGUAS TOMELLOSO	20.00	FCC - DIESEL BARCELONA	80.00
ALCANTARILLADO BILBAO	90.00	FCC - DIESEL N-VI	50.00
ALMEDA	51.00	FCC - ERS LOS PALACIOS	50.00
AMPLIACIÓ LIXIVITATS	20.00	FCC – FCCMA ALCOY	20.00
AQUALBAL	20.00	FCC – FCCMA COLMENAR VIEJO	20.00
AQUALIA – FCC – MYASA	20.00	FCC – FCCMA CORNELLÀ	90.00
AQUALIA – FCC – OVIEDO	5.00	FCC – FCCMA JARDINES ALBACETE	20.00
AQUALIA – FCC – SALAMANCA	5.00	FCC – FCCMA R.B.U. - L.V. JAVEA	20.00
AQUALIA – FCC – SAN VICENTE	20.00	FCC – FCCMA L.V. PAMPLONA	20.00
ARGÍ GUÑES	70.00	FCC – FCCMA OLESA	20.00
ASTONDO	40.00	FCC – FCCMA RBU TUDELA	20.00
BAIX CAMP	30.00	FCC – FCCMA S.U. DENIA	20.00
BARAJAS	50.00	FCC – FCCMA SAN JAVIER	20.00
BARRIO DE LA LOMA	50.00	FCC – FCCMA SAN SEBASTIÁN	20.00
BIOCOMPOST DE ÁLAVA	50.00	FCC – FCCMA SEGRÍÀ	20.00
BOADILLA	50.00	FCC – FOCONSA	50.00
BOADILLA DEL MONTE	50.00	FCC – HIJOS DE MORENO. S.A.	50.00
BONMATÍ	10.00	FCC – HIMOSA	50.00
C/ALPERNICHES	50.00	FCC – PALAFRUGELL	20.00
CN III	45.00	FCC – PROMECO 2000. S.L.	50.00
CAN BOSSA	20.00	FCC – SUFI MAJADAHONDA	50.00
CANA PUTXA	20.00	FCC – SUFI PESA	50.00
CANGAS	50.00	FCC – SYF PLAYAS	40.00
CASTELLAR DEL VALLÈS	50.00	FCC, S.A. LUMSA	50.00
CENTRALSUG-FCC	50.00	FCCMA – FCCSA VALENCIA	20.00
CENTRO DE GESTIÓN MADRID	50.00	FCCSA – GIRSA	80.00
CENTRO DE GESTIÓN ZARAGOZA	50.00	FCCSA – SECOPSA I	50.00
CHAPARRAL BAJO	20.00	FUENLABRADA	50.00
CHAPARRAL BAJO FASE B	20.00	FUENTES XÀTIVA	50.00
CIUTAT VELLA	50.00	GALERÍAS CASTELLANA	50.00
COLEGIOS SANT QUIRZE	50.00	GIREF	20.00
CONSERVACIÓN Y SISTEMAS	60.00	GUADIANA	20.00
CUENCA	20.00	HÉROES DE ESPAÑA	50.00
CYCSA-EYSSA VIGO	50.00	INFRAESTRUCTURAS MÓSTOLES	50.00
DEIXALLERIA TARRAGONA	20.00	JARDINES SANTA COLOMA	50.00
DEPÓSITO CABECERA	80.00	JUNDIZ	51.00
DEPÓSITO LA MATANZA	20.00	LA MINA	20.00
DEPURADORA HUESCA	80.00	LA SELVA	100.00
ECOSERVEIS FIGUERES	50.00	LEGIO VII	50.00
EDAR ALMANSA	5.00	L.J. SAN SEBASTIÁN	20.00
EDAR ALMENDRALEJO	20.00	L.V. SAN SEBASTIÁN	20.00
EDAR CUERVA	5.00	LVR MUSKIZ II	70.00
EDAR ELCHE	20.00	M-110	50.00
EDAR MEQUINENZA	80.00	MADRID I	50.00
EDAR RANILLA	22.50	MADRID II	50.00
ELISA OCHOA	50.00	MADRID III	50.00

Company	% Ownership
MADRID PAVIMENTA MADRID	50.00
MANCOMUNIDAD ALTO MIJARES	50.00
MARTÍNEZ DE LA RIVA	50.00
MÉNDEZ ÁLVARO	50.00
MÉRIDA	10.00
METEOROLÓGICAS A-6	33.00
MOLINA	5.00
MONTCADA	50.00
MORELLA	50.00
MUSKIZ	70.00
NAVALMORAL	50.00
NIGRÁN	10.00
NIJAR	20.00
NOROESTE	33.00
NOVELDA	5.00
OCAÑA	75.00
ONDA EXPLOTACIÓN	33.33
OPERACIÓN ACERAS 2004	50.00
OPERACIÓN ACERAS II FASE	50.00
OVER	20.00
PARQUE PARÍS DE LAS ROZAS	50.00
PASEO DEL ÁLAMO	50.00
PAVIMENTO ZONA I	50.00
PAVIMENTOS	50.00
PINETONS	50.00
PLA D'URGELL	60.00
PLANTA DE TRATAMIENTOS VALLADOLID	60.00
POLÍGONO TORREHIERRO	50.00
PONIENTE ALMERIENSE	50.00
POSU – FCC VILLALBA	50.00
POZUELO	20.00
PRISMA 2004-2005	50.00
PUERTO	50.00
R.B.U. VILLA-REAL	47.00
R.S. PONIENTE ALMERIENSE	50.00
REDONDELA	10.00
REPARACIÓN VÍAS PÚBLICAS MÓSTOLES	50.00
RESTAURACIÓN GARRAF	27.50
RUTA DE LOS PANTANOS	50.00
SABIÑÁNIGO	80.00
SALTO DEL NEGRO	50.00
SAN FERNANDO	20.00
SANT QUIRZE	50.00
SANTA COLOMA DE GRAMANET	61.00
SANTA CRUZ DE MUDELA	50.00
SANTOMERA	60.00
SASIETA	75.00
SAV - FCC TRATAMIENTOS	35.00
SCC - FCC	10.00
SELECTIVES	20.00
SERAGUA - FCC - VIGO	50.00

Company	% Ownership
SIMÓN HERNÁNDEZ	50.00
SOLANA	35.00
TIRVA FCC - FCCMA RUBÍ	20.00
TABLADA	20.00
TARAZONA	80.00
TOMELLOSO	50.00
TORREJÓN	25.00
TORRIBERA	50.00
TOVIVAL	50.00
TREMP	51.00
TRIAGTGE I CLASSIFICACIÓ D'ENVASOS	60.00
TXINGUDI	75.00
VERTEDERO GARDELEGUI	70.00
VERTRESA	10.00
VIGO RECICLAJE	70.00
VINARÓZ	50.00
ZARAUZ	20.00
ZARZUELA	50.00
ZONZAMAS FASE II	30.00

EXHIBIT III. ASSOCIATED AND MULTIGROUP COMPANIES


Company	Book Value		% Ownership	Dividends received	Capital	Reserves	2004 Income (Loss) Before Taxes	
	Assets	Allowance					Ordinary	Extraordinary
Clavegueram de Barcelona, S.A. Acer, 16. Barcelona -Urban cleaning-	811	-	22.50	83	3,606	2,863	721	(99)
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93. Barcelona -Urban cleaning-	2,621	-	direct 31.00 indirect 18.00	-	7,710	-	-	-
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50. Vilamalla (Girona) -Urban cleaning-	301	-	50.00	9	601	8	182	-
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Torrox (Málaga) -Urban cleaning-	300	-	50.00	21	600	142	236	(19)
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andalus, 1. Rincón de la Victoria (Málaga) -Urban cleaning-	301	-	50.00	-	601	82	483	(25)
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia -Urban cleaning-	4,733	-	49.00	667	781	1,514	1,887	489
Ingeniería Urbana, S.A. Saturno, 6. Alicante -Urban cleaning-	3,786	-	35.00	476	6,010	4,959	1,802	35
Proactiva Doña Juana E.S.P.S.A Calle 98 n° 9-03 of. 804 Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban cleaning-	284	-	direct 23.75 indirect 27.30	-	2,250,000 (COP)	716,072 (COP)	2,360,528 (COP)	(22,274) (COP)
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216. Madrid -Urban cleaning-	119,542	91,573	50.00	-	56,520	(2,396)	(1,155)	3,685
Realia Business, S.A. Paseo de la Castellana, 216. Madrid -Real estate-	110,007	-	direct 44.25 indirect 4.92	24,873	66,570	322,662	129,148	25,064
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid -Urban cleaning-	1,610	-	51.00	214	3,156	79	275	-
TOTAL	244,296	91,573		26,343				

Note:

- As required by Article 86 of the revised Corporations Law, in 2003 the Company made the related notifications to the companies in which it had acquired direct or indirect holdings of over 10%.

**EXHIBIT IV. "REPORT OF THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
FOR THE DISTRIBUTION OF AN INTERIM DIVIDEND IN 2004"**



In accordance with Article 216 of the revised Corporations Law, which requires the Company's directors to present an accounting statement evidencing the existence of sufficient liquidity for the distribution of an interim dividend, it is hereby stated

1. That the after-tax income of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. as of September 30, 2004, amounted to €91,491 thousand.
2. That the Company's after-tax cash flow in the first nine months of 2004 amounted to €121,200 thousand.
3. That the Company's cash and cash equivalents as of September 30, 2004, amounted to €1,291,600 thousand, evidencing the existence of sufficient funds for the distribution of the interim dividend.

Therefore, since at the date of this report there had been no material variations with respect to the foregoing data, the directors consider that there is sufficient liquidity for the distribution of an interim dividend of up to €88,785,888.44 out of 2004 income

The number of shares entitled to an interim dividend is calculated by subtracting from the 130,567,483 shares the shares of treasury stock existing at the date of payment of the dividend.

Accordingly, it is proposed that the following interim dividend out of 2004 income be approved:

Gross % of each share with dividend rights	68%
Gross interim dividend per share	0.68 euros

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

Madrid, December 22, 2004



**Management
report**

Fomento de
Construcciones y
Contratas, S.A.

COMPANY PERFORMANCE IN 2004

The Company's core business is to provide general services, which include mainly the collection and treatment of solid waste, the cleaning of public streets and drainage systems, the maintenance of green areas and buildings, water purification and distribution and other complementary services. It also owns holdings in other Spanish and foreign companies and in 2004 reported net income of €196,628 thousand, representing a 23.56% return on net sales.

The Board of Directors proposes the distribution of a final dividend of €0.68 per share, representing 68% of the par value of the shares outstanding at the date of payment, and the allocation of the remaining income balance to unrestricted reserves. Earlier, on January 10, 2005, an interim dividend of €0.68 per share was paid pursuant to the resolution adopted by the Board of Directors on December 22, 2004.

Fomento de Construcciones y Contratas, S.A. is the parent company of the FCC Group, which is composed of a wide range of subsidiaries engaging in activities such as construction, urban cleaning, the integral water cycle, parking lots, street furniture, passenger transport, vehicle roadworthiness testing, ground passenger and aircraft handling, logistics, cement and real estate. Consequently, for a fully comprehensive representation of the economic events of 2004, the reader is referred to the information contained in the consolidated financial statements.

ACQUISITION OF TREASURY STOCK

At 2004 year-end Fomento de Construcciones y Contratas, S.A. held 434,322 shares of treasury stock, representing 0.33% of its capital stock, valued at €9,422 thousand.

Also in 2004, Compañía Auxiliar de Agencia y Mediación S.A. owned 316,008 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at their book value of €1,107 thousand, and Grucycsa, S.A. owned 475 shares of Fomento de Construcciones y Contratas, S.A., recorded at their book value of €10 thousand. These shares are also deemed to be Parent Company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, it should be mentioned that there were no variations in treasury stock in 2004

RESEARCH AND DEVELOPMENT ACTIVITIES

The FCC Group takes an active part in research, development and technological innovation and applies the most effective means of production and techniques to carry on its activities.

In 2004 significant initiatives were carried out in each of the three strategic business lines, Services, Construction and Cement, which targeted environmental protection as a means to achieving sustainable growth.

The Group carries out research and development in areas directly or indirectly related to our activities seeking, for instance, to reduce the consumption of energy and raw materials, control emissions and polluting discharges, increase reuse and recycling levels, lower acoustic levels, eliminate odors from biomethanization and organic waste composting plants, develop high-performance stainless steels to improve the safety of reinforced concrete structures, design low reflection caissons that can be used in docks and breakwaters, etc.

Special mention must be made of the technological achievement involving the incorporation of a new natural gas engine in two types of vehicles essential for special solid waste collection routes and, by extension, street cleaning. This new engine with minimum polluting emissions has been used in narrow-width collecting vehicles, requiring the installation of special compressed gas tanks to achieve the same autonomy as a conventional diesel vehicle.

In the Construction area, noteworthy is the Group's membership, through FCC Construction, of the Managing Board of the European Construction Technology Platform, an initiative which brings together over 300 organizations (industries, universities, research centers, European government agencies, etc.) and whose objective is to define a Strategic Research Agenda for the industry through the performance of macroprojects with public and private funding

In the European area, work commenced on two construction projects approved by the European Commission within the Sixth Framework Program: the Tunconstruct Project to improve underground construction, considering the design, construction and operation cycle, and the Manubuild Project, for the industrialization of construction, so that developments are more in tune with the users' needs.

Other salient projects in which the Group participates are the "Optimization of construction waste management" and "Reduction of effects of construction on the land" in the building and civil engineering areas, respectively.

The new research and development projects executed were recognized by Spanish institutions such as the Fondos PROFIT program of the Spanish Science and Technology Ministry, the Autonomous Community Governments and the Industrial Technology Development Center. Significant among the PROFIT program projects is the LOGRO Project for the optimization of construction waste, executed jointly with the Instituto Tecnológico de Catalunya, and the SHTOEC Project relating to the automation of guniting and the improvement of mixtures for gunited concrete.

Additionally, the Commission of the EU's EUREKA Program awarded its seal to the research and development project known as "Definition of environmental variables and indicators in combined urban solid waste treatment processes". This certification acknowledges the originality of the project, the scientific worth of its program and European interest in its use as a possible base to gain further knowledge of urban solid waste treatment processes.

OUTLOOK FOR 2005



A description follows of the trends projected for 2005 of the business areas composing the FCC Group, which are expected to drive growth in the Group's net sales and income.

First, it should be pointed out that the construction backlog and services backlog at 2004 year-end amounted to €16,400 million, equivalent to over 31 months of annual production.

For **FCC Servicios**, the increase in the current market share of the Environment division will be associated with the extensions and renewals of a considerable number of contracts, and the entry into service of new waste treatment and removal facilities.

In the Industrial Waste division, 2005 will see the consolidation of growth due to investments in prior years, combined with the reaching of the break-even point by the newly-constructed operating centers and the acquisition of a company of importance in the industry.

In the Water Management division, there are still strong chances of growth in the domestic market. The diversification strategy continues to be implemented, and new companies with broad experience in the design, construction and operation of water treatment and purification plants and in the desalination area will be incorporated. There are also plans to acquire a company that specializes in industrial waters.

The strategy for growth in the International area will be based on expansion towards emerging markets, especially in Eastern Europe. Operations in the other foreign markets in which we are present will be consolidated and we will initiate new business lines.

At the beginning of 2005 the services backlog was €11,850 million, equivalent to over six and a half years of annual production.

The growth of **Versia** in 2005 will be supported by the surge in logistics services due to the acquisition of the Logístico Santos Group and to growth within this market.

The urban furniture and advertising segment is also expected to grow, as a result of the consolidation of the contracts awarded in the U.S., Portugal and Brazil, and new contracts obtained in the domestic market.

The outlook for **FCC Construcción** in 2005 is promising, due to the existing construction backlog and to the demand for public works that will be generated under the Ministry for Development's Strategic Transport Infrastructure Plan (PEIT), which addresses projects running through 2020 for roads, railroads, airports and seaports in Spain, with connections to the trans-European transport network.

In the international market, the Company will strengthen its presence in Central America through the investment made and push for geographical diversification in Central and Eastern Europe.

At 2004 year-end, the construction backlog amounted to €4,350 million, assuring production for nearly 17 months.

The performance of **Cementos Portland Valderrivas** in Spain has been defined by the development of the housing market and the pace of execution of national infrastructure construction plans. According to forecasts, production will remain at 2004 levels.

In May 2005 the upgrades introduced to revamp the plant owned by the subsidiary Giant Cement in South Carolina (USA) came into operation - the wet process gave way to the dry process of production and production capacity increased to 1 million tonnes. Both these measures will bring down production costs. Also, prices appear to be rising in the area served by this investee (the States of Virginia, North Carolina and South Carolina).

Considerable investments were made to comply with legislation on safety and the environment at the Cementos Portland Valderrivas facilities in Spain and the U.S.

In 2005, the property development area of **Realia** will forge ahead with its policy of large-scale land acquisitions and their rotation in urban zones where it has a significant presence. There are also plans to establish a presence in new areas, such as Zaragoza and Rioja.

At international level, the investments in Portugal will be consolidated and land will begin to be purchased in Poland, in areas which are shortly to undergo urban zoning, which will enable the subsidiary Realia Polska Investycje, z.o.o to begin constructing in some of these areas.

The volume of sales and deposits placed for property units pending delivery amounted to €587 million at 2004 year-end, representing a large percentage of net sales covered for the coming years.

Significant in the property area are the forthcoming projects involving two new shopping malls in Guadalajara and Leganés (Madrid). The construction of another shopping mall, with a potential buildable area of 30,000 m², will commence in the city of Murcia.

For 2005 and subsequent years, the Company plans to carry out large-scale investments as part of its strategic plan to acquire and/or develop new office building and shopping mall projects, and will continue with its policy of rotating mature, nonstrategic assets. Sales of these types of buildings have already been arranged for 2005.



**Auditor's
report**

Fomento de
Construcciones y
Contratas, S.A.

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. comprising the balance sheet as of December 31, 2004, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2003. Our opinion refers only to the 2004 financial statements. Our auditors' report dated April 2, 2004, on the 2003 financial statements contained an unqualified opinion.
3. Fomento de Construcciones y Contratas, S.A. is the head of a corporate group which presents consolidated financial statements separately from the financial statements referred to above, which do not reflect the effect of applying consolidation principles. On this same date we have issued our auditors' report on the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries, which contains an unqualified opinion. The effect of consolidation, which was performed on the basis of the accounting records of the companies composing the Group as of December 31, 2004, with respect to the individual financial statements referred to above, was to increase assets by €5,470 million, the Company's reserves by €927 million and income for the year by €192 million.
4. In our opinion, the financial statements for 2004 referred to above present, in all material respects, a true and fair view of the net worth and financial position of Fomento de Construcciones y Contratas, S.A. as of December 31, 2004, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying management report for 2004 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the management report is consistent with that contained in the financial statements for 2004. Our work as auditors was confined to checking the management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the Company.

DELOITTE
Registered in ROAC under no. 50692

Jesús Parada Pardo

April 8, 2005



Executive Personnel

Managing Director

Rafael Montes Sánchez

Environment and Water

Chairman of FCC Medio Ambiente, S.A.

José Luis de la Torre Sánchez

Environment

Zone I

Aragón
Barcelona Capital
Barcelona Exterior
Lleida-Tarragona
Levante I
Rioja-Soria
Municipal de Serveis, S.A.
Seinsa
Tirssa
Tirmesa

Jordi Payet Pérez
Manuel Liébana Andrés
Pablo Martín Zamora
Martín Juanola Carceles
Jesús Padulles Caba
Salvador Otero Caballero
Pedro Moreno Gómez
Ramón Marimón Marimón
Francisco Campas Delmans
Juan Almirall Sagué
Ángel Fernández Omar

Zone II

Andalucía I
Andalucía II
Canarias
Castilla y León
Galicia
Guipúzcoa-Navarra
Levante II
Murcia-Almería
Vizcaya

Juan Hernández Rodríguez
Blas Campos Gabucio
Manuel Calderón Capilla
Miguel Ángel Castanedo Samper
César Trueba Diego
Guillermo de Cal Alonso
Ignacio Eguiguren Tellechea
Francisco Javier del Olmo Gala
José Alcolea Heras
Carlos Martínez Osset

Zone III

Center
Madrid
North

Agustín García Gila
José María Moreno Arauz
Jesús Medina Peralta
Ernesto Barrio Vega

Industrial Waste

Managing Director
Activity Director
Cataluña
Aragón
Center
North
South
Development
Administration and Finance
Technical Director
Studies

Aurelio Blasco Lázaro
Íñigo Sáenz Pérez
Felip Serrahima Viladevall
Julián Imaz Escorihuela
Javier Fuentes Martín
José María Diego Gardeazabal
Manuel Cuerva Sánchez
Jorge Sánchez Almaraz
Domingo Bauzá Mari
María Jesús Kaifer Brasero
Antonio Sánchez-Trasancos Álvarez

■ Water Management

Managing Director
Deputy Managing Director
Development and Stockholdings
Central Zone
Eastern Zone
Northern Zone

Southern Zone

Technical Director
Contracting
Commerical
Studies
Administration and Finance
Management Control
Marketing

Fernando Moreno García
Luis Velasco Romero
Miguel Jurado Fernández
Félix Parra Mediavilla
Jordi Hernández Blanch
Santiago Lafuente Pérez-Lucas
José Luis García Ibáñez (Assistant)
Leandro Melgar Chacón
Alberto Gutiérrez Montoliu (Assistant)
Benito Pérez Santos (Assistant)
Pedro Rodríguez Medina
Antonio Vasal'lo Reina
Cecilio Sánchez Martín
Alejandro Benedé Augusto
Isidoro Marbán Fernández
Manuel Castañedo Rodríguez
Juan Pablo Merino Guerra

■ International

England
Egypt

Tomás Núñez Vega

Tony Adamson
Manuel Ramírez Ledesma

■ Proactiva de Medio Ambiente, S.A.

Chairman
Managing Director
Northern Zone
Central Zone
Brazil
Southern Zone
Legal Affairs
Administration and Finance

Olivier Orsini
Hervé Leblanc
Roberto Gómez-Morodo Suárez
Michel Fourré
Marlik Bentabet
Ramón Rebuelta Megarejo
Ignacio Montes Pérez del Real
Marcos García García

■ Central Services

Machinery
Provisions
Studies
Quality Assurance and Environment
Waste Treatment
Coordination and Development

Agustín García Gila

Alfonso García García
Pedro Gaviña Martínez
Antonio Pousa Blasco
José María López Pérez
Sylvain Cortés
Catherine Milhau

■ Administration and Finance

Alberto Alcañiz Horta

Versia

Chairman of FCC Versia, S.A.

Managing Director

Transport

Corporación Española de Transporte, S.A.
Detren, S.L.

Corporate Development

Street Furniture and Advertising

Corporación Europea de Mobiliario Urbano, S.A.

Zona I

Car Parks and Services

Vehicle Technical Inspections

Zona II

Conservation and Systems

Handling-Flightcare, S.L.

Logistics

Aitena, S.A. y Logística Navarra, S.A.

Grupo Logístico Santos, S.A.

Administration and Finance

José Luis de la Torre Sánchez

Agustín J. Usallán Ortiz

José Luis Rubio Díaz de Tudanca

José María Pérez-Lozano

Joaquín Martínez-Vilanova

Carlos Barón Thaidigsmann

Carlos Barón Thaidigsmann

Raúl González Lorente

Vicente Beneyto Perlés

José María Paz Sánchez

Ignacio Santamaría Goiri

Luis Marceñido Ferrón

José Luis Ramírez Camacho

Ángel Luis Pérez Buitrago (Assistant)

Ignacio Garrido Santamaría

Miguel Ángel Gómez Ibañez

Gonzalo Sanz Fernández

Juan Carlos Andradas Oveja

Construction

Chairman of FCC Construcción, S.A.

Managing Director

Deputy Directors

Area I: Zones I, V, VII and Prefabricados Delta, S.A.

Area II: Zones II, VIII, IX and Europe

Area II: Zones III and VI

Area II: Zone IV, Portugal and America

Studies and Contracts

Study Service

Development and Management

Administration and Finance

Institutional Relations

José Mayor Oreja

Francisco José García Martín

Santiago Ruiz González

Alejandro Tuya García

Jorge Piera Coll

José Ordóñez Sáinz

Francisco Varona López

Valentín García Domínguez

Jaime Redondo Vergé

José Ramón Ruiz Carrero

Julio Senador-Gómez Odériz

Construction Technical Services

Managing Director

Technical Director

Quality and Training

Special Systems

Machinery

José Enrique Bofill de la Cierva

José Luis Álvarez Poyatos

Enrique Carrasco Ruiz de la Fuente

Luis Viñuela Rueda

Juan Antonio Muro Murillo

■ Domestic Construction

Zone I

Andalucía West Construction
Andalucía West Civil Work

Andalucía East Construction

Andalucía East Civil Work
Technical Director

Zone II

Madrid Construction I
Madrid Construction II
Madrid Construction III
Madrid Construction IV
Technical Director

Zone III

Cataluña Construction I

Cataluña Construction II
Technical Director

Zone IV

Las Palmas
Tenerife

Zone V

Valencia Construction
Valencia Civil Work
Balears
Murcia

Zone VI

Cataluña Civil Work I
Cataluña Civil Work II
Technical Director

Zone VII

Castilla-La Mancha and Extremadura
Madrid Civil Work

Aragón, Navarra y Rioja

Zone VIII

Castilla y León Construction
Castilla y León Civil Work
Galicia
North
País Vasco
Technical Director

Zone IX

Transport

Technical Manager Zones IV, V, VII and IX

José María Torroja Ribera
Francisco Campos García (Deputy Director)
Jesús Amores Martín
Vicente Gimeno Merino
Guillermo Mateos Dorado (Assistant)
Andrés García Sáiz
Luciano Hidalgo Salas (Deputy Director)
José Antonio Madrazo Salas
Ángel Luis Ochoa Fernández

Emilio Giraldo Olmedo
Alfonso García Muñoz
Francisco Mérida Hermoso
Antonio Moreno-Aurioles Serra
Carlos García León
Fernando Arrechea Veramendi

Santiago Sardá Argilagós
Antonio Torrens Potau
Rafael Cañas Clemente (Deputy Director)
Juan Antonio Rodríguez Callao
María Teresa de Ugarte Peiró

Juan Madrigal Martínez-Pereda
Enrique Hernández Martín
Pablo López Marzo

Teodoro Velázquez Rodríguez
Leopoldo Marzal Sorolla
Rafael Catalá Reig
Mateo Estrany Pieras
Guillermo Gómez Martínez

Francisco Vallejo Gómez
Josep Torrens Fonts
Francisco Diéguez Lorenzo
Javier Ainchil Lavín

Antonio Pérez Gil
Aurelio Callejo Rodríguez
Carlos Izarra de la Cruz
Angel Serrano Manchado (Deputy Director)
Roberto Monteagudo Fernández
José Manuel Ojanguren Gamba
(Deputy Director)

Francisco Javier Lázaro Estarta
Florentino Rodríguez Palazuelos
José Manuel San Miguel Muñoz
Juan Sanmartín Ferreiro
Javier Hidalgo González
Norberto Ortega Lázaro
Mariano Martín Serrano

Avelino Acero Díaz
Alejandro Cisneros Müller
Ricardo Gil Edo (Deputy Director)
Jesús Mateos Hernández-Briz

■ International Construction

Zona Portugal: Ramalho Rosa-Cobetar
America
Central America
Europe

Eugenio del Barrio Gómez
Eugenio del Barrio Gómez
Julio Casla García
Alcibiades López Cerón

■ Specialised Construction and Investee Companies

Managing Director
Specialised Construction
Ibérica de Servicios y Obras, S.A.
Auxiliar de Pipelines, S.A.(APL)
Mantenimiento de Infraestructuras, S.A. (Matinsa)

Pinturas Jaque, S.L
Investee Companies
Proyectos y Servicios, S.A. (Proser)
Megaplas, S.A.
Megaplas Italia, S.p.A.
Naturmas
Reparalia
Empresas Industriales
Espelsa
Internacional Tecair, S.A. y Eurman, S.A
Technical Director

General Manager, Deputy to the Chairman

José Ordóñez Sáinz
José Miguel Janices Pérez
Fernando Rodríguez Madinabeitia
Eduardo Yges Peña
Fernando Martín Barrios
Ignacio Sánchez Salinero (Subdirector)
Fernando Martín Barrios
Ramón Fontcuberta García
José Miguel Colio Sola
José Antonio Martínez Jiménez
José Antonio Martínez Jiménez
José Luis de Pedro Poza
Jaime Asúa Arrizabalaga

Dámaso Bueno Crespo
Daniel Candil Menes
Miguel Ángel Lobato Kropnick

Rafael Pérez de Miguel

■ Concessions

Spanish Concessions
International Concessions

Jesús E. Duque Fernández del Rivero
Javier Villalobos Giménez

■ Cement

Chairman of Cementos Pórtland Valderrivas, S.A.

Managing Director

General Secretary
Managing Directors
Deputy Managing Director
Administration and Finance
Commerical
Corporate
Operations
Aggregates
Concrete

Rafael Martínez-Ynzenga Cánovas
del Castillo

José Ignacio Martínez-Ynzenga
Cánovas del Castillo
Vicente Ynzenga Martínez-Dabán

José Manuel Revuelta Lapique
Fernando Ferreras Fernández
Ángel Luis Heras Aguado
Manuel Melgar Oliver
Pablo Espeso Martínez
Federico Bernabeu Morón
José Ramón Bujanda Saénz

■ Real Estate

Chairman Realia Bussines, S.A

Managing Director
Deputy Managing Director
Deputy General Manager and Promotions Manager
Area Directors:
Assets
Planning
Administration and Finance
Secretary of the Board of Directors

Ignacio Bayón Maríné

Íñigo Aldaz Barrera
Antonio Moyano Paredes
Pedro Javier Rodera Zazo

Agustín González Sánchez
Jaime Llorens Coello
Juan Antonio Franco Díez
Daniel Ángel Rodríguez Olay

Administration and Finance

Director of Administration and Finance
Administration Managing Director
Deputy Managing Director
Administrative Coordination
Taxes

Administrative Organization and Budgets

Finance Director Financiero

Stock Market and Investor Relations
Financing
Afigesa
Asiris, S.A.

José E. Trueba Gutiérrez
José Luis Vasco Hernando
Carlos Pujol Lianas
Alberto Farré Ramos
Miguel Mata Rodríguez
Daniel José Gómez-Olano González
José M^a Alamañac Gil

Manuel Somoza Serrano
Esther Alcocer Koplowitz (Assistant)
Alicia Alcocer Koplowitz (Assistant)
Íñigo Morenés Mariategui
José Manuel Carrasco Delgado
Luis Mora Callejas
Miguel Angel Jabal Madrid

Secretary General's Office

General Secretary

Director of Legal Affairs
Information Technology Development
Information and Communication Systems
Communications
Corporate Image

Felipe Bernabé García Pérez

José María Verdú Ramos
Fernando Sáez Manero
José Luis Tortajada Pastor
Francisco Javier Hernández Fernández
Antonio de Lorenzo Vázquez

Human Resources

Managing Director

Antonio Pérez Colmenero
Francisco Santos Martín (Deputy Director)

Internal Audits

Director

Antonio Gómez Ciria
José María Martínez Basanta (Deputy Director)

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