



Annual Report 2005

The FCC Group
Areas of activity
Corporate responsibility
Corporate governance
Financial statements



Annual Report

2005



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Letter from the Chairman



Dear shareholders,

This year's notes on the accounts and annual report that you hold in your hands include a great new feature, the 2005 **Corporate Responsibility Report**, the first such report FCC has ever given. It was prepared according to the 2002 Guide put out by the Global Reporting Initiative (GRI) and gives a balanced, reasonable presentation of our company's economic, environmental and social endeavours.

Our point in publishing this report is stress the commitment and values that guide the people who work at FCC, in the shape of specific actions and programmes reaching throughout all our activities.

This commitment is not the product of any new practices, but of the entire organisation's complete conviction that a commitment to corporate responsibility is overwhelmingly important to a developed, socially and environmentally engaged society, and that, in addition, it is intrinsically a source of greater value for shareholders.

I am sure the Corporate Responsibility Report will be fleshed out in the years to come with more and better information, because the well-staffed team in charge of writing it bring to their task enthusiasm and professionalism to spare.

This year the accounts have been prepared for the first time in accordance with the **International Financial Reporting Standards (IFRS)**, in accordance with European rules and Spanish law. The adaptation process went quite smoothly, as FCC began the change in October 2002 and all the company's business units have been involved.

This volume also includes the **Annual Corporate Governance Report**, which was approved by the Board of Directors at its meeting of 31 March and duly reported to the Spanish Securities Market Commission. The Corporate Governance Report reviews the company's shareholder structure and the functions of each of the delegated committees of the Board of Directors: the Executive Committee, the Strategy Committee, the Audit and Control Committee and the Appointments and Retributions Committee.

This is the third Corporate Governance Report the Board of Directors has prepared in its ongoing drive to attain greater company transparency, competitiveness and efficiency.

As you can see, FCC seamlessly blends a management line that becomes more effective and profitable each year with evolution in its structures and methods of work.

None of this could be done if we did not have our exemplary employees, and on behalf of the Board of Directors I would like to thank them for their hard work and loyalty.

Marcelino Oreja Aguirre

Chairman

Letter from the Managing Director

Dear shareholders,



Fiscal year 2005 marks a turning point in FCC's long, successful business history. After many years of fundamentally organic growth, FCC has now embarked on a period that combines organic development with a policy of corporate investments in the company's traditional strategic areas, with the goal of doubling the turnover and the gross operating results (Ebitda) in three years. This strategy obeys a basic premise: to maintain the company's sound financial structure so that FCC continues to boast one of the lowest leveraging rates in its sector.

From the time the **new strategic** plan was got underway to the end of the fiscal year, six investment operations were run, focusing on the services and cement areas and worth a total of over one thousand million euros. The wisdom of these investments will, I am sure, have a positive reflection in the income statements and on the balance sheets of upcoming years.

The consolidated **turnover** in 2005 came to 7,090 million euros and hardly felt the effect of the investments made during the year, which were only partly consolidated. This turnover figure is 12% higher than that of the previous fiscal year and easily double the turnover earned in fiscal year 1998. In addition, we expanded our end-of-the-year construction and services backlog by 25% to 20,497 million euros, which is a new record for FCC.

FCC's three major strategic pillars performed extremely well in 2005. In the different **service** activities, contracting passed the 4,000-million-euro mark. Foremost among the most significant landmark events were the renewal of practically all the urban sanitation contracts that were put out to bid, such as the contracts for Valencia, Oviedo and Bilbao; the first full-service water management contract made in Italy; and Cemusa's win of the tender for New York City's street furniture, which this FCC subsidiary will soon begin managing. The turnover in these sectors came to 2,800 million euros, with an annual growth rate of 19%.

The turnover for **construction** rose by 7.2% to 3,347 million euros, displaying continuous acceleration throughout the fiscal year and even putting on a last-quarter growth spurt thanks to the fast pace of execution on major projects. During 2005 FCC Construcción contracted for 3,954 million euros' worth of construction, including such significant jobs as running the southern section of the M-30 underground, enlarging El Musel harbour in Gijón and building the Siete Aguas-Buñol section of the Madrid-Levante high-speed railway line.

Cementos Portland Valderrivas wound up the fiscal year with a turnover of 978.4 million euros, up 10.3% from the year before, thanks to the strength of the Spanish market and the recovery of activity in the United States. In late 2005 it launched a takeover bid on Cementos Leona which concluded most successfully in 2006 with over 96% of the shares in the company.

The **gross operating results (Ebitda)** approached one thousand million euros (988.9 million, to be exact), which represents a margin of 13.9% of the turnover. Of the total, 45.9% can be traced to services, 31.6% to cement and 19.4% to construction.

The **net profit attributed to the parent company** has grown at an annual rate of 16.3% to 421.4 million euros. The evolution of both profit levels over the last five-year period is highly satisfactory, inasmuch as they have grown at an accumulated annual rate of 9.54% and 14.28%, respectively.

At the same time that FCC has been achieving these results, the introduction of a new model of economic and financial information dubbed the **Integra Project** has been proceeding as well. The Integra Project will provide integrated support for all the Group's economic and financial processes in order to simplify them, improve management and produce standardised, more reliable information.

In this volume of the Annual Report, you will find our first **Corporate Responsibility Report**, which FCC submits to draw attention to the value of our service commitment to society. This report has been drawn up following the leading international standards and in it there have participated all the Group's business units, which established the foundations of a common corporate responsibility strategy.

If the **dividend** proposal to be submitted to the Shareholders' Meeting for approval is accepted, a complementary dividend of 0.848 euros will be paid out, which, added to the interim payment made in January last, will make a total dividend of 1.614 euros per share, i.e., 50% of the attributed net profit.

At the end of 2005 the FCC Group had 67,562 employees, having increased the **number of jobs** by 3,960 in one year. Issues related with the training of our personnel, to enhance both their professional knowledge and their occupational safety, are an ongoing concern for us, since we believe that only if we can rely on good staff professionals can we achieve a company that is efficient and constantly engaged in development.

I would like to thank all our employees for their work and also thank our shareholders for the constant shows of support and confidence with which they honour me.

Rafael Montes Sánchez
Managing Director

Governing Bodies



FCC Corporate office. Barcelona

Board of Directors

Marcelino Oreja Aguirre

Chairman
Nominee Director

Rafael Montes Sánchez

Managing Director
Executive Director

B 1998, S.L.

Representative:

Esther Koplowitz Romero de Juseu

Nominee Director

Dominum Desga, S.A.

Representative:

Esther Alcocer Koplowitz

Nominee Director

Dominum Dirección y Gestión, S.A.

Representative:

Alicia Alcocer Koplowitz

Nominee Director

EAC Inversiones Corporativas, S.L.

Representative:

Carmen Alcocer Koplowitz

Nominee Director

**Fernando Falcó y Fernández
de Córdoba**

Nominee Director

Gonzalo Anes y Álvarez de Castrillón

Independent Director

Juan Castells Masana

Nominee Director

Felipe Bernabé García Pérez

General Secretary

Executive Director

Francisco Mas Sardá Casanelles

Independent Director

Antonio Pérez Colmenero

Corporate Human Resources

Manager

Executive Director

Robert Peugeot

Nominee Director

Cartera Deva, S.A.

Representative:

José Aguinaga Cárdenas

Nominee Director

Ibersuizas Alfa, S.L.

Representative:

Luis Chicharro Ortega

Nominee Director

Ibersuizas Holdings, S.L.

Representative:

**Pedro Agustín del Castillo
Machado**

Nominee Director

Larranza XXI, S.L.

Representative:

Lourdes Martínez Zabala

Nominee Director

Francisco Vicent Chuliá

Secretary (non-member)

Executive Committee

Chairman

Rafael Montes Sánchez

Members

Esther Alcocer Koplowitz represented
by Dominum Desga, S.A.

Fernando Falcó y Fernández de Córdoba

José Aguinaga Cárdenas represented

by Cartera Deva, S.A.

Juan Castells Masana

Secretary (non-member)

José Eugenio Trueba Gutiérrez

Audit and Control Committee

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

Appointments and Retributions Committee

Chairman	Esther Alcocer Koplowitz, represented by Dominum Desga, S.A.
Members	Fernando Falcó y Fernández de Córdova Rafael Montes Sánchez Antonio Pérez Colmenero José Aguinaga Cárdenas, represented by Cartera Deva, S.A. Robert Peugeot
Secretary (non-member)	José María Verdú Ramos

Strategy Committee

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

Steering Committee

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



Strategy

In April 2004 FCC presented its Strategic Plan, which was based on combining organic growth with corporate growth to get the most out of its strong investment potential. The Strategic Plan rested on three basic pillars, Construction, Services and Cement.

The objective was to double turnover to between 10,000 and 12,000 million euros in three years, to increase the Group's international presence to the point where 35 or 40% of the turnover came from outside Spain and also to double the gross operating results (Ebitda) to the neighbourhood of 1,500 million euros.

At the presentation of the Plan, it was underlined that this upward climb in turnover and profits was to be achieved without overstepping a 50% leveraging rate, so as to maintain the Group's financial solvency.

At the close of fiscal year 2005 the Plan was fully underway. Between late 2005 and early 2006 1,012 million euros had been invested in six operations, 53% in Services and 47% in Cement.

These corporate investments were as follows: Grupo Logístico Santos (128 million euros), Cementos Portland Valderrivas (157 million euros), Marepa (50 million euros), Entemanser (65 million euros), Abfall Service AG (ASA) (279 million euros) and Cementos Lemona (333 million euros).

All these investments were made after searching analysis, with the horizon always being to pursue assets that offer future profitability and complement the company's traditional businesses.

After these investments, thanks to the high cash flow thus generated (981.1), FCC's net indebtedness has shown hardly any substantial change, rising from 270 million euros at the end of fiscal year 2004 to 403 million euros at the finish of 2005. The same, logically, has happened with the leveraging rate, which has risen from 9.9% in 2004 to 13.4% at the end of 2005. These figures speak for the still very high investment capacity the FCC Group has available.

There are other transactions that have already been examined and are expected to be concluded in the upcoming months.

In parallel with these acquisitions, the company is making a deep-reaching effort to modernise its organisational structures by taking steps such as introducing a new model of economic and financial management; updating the information technology structure, with considerable investments; resolutely applying the good corporate governance recommendations and introducing throughout the Group a model of sustainable development that has been crafted using the best practices in corporate responsibility.

All these initiatives will help reach the goal of placing FCC in the vanguard of the best in company management, and this policy will help create value for shareholders and for the community in general.





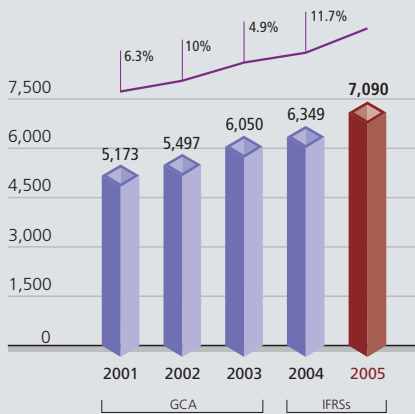
The FCC Group in Figures



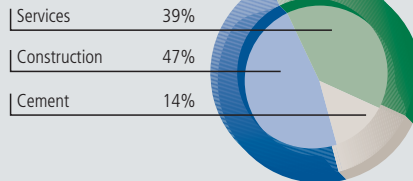
The FCC Group in Figures:

Turnover

Millions of euros

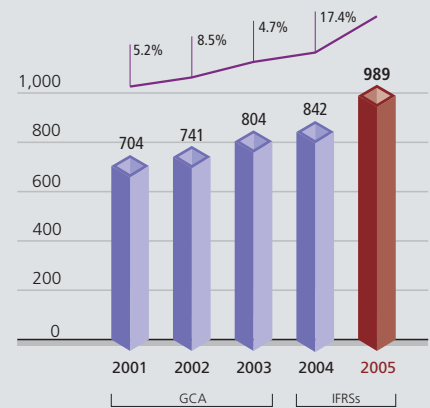


Breakdown by activity



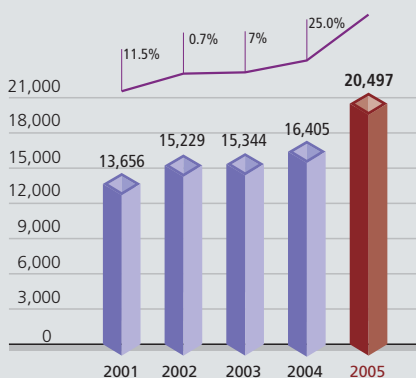
Gross operating profit (Ebitda)

Millions of euros



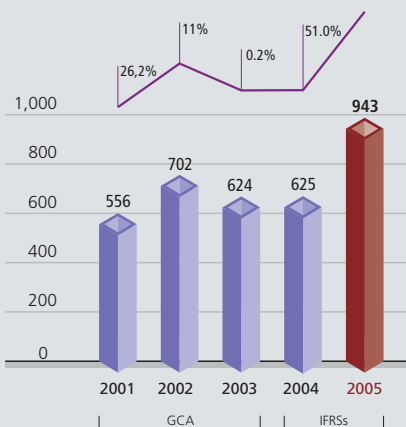
Construction and services backlog

Millions of euros



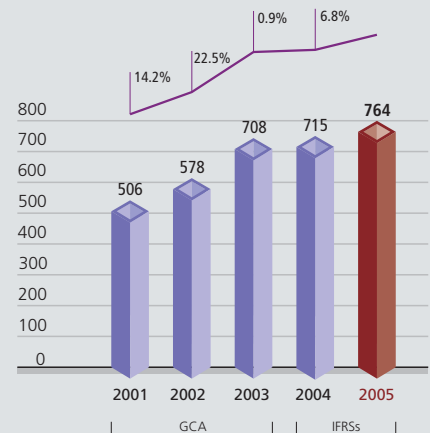
Investments

Millions of euros



Cash flow after taxes

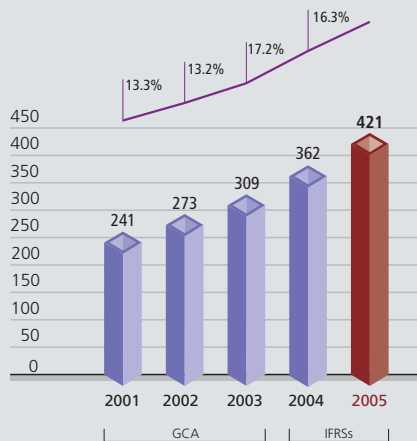
Millions of euros



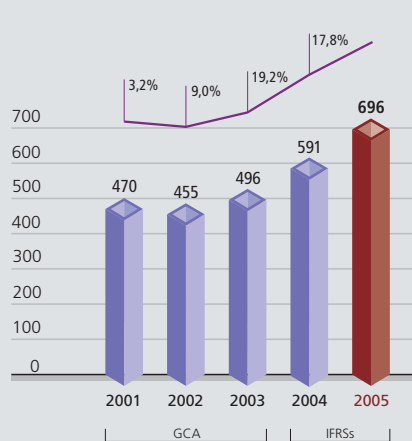
Consolidated Figures

GCA: Date according to General Chart of Accounts rules
 IFRSs: International Financial Reporting Standards

Net profit attributed to the parent company
 Millions of euros



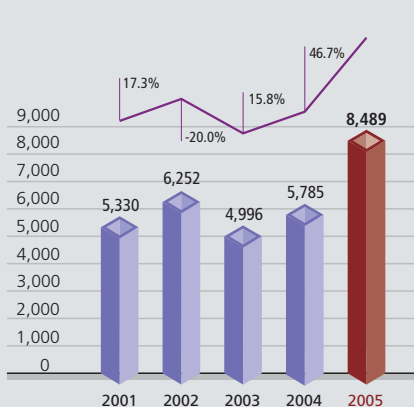
Pre-tax profits
 Millions of euros



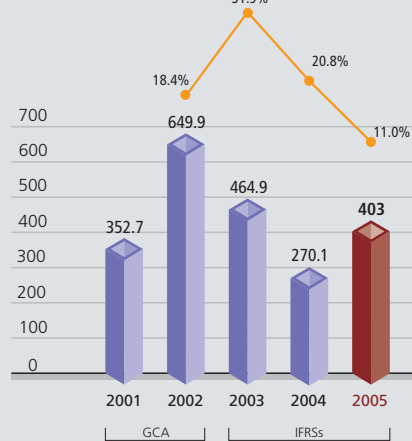
Net wealth
 Millions of euros



Construction work and services contracted
 Millions of euros



Financial indebtedness and % of Net wealth
 Millions of euros



Indebtedness % of shareholder equity

Evolution of share prices

FCC ended the fiscal year quoted at 47.9 euros/share, which meant a 35.2% increase over the year before and substantially better performance than the IBEX 35, which closed the year up by 18.2%.

Stock market capitalisation

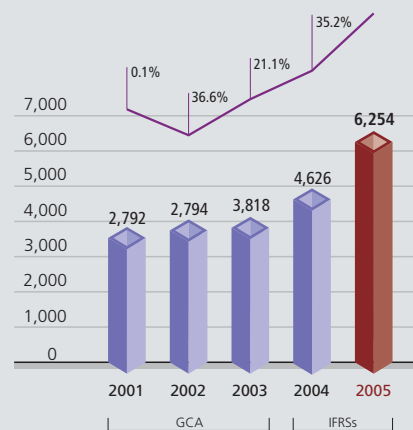
The stock market capitalisation at the close of the fiscal year was 6,254 million euros, as compared to 4,626 million euros in 2004.

Trading

The volume of shares traded during the year was 80.8 million, with a daily average of 317,079 shares. The average number of shares traded per session came to 13.6 million euros, which is a 36% increase over the figure for the preceding fiscal year.

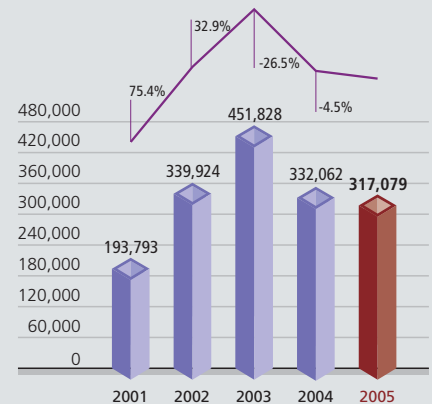
Stock market capitalisation

Millions of euros



Trading volume

Number of shares, daily average



Dividends

If the proposal submitted to the General Meeting of Shareholders is approved, the total dividend will be 1.614 euros per share. This amount will be paid out in an interim dividend of 0.766 euros/share on 9 January 2006 and a complementary dividend of 0.848 euros/share to be settled in the month of July.

The total amount of the dividend paid on fiscal year 2005 profits represents a pay-out of 50.0% and an increase of 18.6% with respect to last year.

Treasury stock

In 2005 the company increased its treasury stock by 343,537 shares, representing 0.26% of its total capital. The final position as of 31 December came to 1,094,342 shares, or 0.838% of the share capital.

Shareholders

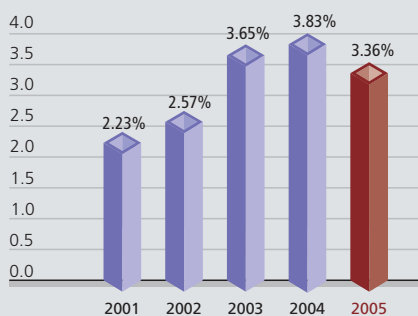
FCC, S.A., issues shares under the book entry system. Those shares are listed on the four Spanish stock exchanges. According to the information on file in the records of the Spanish Securities Market Commission, the company's most relevant shareholders are as follows:

Shareholder	Number of shares	Percentage
B 1998, S.L.	59,871,785	45.855%
Acciona, S.A.	19,657,500	15.055%
Azate, S.L.	8,654,815	6.628%

As of December 31, 2005, the Board of Directors possessed, directly or indirectly, 68,688,095 shares, which represents 52.61% of the total. Of those, 68,526,600 shares are held by B 1998, S.L., and its wholly-owned subsidiary Azate, S.L. The rest are distributed among the different board members, none of whom individually possesses more than 0.03% of the company's share capital.

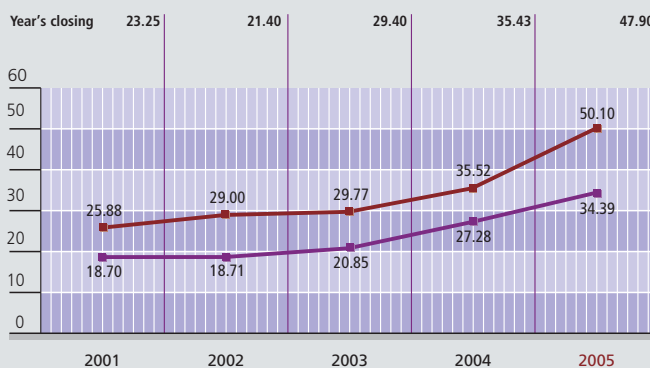
Dividend yield

Calculated with the closing quote



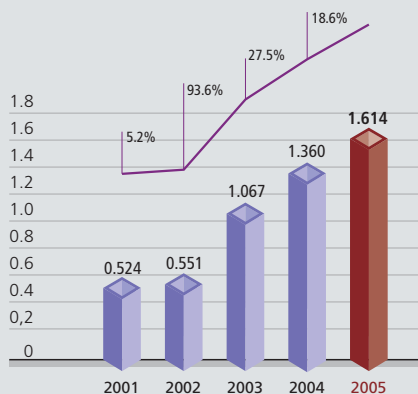
Annual high, low and closing price of shares

Euros



Dividend per share

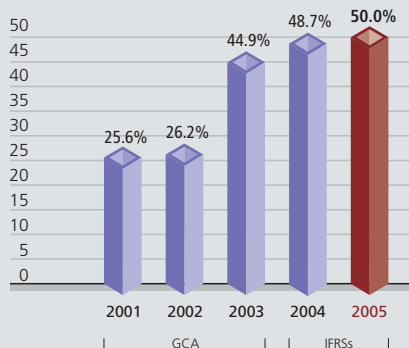
Euros



% Pay-out

(Dividend as % of parent company result)

Millions of euros



GCA: Date according to General Chart of Accounts rules
IFRSs: International Financial Reporting Standards



Brief History of Financial Figures

ASSETS <i>(Millions of euros)</i>	2005	2004
NON-CURRENT ASSETS	4,201	3,506
Tangible fixed assets	2,182	1,929
Intangible assets	956	654
Investments in associated companies	512	472
Non-current long-term assets	184	155
Other non-current assets	367	296
CURRENT ASSETS	4,739	3,958
Inventories	509	373
Accounts receivable	3,121	2,715
Other current long-term investments	67	121
Cash and cash equivalents	1,042	749
TOTAL ASSETS	8,940	7,464

LIABILITIES <i>(Millions of euros)</i>	2005	2004
NET WEALTH	2,608	2,447
Wealth attrib. shareholders in parent co.	2,232	2,031
Share capital	131	131
Accum. income and other reserves	1,780	1,626
Income for the year	421	363
Interim dividend	(100)	(89)
Minority interests	376	416
NON-CURRENT LIABILITIES	1,547	1,017
Payable financial institutions and other non-current financial liabilities	811	493
Non-current provisions	415	331
Other non-current liabilities	321	193
CURRENT LIABILITIES	4,785	4,000
Payable financial institutions and other current financial liabilities	832	762
Trade accnts payable and other curr. liab. corrientes	3,922	3,211
Current provisions	31	27
TOTAL LIABILITIES	8,940	7,464

Dates According to International Financial Reporting Standards (IFRSs)

ASSETS <i>(Millions of euros)</i>	2003	2002	2001
Due from shareholders for uncalled capital	—	—	—
Fixed and other noncurrent assets	2,977	2,874	2,488
Intangible assets	585	598	410
Tangible fixed assets	1,731	1,596	1,415
Financial instruments	639	661	625
Parent company shares	11	3	25
Start-up expenses	11	16	13
Goodwill in consolidation	191	255	368
Deferred charges	39	42	34
Current assets	3,833	3,630	3,254
Stocks	429	429	356
Accounts receivable	2,705	2,481	2,106
Temporary financial investments	391	427	466
Cash	293	276	307
Prepayments	15	17	19
TOTAL ASSETS	7,040	6,801	6,144

LIABILITIES <i>(Millions of euros)</i>	2003	2002	2001
Shareholders' equity	1,846	1,646	1,291
Share capital	131	131	120
Issue premium	242	242	130
Reserves	429	384	393
Consolidation reserves	846	695	434
Gains/(losses) on conversion	(63)	(40)	7
Income for the year	309	273	241
Interim dividend	(48)	(39)	(34)
Minority interests	388	392	624
Negative consolidation differences	36	37	37
Deferred revenues	47	46	41
Provisions for contingencies and expenses	238	238	245
Long-term debt	749	757	77
Issues of bonds and other negotiable securities	46	—	—
Payable to financial institutions	445	464	581
Other payables	232	286	189
Share disbursements outstanding	26	7	4
Current liabilities	3,736	3,685	3,132
Payable to financial institutions	590	770	480
Payable to Group and associated companies	13	20	28
Trade accounts payable	2,379	2,183	1,848
Other non-trade payables	667	601	637
Operating provisions	86	110	138
Accruals	1	1	1
TOTAL LIABILITIES	7,040	6,801	6,144

Dates according to General Chart of Accounts rules (GCA)

INCOME STATEMENT <i>(Millions of euros)</i>	2005	2004
OPERATING REVENUES	7,154	6,411
Net sales	7,090	6,349
Other revenues	64	62
OPERATING EXPENSES	(6,498)	(5,846)
Variation finished goods and work-in-process inventories	44	(21)
Supplies and other external expenses	(4,346)	(3,832)
Personnel expenses	(1,863)	(1,716)
Depreciation and amortization expense	(319)	(272)
(Allocation)/Reinvestment of operating allowances	(14)	(5)
OPERATING INCOME	656	565
Financial revenue	41	48
Financial expenses	(81)	(70)
Translation differences	6	(5)
Income/(loss) variations in value of financial instruments	6	(2)
FINANCIAL RESULT (LOSS)	(28)	(29)
Share in income of associated companies	78	72
Result (Deterioration)/Reinvest. tang. and int. fixed a.	(12)	(21)
Other profit or (loss)	2	4
INCOME BEFORE TAXES ON CONTINUED ACTIVITIES	696	591
Corporate income tax expense	(217)	(167)
Minority interests	(58)	(61)
INCOME ATTRIBUTED TO THE PARENT COMPANY	421	363

Dates according to International Financial Reporting Standards (IFRSs)

STATEMENT OF INCOME <i>(Millions of euros)</i>	2003	%	2002	%	2001	%
+ Net revenues	6,050	100.0	5,497	100.0	5,173	100.0
+ Other income and fixed asset improvement	145	2.4	161	2.9	111	2.1
+ Change in stocks, finished goods, work in progress	8	0.1	6	0.1	27	0.5
= Total production value	6,203	102.5	5,664	103.0	5,311	102.7
- Supplies and other expenses	3,773	62.4	3,448	62.7	3,221	62.3
- Personnel costs	1,626	26.9	1,475	26.8	1,386	26.8
= Gross operating income	804	13.3	741	13.5	704	13.6
- Depreciation of fixed assets and sinking fund	269	4.4	234	4.3	210	4.1
- Change in working capital provisions	16	0.3	9	0.2	18	0.3
= Net operating income	519	8.6	498	9.1	476	9.2
+ Financial income	65	1.1	59	1.1	50	1.0
- Financial expenses	105	1.7	107	1.9	95	1.8
- Change in financial investment provisions	5	0.1	3	0.1	6	0.1
- Goodwill amortisation	19	0.3	20	0.4	28	0.5
+ Income from equity-accounted holdings	66	1.1	42	0.8	37	0.7
= Ordinary income/(loss)	521	8.6	469	8.5	434	8.4
+ Extraordinary income/(loss)	(25)	(0.4)	(14)	(0.2)	36	0.7
= Profit/(loss) before taxes	496	8.2	455	8.3	470	9.1
- Corporate income tax	126	2.1	128	2.3	150	2.9
= Profit/(loss) after taxes	370	6.1	327	6.0	320	6.2
- Profit/(loss) of minority interests	61	1.0	54	1.0	79	1.5
= Net profit/(loss) of parent company	309	5.1	273	5.0	241	4.7

Dates according to General Chart of Accounts rules (GCA)





The FCC Group's
areas of activities

Services

Turnover	21	Versia	32
City sanitation	22	Logistics	33
Technological innovation	25	Airport handling	36
Water management	27	Street furniture and advertising	37
Industrial waste	30	Parking facilities	38
		Conservation and systems	39
		Technical vehicle inspection	40
		Passenger transport	41



Street cleaning in Benidorm. Alicante

Services

FCC divides its Services activities into two major sections: environmental services, which include city sanitation (urban waste collection and treatment, street cleaning, building cleaning, park and garden maintenance, sewer system maintenance), water management and industrial waste treatment, and the services assigned to Versia, which encompass airport handling, logistics, urban furniture and advertising, conservation and systems, passenger transport, technical vehicle inspection and parking facilities.

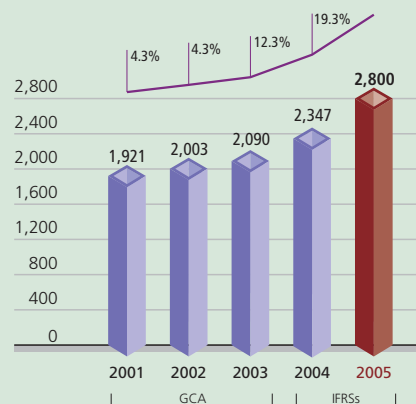
The full list of the Services companies can be seen in the appendix to the consolidated annual report for the Group.

Altogether, the Services activities account for 39.5% of the total Group turnover and 45.9% of the consolidated Ebitda.

As of December 31, 2005, the combined backlog of these activities came to 15,336.4 million euros.

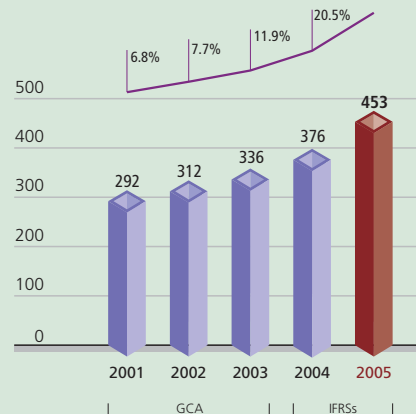
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros



GCA: Date according to General Chart of Accounts rules
IFRSs: International Financial Reporting Standards



Door-to-door solid urban waste collection. Madrid



Fountain cleaning and maintenance. Barcelona



City sanitation

Analysis of the Sector

During 2005, 329 contracts were put out to bid for street cleaning and solid urban waste collection and treatment, a figure greatly resembling the number of tenders in 2004. The total annual consignment in connection with these tenders was 600 million euros, which represents a 28% increase over the preceding fiscal year. This increase is due to the fact that contracts were offered in major cities such as Valencia, Bilbao, Oviedo, Pamplona and Lleida.

In the subsectors of building cleaning and maintenance, and park and garden maintenance and upkeep, bids were submitted on contracts valued at 580 million euros annually, a figure 30% more than that registered the year before, due fundamentally to an increase in park and garden cleaning and maintenance tenders, which are usually worth more per year than building cleaning contracts.

The forecasts for 2006 are very similar to this year's. The number of bids may decline, but not the annual sum they represent, because one of the contracts that will be put out to bid is waste collection from the central zone of Madrid.

FCC's Activity

TURNOVER: 1,196 MILLION EUROS

The companies of the FCC Group provide city sanitation services in some 4,000 cities and towns in Spain and other countries in Europe, Africa and America, home to around 50 million people. This makes us a leader in the Spanish market and a standard of comparison in Latin America.

Last fiscal year FCC was awarded an overall total of 1,980 million euros in new contracts and renewals or extensions of current contracts.





Street cleaning service. Valencia



Park and garden maintenance in the county of cheshire. United Kingdom

The most important contracts from the economic viewpoint were these:

Allerdale (United Kingdom). Selective collection of green waste, paper and cardboard for twelve years.

Badajoz. Ten years' operation of the Badajoz ecopark. Each year 127,000 MT of waste will be treated there.

Barcelona. Four years' upkeep of 220 of the city's ornamental fountains and 1,563 of its drinking fountains.

Benidorm (Alicante). Street cleaning and urban waste collection until the year 2018. FCC has been providing Benidorm with these services since 1987.

Bilbao. Public cleaning services and waste collection, treatment and elimination for seven years. FCC has been providing Bilbao with these services since 1972.

Bogotá (Colombia). Two and a half years' management of the Doña Juana sanitary landfill, which serves a population of 8.5 million inhabitants.

Buenos Aires (Argentina). Residential and selective waste collection from one district of the city for four years. The population served comes to 500,000.

Calderdale (United Kingdom). Selective collection of paper and glass for a three-year period. The population served comes to 206,000.

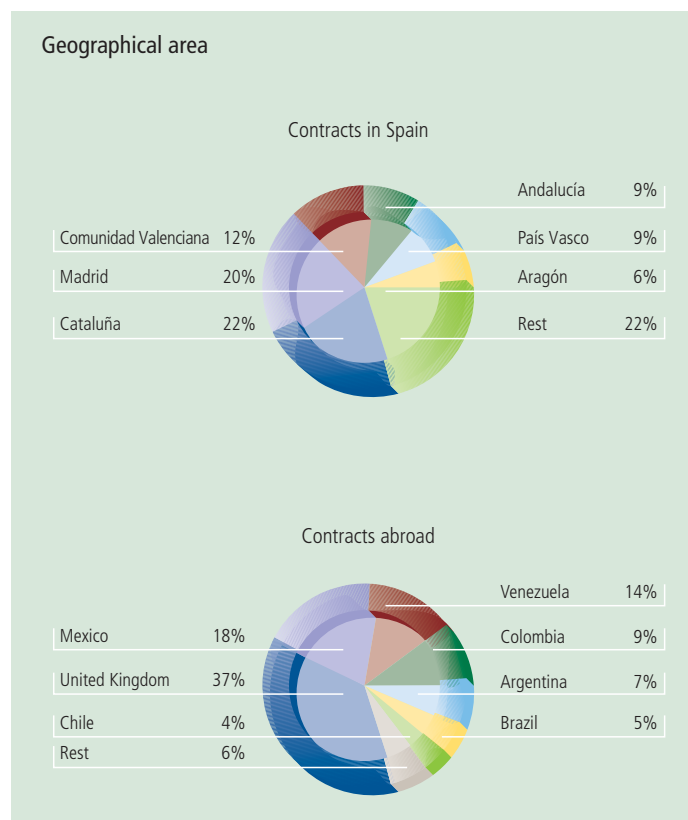
Caracas (Venezuela). Solid refuse collection and transport for the municipality of Libertador, in Caracas. The contract is for a ten-year term and the population served comes to 690,000.

Cartagena (Murcia). Fourteen years' operation of a solid urban waste treatment plant to serve a population of 200,000.

Cheshire (United Kingdom). Maintenance of five million square metres of parks and gardens throughout the county for five years.

Dos Aguas (Valencia). Execution and 23 years' operation of a controlled dump with the capacity to hold 5.6 million MT of waste.

Madrid. Upkeep of municipal parks and gardens in the Carabanchel, Usera and Villaverde districts and heavily protected parks and gardens throughout the city for a four-year period.





Sewer system maintenance. Oviedo



Maintenance and cleaning at the BOE building. Madrid

Madrid. Construction and start-up of a plant that extracts biomethane from organic waste in Valdemingómez Technology Park. Its treatment capacity comes to 300,000 MT/year.

Manises (Valencia). Construction and 20 years' maintenance of an urban waste treatment plant capable of treating 350,000 MT/year.

Mirabel (Cáceres). Operation of the ecopark in Mirabel, for 10 years, where 83,000 MT of waste and sludge are treated each year.

Oviedo. Street cleaning, solid urban waste collection and removal and impoundment of illegally parked vehicles for 10 years. Oviedo has received a number of distinctions in recent years as one of the cleanest cities in Spain.

Pamplona. Street cleaning for a seven-year period. This service is provided daily by 150 people, who work twice as hard and with special equipment during the festival of San Fermín to leave the city sparkling each morning.

Paterna (Valencia). Street cleaning and refuse collection for a 16-year period.

Port Aventura (Tarragona). Cleaning of the rides, offices, service areas, roads and the water park and waste collection throughout the amusement park for three years.

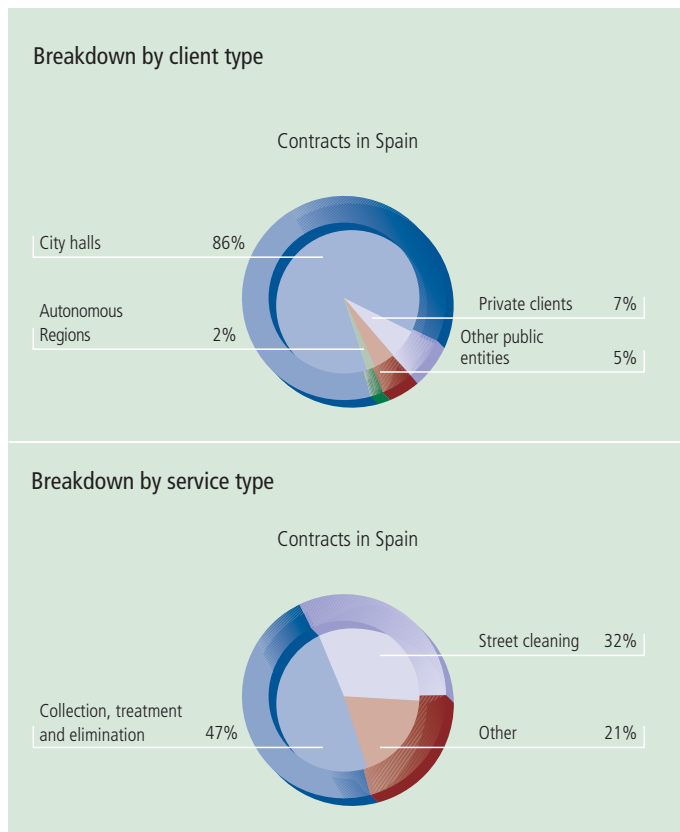
Sevilla. Maintenance and planned cleaning of part of the sanitation systems, a total of 140 kilometres, in addition to 65,100 scuppers. The contract period is four years.

Úbeda (Jaén). Urban waste collection, street cleaning and park and garden maintenance for eight years.

Valencia. Maintenance of the gardens in the northern zone of the city for six years.

Valencia. Street cleaning, collection and transport of urban waste from the northern zone, which comprises practically half the city, for 15 years. FCC has been providing Valencia with these services since 1957.

Vila Real (Portugal). Dumpster emptying, cleaning and maintenance for five years.





Solid urban waste collection vehicle that runs on compressed natural gas



Technological innovation

Sewer-Cleaning vehicles that run on natural gas.

It was several years ago that FCC rolled out the first vehicles powered by compressed natural gas, after painstaking research and experimentation with prototypes that were designed and created especially for refuse collection services.

Today the fleet numbers over 450 gas-burning vehicles in service and is complemented by eleven gas compression plants and automatic refuelling facilities. This technology has enabled FCC to offer its clients rubbish collection and street-cleaning services featuring natural gas vehicles, and to be the only company with this capability so far, with machines that are years ahead of the legal requirements on pollution and sound emissions limits.

Since FCC provides other kinds of services which also need highly sophisticated, high-power vehicles, such as sewer system cleaning and maintenance, new natural gas-driven vehicles have been designed for scouring transitable galleries and pipes, with the new Barcelona sewer contract in mind.



Vehicles combining vacuum pumps and water jets to clean sewer systems

A number of innovations have been made, such as: vehicles that combine water vacuum and jet devices for maintenance of the underground pipe network, vacuums for transitable galleries that can create suction over long distances, units for work that has to be done by hand in large galleries and for combined manual/automatic work in hard-to-reach areas.

All of this equipment is built on new designs and equipped with natural gas engines, but the fleet's flagship is the most technologically advanced machine, a three-axle, two-guide, 26-MT chassis whose body sucks in sludge and shoots out water at the same time. Sludge is vacuumed up from the pipes into the vehicle's tanks, where it is filtered and separated from the water it carries. The decanted clean water is then pumped back into the system at very high pressure to clear out sludge-blocked pipes at distances of up to 150 metres; the vehicle therefore practically consumes no water. This vehicle has been designed to be powered entirely by natural gas. The result is a lorry that uses clean fuel, produces next to no sound and also makes for considerable savings in comparison to the conventional lorries the market has to offer.

The Barcelona contract also employs other innovative equipment running on natural gas engines.

For example, to give an idea of the emissions levels FCC has reached, emissions have been reduced by over 80% with respect to the European Union's requirements, while bringing down the level of sound emissions considerably at the same time.



Santa Margarida waste treatment plant and depot.
Palma de Mallorca



Close-up of the machinery used in the biomechanical treatment of solid urban waste at the Badajoz plant

Solid urban waste treatment

Biomechanical treatment processes have been introduced in recent years to meet the target set by law for the biodegradable fraction admissible in controlled dumps.

These processes consist basically in separating the organic fraction of waste and rendering it into organic fertilizer, using an aerobic or anaerobic biological treatment process.

Although this biomechanical treatment makes it possible to meet legal objectives with respect to the biodegradable fraction eliminated in controlled dumps, the process does not provide a definitive treatment solution. A controlled dump is required to eliminate the rejected portion, which represents 60% by weight of the quantity of waste that enters the biomechanical treatment plant.

Because land is scarce, and because society is unwilling to live with controlled dumps located nearby, treatment processes need to be found to recover the energy from the rejected portion left over from biomechanical processes and eliminate what remains.

FCC has therefore studied the technical and economic feasibility of transforming the rejected material into a substitute fuel for cement factory furnaces.

First, working in cooperation with cement factories, FCC has defined the technical specifications such a fuel has to meet in terms of:

- Product granulometry.
- Heating capacity.
- Concentration of undesirable components (e.g. metals).

To meet the required specifications, FCC has developed a process that deactivates the product's organic components by reducing the product's moisture content.

The process consists in the following stages:

- Pre-grinding.
- Addition of a catalyst of the biological reaction, to shorten the biological stabilisation time.
- Ten days' tumbling to stabilise the product.
- Final grinding to yield the granulometry required by the cement factory.

Several tests have been run with a total of 100 MT of product to check the efficacy of the elimination system. The tests gave a satisfactory demonstration of the technical viability of the solution.



La Alcaidesa wastewater treatment plant. Cádiz



Water management

Analysis of the Sector

In 2005 the water management sector in Spain was influenced by the serious drought that afflicted the entire country. In the short term no changes are anticipated that might suggest that the situation is only temporary, so water and everything water management is concerned with are news all the time. Government administrations and private operators working in the sector are therefore all making a huge effort to upgrade efficiency and thus manage the scarce available resources in the best way possible.

The drought situation and the attendant need to attain sustainable development are going to force heavy investment into hydraulic infrastructures, which in some cases will be urgent and at the same time complex in terms of construction. This fact will surely stimulate the sector while forcing water management companies to focus their activity even more on their clients, as a key component of their action.

FCC's activity

TURNOVER: 570 MILLION EUROS

The turnover of Aqualia, FCC's umbrella company in the water management sector, was 23% higher than in 2004. Growth was quite sharp, despite the fact that Aqualia works in the very concentrated Spanish market, where the company is positioned as one of the main operators in private water management.

Aqualia has been intensely active in the international sphere; it already holds contracts in China, Italy, Portugal and Algeria which have made a healthy contribution to its results.

In 2005 Aqualia achieved a total of 219 contracts between awards, renewals and acquisitions, altogether worth 1,482 million euros. At present the company provide services for a population equivalent to 11.1 million inhabitants and develops its activities in over 800 cities and towns all over Spain.





Close-up of the industrial water treatment plant in Cosentino. Almería



The landmark events of the fiscal year include the purchase of the companies Gan, S.A., and Entemanser, S.A., in the Canary Islands, which have made Aqualia the number-one private operator in the archipelago. In addition, the acquisition of Nilo Medioambiente has enabled Aqualia to place itself in a privileged position in the industrial water sector, where European environmental rules and the growing demand of industry for sustainable technologies are driving growth.

The most important contracts awarded in 2005:

Water management

Algeciras (Cádiz). Twenty-five-year extension of the city water management contract, under which Aqualia will provide 8.5 million cubic metres of water per year.

Almería. Extension of the city water service for a 20-year period. Under this contract Aqualia will invest 26.5 million euros in renewing and improving supply, sanitation and purification infrastructures and 7.3 million euros on starting up a new desalination plant.

Caltanissetta (Italy). Full-service water management for the province of Caltanissetta for the next 30 years. This contract's business backlog amounts to 1,500 million euros. Caltanissetta, located on the island of Sicily, has 23 cities and towns and a total population of 275,000 inhabitants.

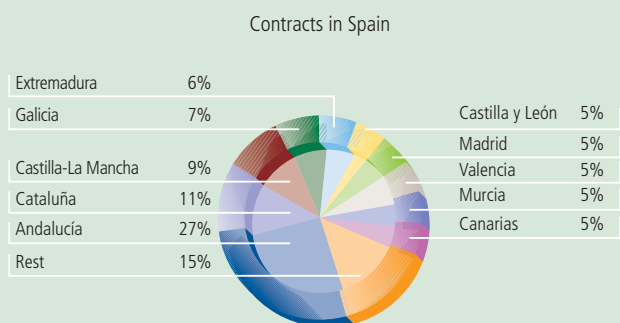
Langreo (Asturias). Creation of a semi-public company in partnership with the city government, to supply drinking water and maintain the sewer system for 25 years.

Lloret del Mar (Girona). City water service management for 25 years. The city will be supplied with 6.6 million cubic metres of water annually.

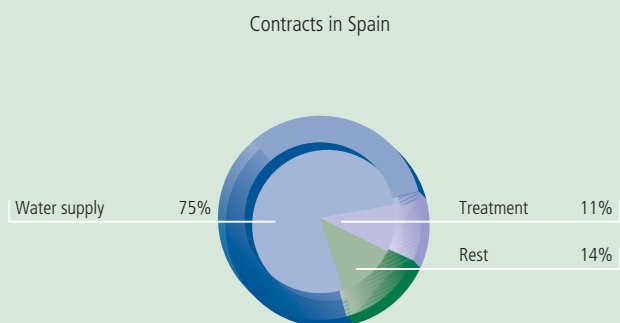


Seawater desalination plant in Tordera. Girona

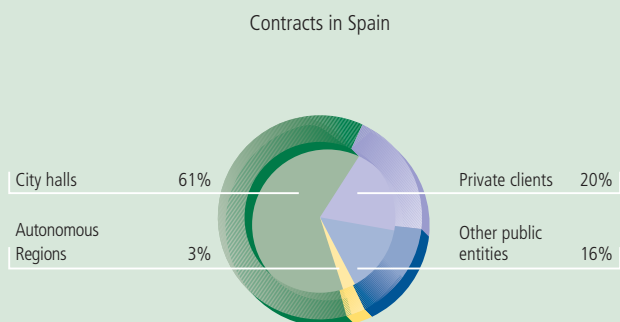
Geographical area



Breakdown by service type



Breakdown by client type



Desalination

Argelia. Construction and 25 years' operation, in a joint venture with other sector's company, of the Mostaganem and Cap Djinet desalination plants, which have a capacity of 200,000 cubic and 100,000 metres/day respectively. The investments will come to 280 million euros, and the total revenues, 1,800 million euros.

Purification

Bengbu (China). Twenty-five-year agreement to purify the wastewater of Bengbu, in the province of Anhui, located in the southeast People's Republic of China. The forecast investment comes to 49 million euros and the overall revenues will be some 500 million euros.

Teruel. The project for 13 wastewater purification stations and their collectors in a number of municipalities in the province of Teruel, as well as construction and subsequent operation for a 20-year period. The contract also includes technical, administrative and economic management. Services will be provided for a population of more than 43,000 inhabitants.



Municipal water service in Tenerife. Canay Islands



Full-service industrial waste treatment centre in Constantí. Tarragona



Industrial waste



TURNOVER: 112 MILLION EUROS

The Group's activities in this sector are basically concerned with treating the waste created by industry. FCC manages hazardous and non-hazardous waste, treats contaminated soil and performs industrial clean-ups. It provides this work through *Ámbito*, the brand that covers the FCC Group's activities in this sector.

In every case these services include collection, transport, recycling, energy recovery and treatment operations.

At present *Ámbito* manages 39 waste treatment facilities scattered all over Spain, the sector's largest network of plants.

In 2005 1,260,000 MT of waste were managed, which meant an increase of 39% in relationship with the preceding fiscal year.

Certain landmark events for the future development of *Ámbito* also occurred:

- ▶ **Portugal.** Award of the Portuguese government's tender for the construction and operation of the country's first integrated industrial waste treatment centre. Construction will begin in 2006 and the centre will go into operation in 2007.
- ▶ Acquisition of 100% of the **Marepa** group, the number-two company in the domestic realm for paper and cardboard collection and energy recovery, managing 300,000 MT per year and owning eight classification centres scattered all over Spain.
- ▶ **Tivissa** (Tarragona). Start-up operation of the non-hazardous waste dump. By the end of the year the dump was already receiving 10,000 MT of waste per month.
- ▶ **Los Barrios** (Cádiz). Start of activity in June at the Gamasur Full-Service Waste Treatment Centre.



Recycling plant for refused electrical appliances and electronic devices.
El Pont de Vilomara. Barcelona

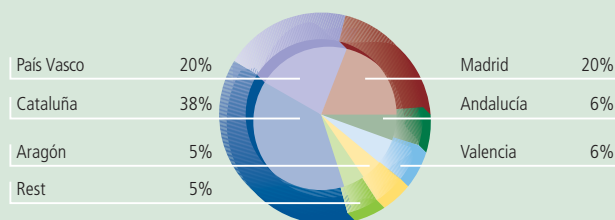
- **Canarias.** Acquisition of 100% of Gemecan, the main industrial waste management company of the islands, with facilities on Gran Canaria and Tenerife.
- **Lemona (Vizcaya).** Enlargement of the Bistibieta dump with a new cell that will provide an additional 400,000 cubic metres of holding capacity.
- **Madrid.** Start of work using inert waste to restore Cementos Portland's quarries in Morata de Tajuña.
- In the last third of the year construction began on the facilities of **Recilec**, a company that will be in charge of treating electrical and electronic waste in Andalucía. It is forecast to start work in late 2006.



Paper-recycling plant

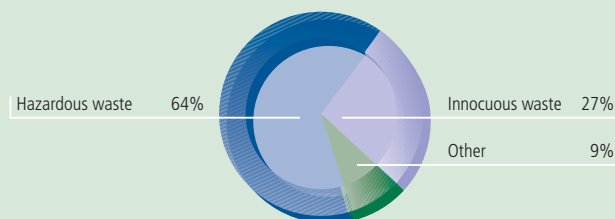
Geographical area

Contracts in Spain



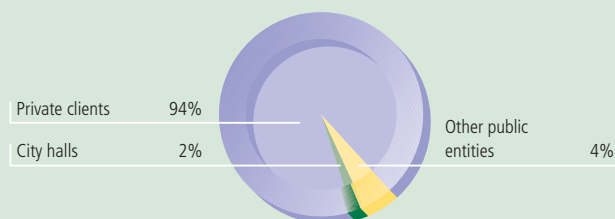
Breakdown by service type

Contracts in Spain



Breakdown by client type

Contracts in Spain





Barcelona tram



Versia

FCC Versia, S.A., is assigned for the following activities: airport handling, logistics, street furniture, conservation and systems, parking facilities, vehicle inspection and transport.

In 2005 Versia posted 721.5 million euros in turnover, a 38.9% increase over 2004. Part of this increase was due to the incorporation of Grupo Logístico Santos in the company's logistics business, which contributed 146 million euros to the final turnover figure. Net of that contribution, Versia's organic growth came to 10.9%.

The gross operating results were 110.7 million euros, having risen 21.5%.



logistics
airport handling
street furniture and
outdoor advertising
parking facilities
conservation and systems
technical vehicle inspection
passenger transport

 Logistics**TURNOVER: 276 MILLION EUROS**

FCC provides logistics services in Spain and Portugal, where it serves companies in diverse sectors such as the auto and shipping industry, the food industry, drugstore/perfume industry, cosmetics, personal care items, household appliances, pharmaceuticals and the optical and technological industries. It also manages platforms for whole-sale distribution.

One special highlight of 2005 was the acquisition of Grupo Logístico Santos, which meant consolidation for FCC's logistics activity. Now under the joint company name of FCC Logística, S.A., this is the Iberian Peninsula's biggest free-market company in the logistics sector. It is structured into business units, according to logistics operations areas and geographical areas.



Logistic services for the automobile sector

The automotive business unit (Logística Navarra) has focused the growth of its activities on new services for industrial clients which are not linked to assembly-related production processes, and on diversification into other sectors. Here are some examples:

- Management of non-production materials warehouses at Volkswagen and Dana Heavy Axle.
- Expansion of spare parts supply management for EHN's wind farms in Galicia and the creation of subwarehouses in Cataluña and Andalucía.
- Internal railway manoeuvring service for the Volkswagen Navarra factory.
- Internal logistics management for Airbus España factories in Getafe (Madrid) and Illescas (Toledo).

In connection with the Retail business unit, the integration of these companies has allowed the organisation to consolidate its leadership in the management of platforms for whole-sale distribution companies distribution, especially through the

incorporation of the services provided for Leroy Merlin, whose current development and future growth will ensure considerable increases in dedicated facilities and services over the next few years.

The consumer goods business unit has continued the process of enlarging, renewing and improving its infrastructures. The following new centres have gone into service:

- **Cabanillas** (Guadalajara). New 30,000-square-metre regulation warehouse specifically for the household appliance sector, with an additional 10,000 square metres to go into operation in fiscal year 2006. This ratifies FCC's leadership in the Iberian Peninsula's logistics sector.
- **Sevilla**. Inauguration of a new 12,000 square-metre centre.
- **Málaga**. Enlargement of facilities by over 3,000 square metres.
- **Vitoria**. Opening of new facilities with 5,000 square metres.
- **La Coruña**. Opening of new facilities with an area of 4,000 square metres.
- **Islas Canarias**. Enlargement of the facilities on Gran Canaria (2,000 square metres) and Tenerife (3,000 square metres).



Alovera logistics centre.
Guadalajara





Logistics services for whole-sale distribution sector

Last year several operations were started up that showcase the organisation's leadership in the various sectors in which it does business. These operations are:

- **SEB Group.** Warehousing, order administration and peninsular distribution, with regulation warehouses in Madrid and Lisbon.
- **Laboratorios Alter.** Operation in Alovera involving warehousing, administration and shipping to factory warehouses.
- **Gallina Blanca.** Start of warehousing, order administration and distribution operations in the Islas Canarias.
- **Electrolux.** Expansion of regular services to include docking.
- **Osborne.** warehousing, order administration and distribution operation that began in the early months of 2006.
- **Red Bull.** warehousing, order administration and domestic distribution operation, starting in the beginning of 2006.

FCC Logística has strengthened its presence in connection with its Pharmaceuticals, Technology and Industry business unit by bringing the following operations on board:

- **Laboratorio Phycience.** warehousing, order administration and distribution.
- **Sysley.** Cosmetics warehousing, order administration and distribution operation.

The Portugal business unit (Aitena Portugal) incorporated new operations such as the following in the various sectors it does business in:

- **Consumer goods sector.** Jerónimo Martins Distribución, Red Bull and Symington.
- **Pharmaceuticals sector.** Angelini, Abbott and Laboratorios Vitória.
- **Retail.** New platform management for Gestiretalho Bazar Ligero and Decathlon.



In addition, infrastructures were added to in 2005 with the opening of two new logistics centres:

- An 8,000-square-metre **pharmaceutical logistics centre.** The second such centre in the Lisbon area.
- **Logistics centre in Azambuja.** Near Lisbon, the organisation's third such centre in the area, and over 8,000 square metres in area.



Passenger handling service at Ostende-Brujas. Belgium

Airport Handling



TURNOVER: 168 MILLION EUROS

Flightcare, S.L. is the FCC 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, Sevilla and Valencia airports. It performs cargo handling in Barcelona, Bilbao, Lanzarote, Madrid and Valencia.

Since 1 June the Belgian handling subsidiary BGS has adopted the Flightcare corporate name, image and logotype. BGS began operations in 2002 at the Brussels airport, when FCC took over passenger, ramp and cargo handling services from the now-extinct handling unit of Sabena. In June Flightcare expanded its presence in Belgium with the start of operations at the Oostende and Liège airports.

Flightcare is making an ongoing effort to improve its technology and procedures. In Belgium it has successfully raised its efficiency level with the introduction and use of the "RampSnake", a new technological development for faster, safer luggage loading and unloading.

During this fiscal year the company provided services for over 170 airline companies, a major expansion of its client portfolio from the year before.





Oppi Grimshaw at Barnasud shopping centre. Barcelona



Bus shelter. Madrid

Street furniture and outdoor advertising

TURNOVER: 93 MILLION EUROS

Cemusa, Corporación Europea de Mobiliario Urbano, S.A., is the subsidiary of FCC Versia in the street furniture and outdoor advertising business. Its activity includes the design, manufacture, installation and maintenance of street furniture as well as the operation of street furniture and other items as advertising media.

Street furniture includes bus shelters, information displays and columns, vending and stands kiosks, clocks, public automatic toilets, recycling containers, electronic panels, large-format structures, transport, indoor information displays and other items. This furniture is installed on public streets and in shopping centres. Cemusa has the support of designers and architects of recognised international prestige for the creation of its street furniture, so it can combine the improvement of public spaces with the running of high-quality advertising media.

Cemusa is one of the FCC subsidiaries with the greatest tradition in international activity. At present it has over 105,000 items of street furniture and outdoor advertising installed in more than 120 cities in eleven countries of Europe and America.

In September 2005 the New York City Hall selected Cemusa to install and manage the city's street furniture for the next 20 years. This contract, the world's most important engagement in this sector, will be a historic international landmark for Cemusa and for FCC. Cemusa will be installing, among things, New York's bus shelters, press kiosks and automatic public toilets. This furniture will be used by the more than eight million inhabitants



of the city's five boroughs, Manhattan, Queens, Brooklyn, the Bronx and Staten Island. This greatly strengthens Cemusa's presence in the US market by adding to the contracts the company already holds in Miami, San Antonio and Boston.

Cemusa also continued its consolidation in Italy by winning a new contract in the city of Bologna.

In the Spanish market, Cemusa achieved the following contracts last fiscal year:

- **Barnasud shopping centre** (Gavá-Barcelona). Installation and eight years' operation of advertising structures.
- **Glòries shopping centre** (Barcelona). Installation and eight years' operation of advertising structures.
- **EMT Valencia**. Ten-year extension of the contract for bus shelters, bus stop posts and drivers' toilets.
- **San Sebastián**. Installation and 15 years' operation of bus shelters, information displays and other items at the bus station at calle Arquitectos Cortázar.

Parking facilities

TURNOVER: 60 MILLION EUROS



Parking services are provided in more than 90 cities. FCC manages more than 140,000 above-ground parking spaces and around 13,000 parking spaces in 43 underground parking garages and tows illegally parked vehicles in 34 cities.

The new contracts and renewals for this year were:

Regulated above-ground parking

- **Benicásim** (Castellón). 142 parking spaces for a four-year period.
- **Guadalajara**. Expansion of the contract by 611 parking spaces for four years.
- **Irún** (Guipúzcoa). Renewal of 1,898 parking spaces for a five-year period.
- **Loja** (Granada). 385 parking spaces for seven years.
- **Madrid**. 29,725 parking spaces for an 11-year period, extendable to 25 years.
- **Miranda de Ebro** (Burgos). 659 parking spaces for eight years.
- **Mollet del Vallés** (Barcelona). Renewal of 377 parking spaces for a three-year period.
- **Montilla** (Córdoba). 190 parking spaces for an eight-year period.
- **Ripoll** (Girona). 238 parking spaces for a seven-year period.
- **Teulada** (Alicante). 424 parking spaces for a ten-year period.

Underground parking garages

- **Pamplona Airport**. Renewal of 170 parking spaces for one year.
- **Irún** (Guipúzcoa). Renewal of 103 parking spaces for a five-year period.
- **Montilla** (Córdoba). 45 parking spaces for an eight-year period.

Vehicle towing and impoundment

- **Coslada** (Madrid). For ten years.
- **Guadalajara**. For two years.
- **Irún** (Guipúzcoa). Renewal for a five-year period.
- **Miranda de Ebro** (Burgos). Renewal for eight years.
- **Mollet del Vallés** (Barcelona). Renewal for three years.
- **Móstoles** (Madrid). Renewal for two years.
- **Oviedo**. For a ten-year period.
- **Salou** (Tarragona). For eight years.
- **Talavera de la Reina** (Toledo). Renewal for a two-year.



Parking facility at calle de Marqués de Urquijo. Madrid



Parking meter installation and maintenance



Traffic control system for Cuatro Caminos tunnel. Madrid



Hydrants upkeep and maintenance

Conservation and systems

TURNOVER: 55 MILLION EUROS

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

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

Most significant contract awards:

Traffic and shadow-toll management

- Shadow-toll system on the Eix Llobregat dual carriageway (Barcelona).
- Radar system maintenance for the Catalan Traffic Service.
- Panel and traffic control systems for Acesa-Abertis.

Tunnel control

- Technical facilities in the O'Donnell tunnel (Madrid).
- Technical facilities in the Cartagena-Vera tunnels (Murcia and Almería).

City service upkeep:

- Renewal of the upkeep and maintenance contract for service galleries for the Madrid city government.
- Upkeep and maintenance of hydraulic infrastructures in irrigation systems for the Madrid city government.



Upkeep of the Los Viñedos dual carriageway. Castilla-La Mancha

Works in public streets

- Remodelling work in the Igueldo district of Alcorcón (Madrid).
- Works under the "Móstoles Ciudad" plan, in Móstoles (Madrid).
- Improvement of lighting, power, roads and pavements in Pozuelo de Alarcón (Madrid).
- Remodelling and fencing of parks in Parla (Madrid).

Other works

- Work to set back pipes for Canal de Isabel II in Madrid.
- Civil works and conduits for Iberdrola.
- Underground conduits for Unión Fenosa.

Technical vehicle inspection

TURNOVER: 41 MILLION EUROS

The FCC companies specialising in vehicle inspection manage 58 stations in Spain and Argentina, which in 2005 conducted over two million inspections. Both countries have registered growth in their number of inspections with respect to 2004. Argentina has shown particularly good growth, due fundamentally to five new stations that went into service.

In Spain a new station opened in Liria (Valencia) and construction began on two others in Aragón. In addition, arrangements were made in the autonomous region of Aragón for the construction of another three stations, which will bring the number of stations FCC operates up to 63.

Another notable event of the year was a new web page that allows vehicle owners to schedule their inspections in advance at the stations in Aragón and the Canary Islands. In 2006 this service will be extended to the rest of the autonomous regions where the FCC Group is present.

In the stations in Comunidad Valenciana, sound emissions checks went into force for all kinds of vehicles, thus making the Valencia stations pioneers in Spain. This required adjusting facilities to conduct sound emission checks.



Vehicle inspection station
in Liria. Valencia



Vehicle inspection station
in Tenerife. Canary Islands



Internal transport service at Málaga airport

Passenger transport

TURNOVER: 28 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 Veolia Transport, 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).

In 2005 the consortium led by FCC won the tender to finance, build and operate the Parla tramline. This tramline, which is anticipated to go into service in 2007, is a circular line some 8.5 kilometres long, with 17 stations and running 9 trams. It will connect Parla's new residential developments with the city centre and the local train stations that run to Madrid and the Madrid metropolitan area.

This fiscal year growth was consolidated in the Barcelona tram systems, which have 31 kilometres of lines and have carried more than 13 million passengers.

In inter-city bus transport, CTSA operates the Madrid-Almería line, and under the Portillo name it runs 20 regional lines to and among Málaga, Benalmádena, Mijas, Rincón de la Victoria, Alhaurín de la Torre, Alhaurín el Grande, Cártama and Churriana. CTSA provides city transport in Mataró, Terrassa, Ávila, Talavera de la Reina, Sanlúcar de Barrameda, Jerez de la Frontera, Marbella, Estepona, Torremolinos, Benalmádena and Vila Real (Portugal).



It expanded its activity in 2005 when the new lines in Benalmádena, Estepona and Marbella became operational.

In addition, CTSA Portillo won AENA's contract for internal transport service at Málaga airport. The service consists in shuttling passengers between the long-term car parking and the airport's departures and arrivals areas.

CTSA travelled 27 million kilometres in 2005, with a total of more than 46 million passengers and a fleet of 363 buses.



Urban transport in Vila Real. Portugal

Construction

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El Corte Inglés Bahía de Málaga Shopping Centre

Construction



Northern extension of avenida Vespisquero de la Condesa to the M-40. Madrid

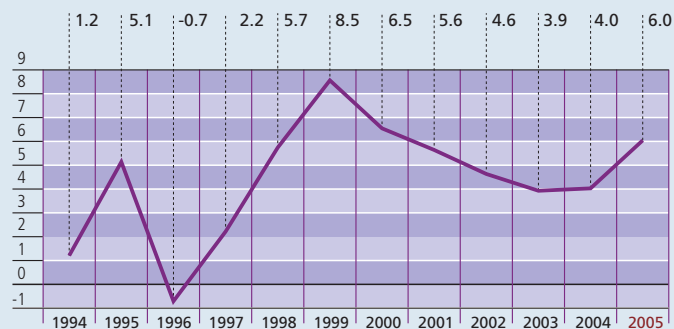
Analysis of the sector

Far from moderating its growth, year after year the construction sector is only becoming more and more consolidated as the driving force behind the Spanish production system. In 2005 it continued growing at rates higher than those experienced by the GDP, thanks in good measure to government administrations' traditional investment effort, the application of structural funds, the increasingly significant private interest in the provision of infrastructure and, in the forefront, residential construction.

In the last decade the sector's growth was 35%, as opposed to the GDP's 17%. Construction has increased its share in the GDP from 12.3% in 1995 to 17% in 2005. This activity is reflected in the employed population, which rose by 95% in the same period.

Annual variation rates in construction activity

In constant terms



Source: Seopan

Save for the slight decline observed in the non-residential construction subsector as a consequence of the drop in private demand, all forecasts for 2005 have been literally shattered: In the last fiscal year the construction sector generated a production of 165,160 million euros, with a growth rate of 6% with respect to 2004 (5% in building and 8.5% in civil works), 2.6 percentage points above the domestic economy in terms of gross domestic product.

By subsectors, **residential construction**, the most important sector in the construction industry as a whole, accounted for 35% of the total, after growing by 9%, four points higher than the growth experienced in 2004, as a result of the increase in approved projects in the last two years. During the year alone 720,000 new homes received approval (the equivalent to all the new housing supply of France, Germany and the United Kingdom), with an annual growth rate of 5% and a 7% increase in new homes begun.

Despite the inevitable switching effect of the stock market boom of 2005 and the slight increase in financial effort, real estate investment has performed well.

From the demand side, demographic factors have had an influence, such as the formation of new households as a consequence of the demand caused by immigrant regularisation; the choice of Spain as the preferred destination for many Europeans buying a home away from home; the reduction in the unemployment rate to the lowest figures of the last 25 years and interest rates that are still low, although somewhat higher than those of past fiscal years.

Non-residential construction accounted for 17% of the activity, with a 1% decline as a consequence of the lessening private demand, and **building refurbishment and maintenance**, which made up 24% of the total, grew by 4% (a point and a half more than in 2004) due to the so-called “wealth effect” of the revaluation of the real estate market.

Civil works, in which regional administrations accounted for a considerable share, reached 24% of the sector’s joint production, with an annual increase of 8.5%, higher than the 6% experienced in 2004.

Spain has risen from fourth to third place in the European Union construction market, with 14.8% of the total, behind Germany, with 19.4%, and France, with 15.6%.

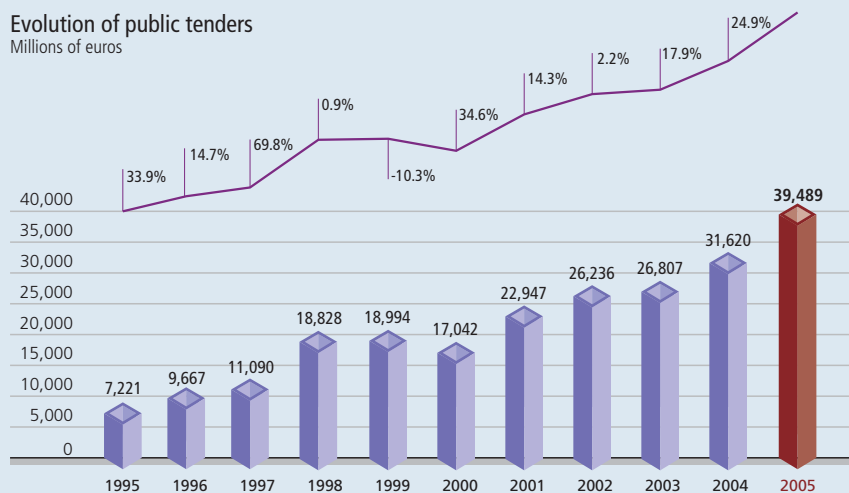
The **tenders** awarded by public administrations were valued at 39,489 million euros, up 24.9% over the year before, which constitutes a considerable hike from the figures of 2004, due to local administrations’ efforts to bring out tenders.

At the end of the fiscal year 2,187,000 people were **employed** in the construction sector, representing 12.3% of the Spanish workforce, with an 8.6% increase in the number of Social Security registrations, two points more than in 2004.

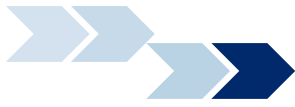
The **forecasts** for 2006 are very hopeful and call for a level of growth similar to that of 2005, with a rise in the sector’s overall production of between 5.5% and 6.5% in constant terms, continuing the expansion cycle which began in 1997.



M-50 Dual carriageway ringing Madrid



Source: Seopan



FCC's activity



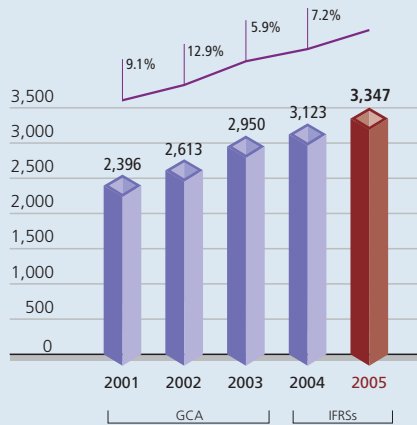
FCC Construcción, S.A., is the umbrella company that holds the strings to all the FCC Group's activity in the construction sector, which accounts for 47.2% of the consolidated turnover.

In 2005 the turnover was 3,346.7 million euros, having grown 7.2% with respect to the preceding fiscal year.

The construction backlog as of 31 December 2005 was 5,155.2 million euros, a record for FCC, which means an increase of 18.5% over the year before and 18.5 months' guaranteed production.

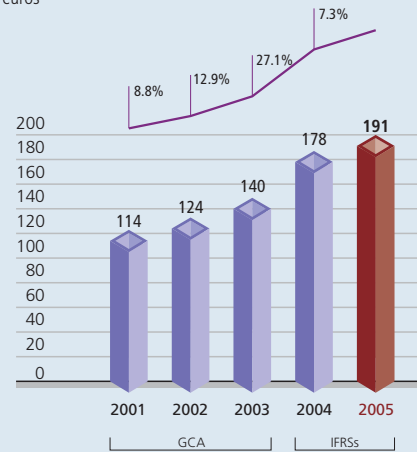
Turnover

Millions of euros



Gross operating profit (Ebitda)

Millions of euros



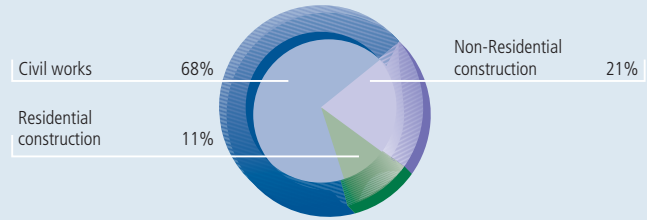
GCA: Date according to General Chart of Accounts rules
IFRSs: International Financial Reporting Standards

Breakdown by client type

Turnover



Backlog





PM-27 central motorway, section III. Inca relief road. Mallorca



Motorways, dual carriageways and roads

This is the most active subsector of civil works and the subsector that has the greatest production and backlog.

The following are the most important tenders FCC won during the last fiscal year:

- ▶ **Underground section of the M-30 dual carriageway that rings** Madrid between Puente del Rey and Nudo Sur and Avenida de Portugal.

The works begin some 380 metres upriver from the Puente de Praga and end at the edge of the Nudo Sur intersection, a few metres before the Atocha-Parla railway bridge over the Manzanares, which FCC also built. The current road will run underground for the works' whole length, almost two kilometres. The current intersection at Puente de Praga and the main roads will no longer be visible on the surface, and only the Puente de Praga and Puente de la Princesa bridges will remain there.

- ▶ **Ibiza-San Antonio dual carriageway concession.** This is the job of converting the road between the cities of Ibiza and San Antonio into a dual carriageway, followed by operation of the new dual carriageway for 25 years, with shadow-toll payment.
- ▶ **Dual carriageway connecting the A-7,** in Alhama with El Campo de Cartagena (Murcia). This consists in the building of a dual carriageway along a new layout 35.4 kilometres long from the A-7's current junction with the MU-602 in Alhama to the junction of the A-30 (Murcia-Cartagena) and the F-14.



Autovía del Duero dual carriageway
Toro-Zamora section

- **The Carchuna-Castell de Ferro section** of the Autovía del Mediterráneo dual carriageway, in the province of Granada. This includes the construction of 10.2 kilometres of dual carriageway along a new layout, with four double-deck viaducts measuring between 230 and 460 metres in length, with 50 to 60 metre spans, built with movable formwork.
- **Refurbishment and widening of the Panamerican Highway.** Section: Arraijan-La Chorrera (Panama), for the subsidiary M&S. The job included the design and reconstruction of a 23-kilometre section of the Panamerican Highway in the outskirts of Panama City and the construction of another two lanes in concrete with access control, thus turning the highway into a four-lane motorway.
- **Section of dual carriageway A-66** (Ruta de la Plata). Section: from Cuatro Calzadas to Montejo (Salamanca). This includes the construction of 14.9 kilometres of dual carriageway along a new layout with three junctions, three overpasses, 12 underpasses and two double viaducts, one 70 metres long and the other, 110 metres long.
- **Ten-kilometre-long fast lane section II.** To the enlargement added to the port of El Ferrol, including the construction of two viaducts, six overpasses and 17 underpasses.
- **Lleida-La Cerdera section**, of the Lleida-Huesca dual carriageway, province of Lleida. This job includes the construction of 5.2 kilometres of dual carriageway, with an important 500-metre-long false tunnel.
- **Road connecting the Nalón Corridor with the Autovía del Cantábrico dual carriageway**, Phase 3 (Asturias). This 4.2-kilometre-long road includes the construction of two tunnels, one 776 metres long and the other 190 metres long, and two major walls anchored in a trench at least 55 metres in height south of one of the tunnels.
- Section of the Salamanca-Ávila dual **carriageway from Peñalba de Ávila to San Pedro del Arroyo**, province of Ávila. This job is to construct 9.2 kilometres of dual carriageway along a new layout with two double-deck viaducts measuring 180 and 155 metres, respectively, five overpasses, seven underpasses, 3.3 million cubic metres of earthworks and 80,000 MT of asphalt.
- **Widening of the AS-17.** Section: Riaño junction to Sama (Asturias). This job consists in the construction of a 2.4-kilometre section of dual carriageway, 760 metres of which are relief road while the rest convert the current two-lane road into a dual carriageway. This includes the construction of several bridges and viaducts.
- **Road access to the port of El Ferrol.** This is the first of the sections of dual carriageway that will join the outer harbour of El Ferrol with the city and currently existing roads. It includes the construction of two viaducts, one 280 metres long and one 200 metres long, and two million cubic metres of digging, mostly through rock.
- **Relief road on the EN-396-Ligação do Nó de Loulé 1 da Vis las Cuatro Estradas**, for the Ramalho Rosa Cobetar subsidiary. Consists in the construction of a 6.4-kilometre-long relief road with two lanes in each direction.
- **Ring road for the city of Zaragoza** between calle Picasso and calle Pablo Gargallo. This is the main avenue for Expo 2008 and it has separated dual roadways and a neighbouring developed area with all city services.
- **Section of dual carriageway from Llobre to Guadalfeo**, in the province of Granada. The section is 2.3 kilometres in length along a new layout, with six underpasses and two viaducts, one 280 metres long and one 210 metres long.



TBM for enlarging the M-30. Madrid



Treviño Dam. Burgos



Hydraulic works

The most significant contract awards of the last fiscal year were:

- ▶ **Modernisation of the infrastructures of the Lower Guadalquivir Valley Irrigation Community** (Sevilla) in a joint venture with Aqualia. The job was to modernise the irrigation of 20,000 hectares on the left bank of the Guadalquivir River between Lora del Río and Sevilla, replacing open irrigation ditches with 600 kilometres of pipes.
- ▶ **Catch basin in Butarque** (Madrid). This 400,000-cubic-metre tank will catch rainwater from storms for subsequent purification, so it will not run off directly into the Manzanares River.
- ▶ **Phase two of the irrigation works of Segría Sur** (Lleida), which involve an area of 2,240 hectares. The job includes a pumping station that puts out a variable flow ranging between 1,300 and 6,000 cubic metres/hour and two ponds (capacities of 150,000 and 300,000 cubic metres), plus more than 237 kilometres of pipes of various kinds of materials and pressure ratings, ranging from 110 to 1,200 millimetres in diameter.
- ▶ **Modernisation of irrigation facilities in Monegros, Collorada and Montesús** (Huesca). This job improves existing irrigation with water intakes, distribution ponds and the assembly of over 145 kilometres of pipes of various diameters, power facilities, remote surveillance and remote control.
- ▶ **Bridge over the Ricobayo reservoir** (Zamora). In the tender for the project and works, the winner was the variation that envisaged a series of cantilevers, with a total length of 486.4 metres and a main span of 190 metres (68.4+114+190+114).
- ▶ **Construction of manifolds and a pump station for the sanitation system of Pontes de Monfelim** (Portugal), through our subsidiary Ramalho Rosa Cobetar.
- ▶ **Remodelling and enlargement of the protective bank and construction** of an outfall, an interceptor, a pumping system and a wastewater treatment plant for Vila de Coruche, in the central area of Portugal. This includes the drilling of a 1,200-metre tunnel using a microtunnelling machine with a closed shield for a comprehensive cut.



Sant Antoni de Portmany sea port. Ibiza



Maritime works



Solid bulk goods terminal and south dock at the port of Castellón

The most important contracts awarded were:

- **Enlargement of El Musel harbour in Gijón** (Asturias). The harbour is sheltered by three jetties (towers, north and counterdike), a total of 3,834 metres long. The first jetty is made with rock fill and protected by concrete blocks weighing up to 200 MT, the second is made with prefabricated reinforced concrete caissons and the third, with rock fill also, and a main layer of 90-MT blocks.

The north wharf stretches to 1,250 metres in length and is made of 53-metre-long reinforced concrete caissons.

The esplanade has a total area of 145 hectares. It will be necessary to dredge out about 25 million cubic metres, 350,000 of that being in rock.

The construction work will use 2,500,000 m³ of concrete, 40,000 MT of steel, 15 million cubic metres of quarried material and 11 million cubic metres of material from borrowing pits.

- **Construction and operation of the solid bulk goods terminal and south dock at the port of Castellón.** The job consists in building a 300-metre-long wharf using 11 34 x 17 x 18-metre caissons, and it allows a depth of 16 metres and the creation of a useful area of 600,000 square metres for the movement and storage of solid bulk goods.
- **Project under Phase 2 of the South Dock, second section of the jetty closing off Castellón harbour.** This consists basically in building a jetty a total of some 473 metres long, incorporating 15 caissons.
- **Platform to house the new Barcelona Zoo.** The platform will be installed near the mouth of the Besós River on land reclaimed from the sea. This maritime project has an area of 85,200 square metres and will use 43,000 cubic metres of concrete to manufacture 15-MT blocks as the main layer protecting the batters from the action of the waves.
- **Las Azucenas Wharf in the enlargement of the port of Motril, phase 2** (Granada). This consists in extending the wharf's length by 312 metres using 11 caissons.



Madrid-Barajas Airport Terminal 4



Airports

The most significant contracts awarded last fiscal year were:

- ▶ **Enlargement of the departures area at Tenerife-Sur airport.** The project covers a constructed area of 19,700 square metres and comprises a new building standing near the current terminal and joined to it by a footbridge, a new car park, access roads, pedestrian areas and a developed area.

- ▶ **Tunnel at Barajas airport.** This project is to build a tunnel providing access to the Madrid-Barajas airport's power plant.

The tunnel is 520 metres long, of which 468 metres will be dug out from the inside and 52 metres will be built between shield walls. The useful width is 10.90 metres, which will hold two 3.50-metre-wide lanes, each with the proper verge.

The tunnel runs underneath the aircraft parking platform and taxiing strips. The digging will be done using the Belgian method, with protection afforded by a micropile umbrella or jet-grouting. It will be equipped with all the facilities, lighting, ventilation, water drainage pumps and security features, plus two emergency exits.

- ▶ **Regional aviation terminal building at Valencia airport.** Located west of the current building, with open access between the two. The building measures 12,300 square metres and has the interesting quirk of featuring a 30-centimetre-thick concrete sheet roof, cylindrical in section, finished with aluminium, and façades made of structural-glass curtain walls.



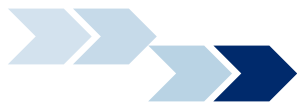
Training, simulator and Contingence Centre in Gavá. Barcelona



Inside view of Albacete Airport



TBM on Line 9 of the Barcelona underground



Railway infrastructures

After dual carriageways, railway infrastructure is the most lively subsector, thanks to the plans to extend the high-speed railway system and the construction of new underground lines in several Spanish cities.

- ▶ **Madrid-Levante High-Speed Line.** Works execution along the Siete Aguas-Buñol section. This section is 11.2 kilometres long, with a slope of 270 metres between its two end points, and it runs through mountainous terrain. It will mostly travel through tunnels (424 metres artificial tunnel; 7,252 in double tunnel having an inner diameter of 8.75 metres, and 1,858 metres in double-track-width tunnel having an inner section of 110 square metres). The La Cabrera tunnels, which are the longest, will be joined to each other transversally by safety galleries every 400 metres.
- ▶ **Underground railway line in Palma de Mallorca,** in the 1,440-metre-long Palma-Inca section. The section will be buried inside a false tunnel built using pile walls spanned by lintels made of reinforced concrete slabs. More than 22,000 cubic metres of concrete and four million kilograms of rebar will be used to make the piles, which will be up to two metres in diameter.
- ▶ **Modification of line 3.** Moncloa station and intermodal transfer facility, for Metro de Madrid. The objective of this project is to integrate line 3 into the planned remodelling of the Moncloa intermodal transfer facility, which allows the line to be lengthened to reach Cuatro Caminos (changes to lines 2, 6 and 10). This includes new platforms for the current Moncloa station leading directly to the intermodal transfer facility.
- ▶ **Construction of the Luceros-Mercado** central section of the Alicante tram system. The section is 712 metres long, of which 518 metres run through a tunnel and 130 belong to the Luceros station. The tunnel has an inner radius of 3.9 metres, with a semicircular vault having a 0.40-metre-thick lining, resting on 2.9-metre-tall sidewalls.



El Balcón del Guadalquivir urban development. Córdoba



Urban development

Leading new contracts:

- ▶ **Development in Tres Cantos** (Madrid). Development of a new 320-hectare sector of the city for residential use. The sector borders with road M-607 and the Renfe local train line. Pneumatic waste collection facilities, water, gas, power and telephone systems and urban furniture are all planned to be installed.
- ▶ **Development belonging to the first phase of the plan for Arroyo Fresno** (Madrid). The area measures 26.5 hectares, with some 168,000 square metres of land eligible for building. The contract includes the burying of power lines and the enlargement of the substation.
- ▶ **Plaza Riera Sant Llorenç development**, phase 1, in Gavá (Barcelona). This includes the construction of a 310-metre-long manifold with a cross-section of 3 x 2, an 890-square-metre building for the elderly and general development work.



Plaza del Mar urban development for the Mediterranean Games. Almería



Os Capelos urban development. La Coruña



Villa Mediterránea for the 2005 Mediterranean Games. Almería

Residential building

During the past fiscal year FCC had over 7,500 homes in progress in addition to commercial space and car parks, which make for a constructed area of 1.3 million square metres.

The most significant contracts awarded during the fiscal year were:

- 190 homes on the campus in Alcorcón (Madrid) in a design and construction tender. Residence hall with 150 rooms and parking for 360 cars at the Vicálvaro Campus.
- 361 homes in Parla (Madrid), in the Residencial Este park.
- 227 homes in the Las Tablas development, Madrid.
- 130 homes and parking at El Soto de Marbella, in Ojén (Málaga).
- 136 homes in Muskiz (Vizcaya).
- 218 homes in Vera (Almería).
- 206 homes in Móstoles (Madrid).
- 232 homes in the Santa María de Benquerencia park (Toledo).
- 150 homes (foundations and structure only) in Foios (Valencia).
- 137 homes, garages and development in Julián Camarillo street, Madrid.
- 100 single-family homes in Hato Verde (phase 3), in Guillena, and another 113 homes (phase 2) in San Juan de Aznalfarache, both of which are in Sevilla.
- 91 single-family homes in Artola Alta, Marbella (Málaga).
- 162 government-sponsored homes in Valdespartera, on lot 5 of the park, in Zaragoza.
- 105 homes on lot 3.1 in Montecarmelo, Madrid.
- 128 homes (52 semi-detached and 76 flats) in Guadalajara.
- 137 homes in Ciudad Jardín, Arroyomolinos (Madrid), for the subsidiary Ibérica de Servicios y Obras (ISO).
- 88 single-family homes and development on four lots of Sector I-1, La Dehesa de Navalcarnero (Madrid).
- 206 homes on lot B-30 of the Las Tablas development in Madrid.
- 152 apartments in Almenara (Castellón).
- Two buildings with 124 apartments and 178 parking spaces, with a constructed area of some 22,000 square metres. Rua Ponte Moreira, Sector III, Maia (Portugal).
- 119 homes, shops and garages at the Sanchinarro development, Madrid, through the subsidiary Ibérica de Servicios y Obras (ISO).



La Maestranza housing complex in Marbella. Málaga



Hospital de Sanitas in Sanchinarro. Madrid



Non-Residential building

This chapter includes buildings intended for administrative uses, schools, cultural buildings, sports facilities, commercial buildings, hotels and industrial facilities.

The leading new contracts were:

Government Centres and Office Buildings

- ▶ **City of Communications in Las Tablas** (Madrid). This, the Fourth City of Communications, comprises the construction of service buildings and foundations as part of the complex FCC is building for Telefónica. The job, which takes place in several phases, includes: 12 buildings, a corporate building, the common service building and three buildings for social services (clinic, gym and nursery school), occupying a joint area of more than 200,000 square metres.
- ▶ **Phase two of the Torneo Business Park in San Jerónimo** (Sevilla). Phase two will have three eleven-story office buildings with 14 modules per story, shop space on the ground floor and two basement stories intended primarily for parking. The constructed area measures some 41,200 square metres and there are 9,400 square metres of developed area.



Building for the Castilla-La Mancha television broadcasting company. Toledo



Rockódromo Arena in Madrid

Schools

- **Finishing work and installations for Barcelona University** at calle Ramalleras, 19, Barcelona.
- **Residence hall for Francisco de Vitoria University**, in Pozuelo de Alarcón (Madrid).

Hospitals

- **Construction of Hospital de Arganda del Rey (Madrid) and operation of the hospital for 30 years** The hospital building, having a constructed area of 53,000 square metres, features two basement parking garages and six stories.
- **Remodelling and enlargement of the maternity and children's pavilion of Hospital General Universitario Virgen de la Arrixaca** in Murcia. The constructed area measures some 50,000 square metres, of which 30,000 square metres are new and 20,000 square metres are refurbished to retrofit the current hospital so it can use the power station and to modernise the facilities.
- **Complex with hospital, social and health facilities and specialised care centre in Santa Cruz de Tenerife for the Tenerife**, Council's Island Social Care Institute, in a joint venture with a local firm. The hospital complex includes a handicapped centre and the tender decision was influenced by the structural and other improvements offered as a bid variation.

Cultural, Sports and Entertainment Centres

- **Football pitch for El Español in Cornellá-Prat** (Barcelona). The pitch will seat 40,000 spectators and lies on top of the former bed of the Llobregat River. It will be equipped with parking, locker rooms, a museum, offices, a press box and shop space. The foundations need to stand on piles sunk to a depth of over 28 metres.
- **Vitoria bullring**. The job consists in building the bullring, which has been conceived as a multipurpose building with a removable roof divided into two translucent sectors and seating for 7,294 spectators, plus parking and a neighbouring developed area.
- **Roofs for the Multifunction Sports Complex at the Parque Lineal del Manzanares**, Magic Box, de Madrid. The job consists in roofing three stadiums that can be used for a variety of functions, although with a special view to tennis. Number one has a 158 x 94-metre roof and a 72 x 94-metre moving portion that can be turned open to one side and/or slid back to uncover the entire surface.

The roofs of stadiums two and three are smaller, with a total area of 158 x 57 metres, with two 43 x 57-metre movable modules apiece.

- **Competition field, enlargement and basic infrastructures at the Real Madrid Sport City**, in Valdebebas. The tiers around the field can seat 6,000 spectators and the field has a metal roof on one side whose upper face is finished in aluminium. The job includes VIP facilities, locker rooms, storage rooms, etc.
- **Culture Centre in Alcobendas** (Madrid). This is a special building with three stories and a basement for parking, two semibasements for dressing rooms, exhibit halls and workshops and three above-ground stories, with an auditorium, study halls, workshops, offices and conference rooms. The constructed area of the building is about 18,400 square metres and the finishing materials are of exceptionally high quality.



Wastewater treatment plant in Cabezón de la Sal. Cantabria
Aerial view of Hospital General de Ciudad Real

The Valencia Oceanographic Park job won the Construmat 2005 award last fiscal year for the best finished project in the civil engineering category. The Construmat award seeks to stimulate technological innovation and, according to the jury, it was given to the Oceanographic Park due to:

"the excellent combination of technical, environmental and functional solutions, with great creativity and innovation in a highly varied range of techniques: diverse structural types, the right facilities and operation to achieve the high environmental variability of the numerous biological spheres that are reproduced and a very positive approach to the access and visitors' areas, with great dignity of character".

Of the 11 finished projects selected for the award, six were done by FCC Construcción, including the Montserrat rack train, Las Delicias station in Zaragoza, the Daoíz y Velarde sports facility in Madrid, the National Art Museum of Cataluña in Barcelona, the landscape restoration around the La Vall d'en Joan controlled depot and El Garraf natural park in Barcelona.

Shopping Centres, Fairgrounds and Convention Centres

- **Structure and sanitation of a shopping centre in Telde** (Gran Canaria), that will be run by Eroski.
- **Construction of a shopping centre in Alcalá de Guadaíra** (Sevilla), that will be built by FCC subsidiary ISO.
- **Construction of phase 2 and subsequent phases, including finishing work and adjacent development, in the El Corte Inglés shopping centre** in Vila Nova de Gaia, Portugal. Contracts were also won for a logistics warehouse for this shopping centre and the complete remodelling of a Sfera Joven store through FCC subsidiary Ramalho Rosa Cobetar.
- **Shopping centres in Castellón de la Plana, Mijas (Málaga) and Getafe (Madrid)** for El Corte Inglés and Hipercor, through FCC subsidiary ISO.

Hotels

- **65 apartments and a 36-room aparthotel in Alcoceber** (Castellón).



El Corte Inglés Shopping Centre in Castellón



Research Institute at Politechnic Innovation City. Valencia



East roof on Santiago Bernabeu Stadium. Madrid

Industrial Centres

- **Enlargement II of the sea farm in Xove** (Lugo). This is a fish farm in the vicinity of San Ciprián and has a 2.5-metre seawater intake created by driving a pipe from a pool. Two polyethylene pipes, two metres in diameter and 1,145 metres long, run from the pool to the fish farm building. The fish farm has numerous fattening ponds with distribution and drainage channels, decanters, an area for parking and lorry manoeuvring and several buildings.
- **Plant that turns organic waste into biomethane gas at Las Dehesas de Valdemingómez**, in a joint venture run in equal shares with FCC Medio Ambiente.

Sundry Projects

- **Enlargement of three prefabricated residential modules for the Quatre Camins**, Penitentiary in La Roca del Vallés (Barcelona). The constructed area measures some 6,000 square metres, with 50 two-man cells for second-degree prisoners, and includes dining halls, workshops, lavatories, health services and offices.



Fifth liquid natural gas storage tank at the port of Barcelona



Refurbishment of town council buildings in Las Palmas de Gran Canaria

Refurbishment and Maintenance

- **Refurbishment of the National Social Security Institute's provincial head offices in Tarragona**. Only the front of the old offices will be preserved, and a new basement, ground floor and seven stories will be built, measuring some 8,000 square metres.
- **Comprehensive refurbishment of the Las Palmas de Gran Canaria Bureau of the Ministry of Finance and the Exchequer**.
- **Alterations to the multiservice building belonging to the Comunidad de Castilla y León**, in Burgos. This consists in alterations to the semibasement, ground floor, first and second stories and outdoor development around the building, which was built by our company.



Palacio de los Deportes sports arena in Madrid



Electricity



Especialidades Eléctricas, S.A. (Espelsa), is a specialist in designing and installing electrical wiring.

Its main activities in 2005 included:

Electrical Facility Design and Execution

- Hospital Campus de la Salud in Granada.
- FGV station in Alicante and section II of the Alicante-Altea corridor.
- Office building and Barceló Torrearias Hotel in Madrid.
- El Corte Inglés building in Vilanova de Gaia, Oporto, Portugal.
- Outpatient activity building for Hospital Universitario de Canarias, Santa Cruz de Tenerife.

Maintenance

- Sogecable Building in Tres Cantos (Madrid).
- Maintenance of the air navigation control centre in Sevilla.
- Maintenance of the Royal Theatre, Madrid.
- National Library, Madrid.
- Reina Sofía Art Centre, Madrid.

Construction and maintenance have also been provided for several distribution networks, substations and transformer centres belonging to the power companies Endesa, Iberdrola, S.A., and Unión Fenosa, S.A., in Barcelona, Madrid and Castilla-La Mancha.

Advanced computer systems engineering

Development continues on these projects

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

Espelsa also won the contract for Project TRES (Trajectory Reconstruction and Evaluation Suite) for Eurocontrol (European Organisation for the Safety of Air Navigation).



Central heating and cooling system for Terminal 4 at Madrid-Barajas Airport

Heating and air conditioning

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

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

- Corporate headquarters of Hercesa, Guadalajara.
- Oceanic Center office and hotel complex, Valencia.
- Sorolla tertiary complex, Valencia.
- Arco Sur apartment building, Málaga.
- TV production centre, Murcia.
- Castilla y León Parliament Building, Valladolid.
- Telefónica City of Communications, phases 1, 2, 3 and 4, Madrid.
- Hospital Campus de la Salud, Granada.
- Tenerife-Sur airport arrivals terminal building.
- Murcia regional television.
- Madrid-Barajas airport terminal.



Central heating and cooling facilities at Teatro de El Escorial. Madrid



Helicopter brigade. Comunidad de Madrid fire-fighting campaign



Infrastructure conservation

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

Roads and Highways

- ▶ Maintenance of more than 1,000 kilometres of dual carriageways and 3,000 kilometres of roads pertaining to the conventional road system.

The following contracts were renewed last year:

- ▶ More than 200 kilometres of various sections of the Madrid–Alicante N-301, N-430 and A-31 roads in the province of Albacete.
- ▶ The N-611 from Palencia to the provincial border of Cantabria and the CN-120 in the province of Palencia.

The following contracts were awarded:

- ▶ 168 kilometres of the N-120 and A-62 roads in the province of Burgos.
- ▶ 21 kilometres of dual carriageway and 11 kilometres of road C-16 in the province of Barcelona.
- ▶ 82 kilometres of dual carriageway A-2 in the province of Lleida and 108 kilometres of conventional roads.
- ▶ 32 kilometres of dual carriageway A-6 from Puerta de Hierro to Villalba and 10 kilometres of the N-6 from Villalba to Guadarrama, plus the accesses to the Valle de Los Caídos.
- ▶ 72 kilometres of the CN-420 and 60 kilometres of the CN-235 belonging to Sector T-2 in the province of Tarragona.
- ▶ 117 kilometres of the CN-260 and 10 kilometres of dual carriageway N-260 in Sector Gi-2 of the province of Girona.
- ▶ 14 kilometres of the A-92 and 35 kilometres of roads in the southern zone of the province of Sevilla for the Junta de Andalucía Council.

Maintenance of Hydraulic Infrastructures

Work is underway on the expansion of the automated hydrological information system (SAIH) for the Júcar Hydrographic Confederation to add the Tous, Escalona, Bellús and Algar reservoirs to the system, as well as other points of hydrological interest.

In 2005 the maintenance contracts were renewed for the automated hydrological information system of the Júcar and the Hydrographic Confederation of the South.

Forestry Work

The Group provides services replanting forests, providing forest treatment, planting farmlands over with trees and restoring the natural environment in areas affected by infrastructure work and auxiliary forest work in the autonomous regions of Andalucía, Castilla y León, Castilla-La Mancha, Extremadura, Galicia, Madrid and Comunidad Valenciana.

Forest fire prevention and extinction services were provided. One important service was for the Sierra Norte in Madrid, with a total of 234 operators, five heavy and 15 lightweight fire-fighting assemblies, two high-mobility vehicles (VAMTACs) and a twin turbine helicopter, plus eight forestry engineers.

FCC won two important reforestation jobs concerning 1,800 hectares of land ravaged by forest fires and the upkeep work for heavily protected parks and gardens in Madrid, in a joint venture with FCC Medio Ambiente, which includes areas such as the Temple of Debod, the Sabatini Gardens, El Capricho park, Dehesa de la Villa park, El Oeste park, Quinta de los Molinos and the Tres Cantos forested area.

Matinsa 





Remodelling work on the junction between M-23-O'Donnell and the M-30. Madrid



Engineering

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

- ▶ **Construction project for the Mudéjar dual carriageway.** A-23. Section: Sabiñánigo (East) to Sabiñánigo (West). This section has 6.9 kilometres of trunk road and two junctions with 5.5 kilometres of branch roads. This includes a viaduct, three overpasses and seven underpasses.
- ▶ **Construction project: dual carriageway A-7.** New Málaga West Ring Road. Section: Connection between road C-3310 and the A-7. This section has 6.4 kilometres of trunk road and two junctions with 7.4 kilometres of branch roads. It includes six viaducts, two overhead structures, three overpasses and one underpass.
- ▶ **Construction project to improve road A-305.** Section: Intersection with the AL-610 at Pulpí to the intersection with the A-332 in San Juan de los Terreros. The project covers 10.7 kilometres of the road and includes two structures over a railway track and a viaduct.
- ▶ **Construction project to improve road A-432.** Section: Alanis-Guadalcanal. The project covers 10.1 kilometres of road with a viaduct.

PROSER

Remodelling work on the junction of calle Costa Rica with the M-30. Madrid





Santa Coloma Tunnel on the high-speed line from Madrid to the French border. Massanes-Maçanet section

Railways and underground systems

- **Construction project for the high-speed line between Bobadilla and Granada.** Section: Arroyo de la Viñuela-Quejigares. Bed and track. The project concerns a total of 3,910.73 metres of bed for double track, with a 479-metre-long viaduct (over the Arroyo de la Viñuela), a 3,090-metre-long tunnel for double track and two artificial tunnels, one 80 metres long and the other 140 metres long.
- **Construction project for the Costa del Sol Railway Corridor.** Section: Málaga Metro line 3 connection with Rincón de la Victoria. The layout is 6.8 kilometres long and runs through a tunnel, which will be partly tunnelled out by mechanical means and partly laid between shield walls.
- **Construction project for a bed for the high-speed Vitoria-Bilbao-San Sebastián line.** Section: Legutiano-Escorialatza. It is 7.4 kilometres long; 2.6 kilometres of this length run above ground, with a 178.8-metre-long viaduct, three overpasses, one underpass and a 79-metre-long road viaduct and the remaining 4.8 kilometres run through a twin-tube tunnel with a 75-metre open-air section.
- **Construction project for integrating the railway into the urban environment of León and San Andrés del Rabanedo.** The section comprising the comprehensive remodelling of the station has 2.4 kilometres of bed for three tracks and a six-track yard at the future station.

Hydraulic Works

- **Construction project to complement the connection between the Abrera and Cardedeu** drinking water treatment stations: FontSanta-Trinitat section. To guarantee Barcelona's water supply with water from the Ter system or the Llobregat system interchangeably, the project calls for a reversible conduit capable of channelling four cubic metres/second and 16 kilometres long to connect the FontSanta tank to the distribution station at Trinitat.
- **Basic project to enlarge and improve the treatment plant Barcelona's drinking water at Abrera.** Construction of a new treatment plant featuring reversible electro dialysis and remineralisation with calcite beds to improve the taste and enlargement of the sand and active carbon filters to handle a flow of 3.36 cubic metres/second.

Construction Management Technical Assistance

- **Consultancy and assistance for the inspection, surveillance and health and safety coordination work for the burying of the Puente del Rey-Avenida de Portugal** intersection between Paseo del Marqués de Monistrol and Puente de Segovia. The job involves using shield walls to bury the M-30 ring road and the section of the junction linking the A-5 to the M-30 and Cuesta de San Vicente.
- **Construction management technical assistance for the improvement of road A-390,** Section: Chiclana de la Frontera-Medina Sidonia and west Medina Sidonia relief road between the A-381 and the A-393. Section: Between the A-390 and the A-393, for Giasa. The improvement job is approximately 20 kilometres long, while the Medina relief road is 5 kilometres long.



Corporate image

Megaplas, S.A., the group's corporate image company, operates at the European level through its three centres in Madrid, Turin and Paris.

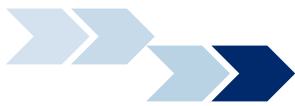
In the automobile sector, during the last fiscal year Megaplas carried out brand introduction at more than 200 Renault dealers and 300 Fiat group dealers in Spain, Portugal, Italy, France and Greece.

In R+D Megaplas rolled out the use of an innovative high-vacuum metallisation technology for its new centre in Italy, which specialises in producing logotypes.





Installation of a primary gas pipeline in Sagunto. Valencia



Oil and gas pipelines

Auxiliar de Pipelines, S.A., works in the realm of the construction and assembly of pipelines for the transport of all types of fluids and heating, hot water and cooling systems.

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

- **Cartagena-Lorca gas pipeline, Phase II.** Totana-Murcia branch. The completed length is 53.3 kilometres of API 5L X-42 10" Ø steel pipe. The construction of four valve positions is included.
- **Primary gas pipeline connecting the Sagunto regasification plant** to Enagas position 15.11. This is a turnkey project comprising 7.5 kilometres of API 5L X-70 30" Ø steel pipe and includes constructing a valve position, connecting the pipeline to Enagas' position and bringing the pipeline on line.

Construction work also began on the following gas pipelines:

- **Málaga-Rincón de la Victoria branch** (28 kilometres of 10" Ø steel pipe and three valve positions).
- **El Grao de Castellón-Benicassim artery** (4.7 kilometres of 6" Ø steel pipe and 5.1 kilometres of PE 100 SRD 17.6 DN 200-millimetre pipe, a regulator cabinet and three directed drill holes).





Concrete sections produced in the factory at Humanes. Madrid



Precast components

In 2005 three relevant events occurred for Prefabricados Delta, S.A., which specialises in producing precast concrete components:

- ▶ For the first time the company took a contract for and supplied poststressed concrete pipes with metal sleeves and elastic gaskets for a job located in Portugal, which enabled it to show the country the quality of Prefabricados Delta's pipes. This event has helped open up a new market for this FCC subsidiary.

The pipes are for the irrigation systems of hydroagricultural use rehabilitation block 1 in Roxo, for the IDRHA (Institute of Rural and Hydraulic Development), and the job consisted in manufacturing and supplying, from the factory at Puente Genil (Córdoba), 14,028 metres of poststressed concrete pipes with metal sleeves and elastic gaskets in diameters ranging from 600 to 1200 millimetres and pressures of 12 and 16 atmospheres.

- ▶ The factory at Humanes (Madrid) resumed its activity manufacturing concrete tunnel-lining segments, with the contract for and start of manufacturing of segments for the works to extend line 3 of the Madrid Metro system to Villaverde, section: Legazpi-San Cristóbal. In 2005 3,507 1.5-metre-long rings were manufactured, each comprising seven segments apiece, which makes for a total of 5,260 metres manufactured.
- ▶ The year 2005 was when Prefabricados Delta took a firm grip on the FRP (fibreglass reinforced polyester) pipe sector, a product that it rolled out the year before. During the fiscal year over 27 kilometres of pipe of this sort were manufactured for the improvement work on the Chinchón irrigation system, distributed by diameters as follows: 8,769 metres with a rated diameter of 500 millimetres, 6,562 metres with a rated diameter of 600 millimetres, 8,157 metres with a diameter of 700 millimetres, 2,679 metres with a diameter of 800 millimetres, 1,008 meters with a diameter of 1,000 millimetres and 636 metres with a rated diameter of 1,200 millimetres.





Poststressed concrete pipes with metal sleeves and elastic gaskets

In other supplies, the company manufactured 193,000 railway sleepers. Major orders were the 50,542 sleepers made for the Ciudad Real-Badajoz line, section: Villanueva de la Serena-Guareña, and the 35,000 sleepers for the high-speed Sevilla-Cádiz line, section Jerez airport-Cádiz.

Other pipe contracts were:

- Water jet from the La Loteta reservoir, for which the company has made 4,988 metres of poststressed concrete pipe with metal sleeves and elastic gaskets having an inner diameter of 1,800 millimetres at pressures of five and six atmospheres and 248 metres of reinforced concrete pipes with metal sleeves designed especially for driving, having an inner diameter of 1,800 millimetres and a joint prepared for welding.
- A contract has been taken for a new section of reinforced concrete pipe with metal sleeves for the New Terminal Area's connection to the utilities mains at Barcelona airport, comprising a total of 1,407 metres of pipes 2,500 millimetres in diameter.



Repairs and reforms

For Reparalia, S.A., 2005 was an important year in terms of growth.

Its activity focused on the following market segments:

- Claims management.
- Conventional repairs.
- Maintenance.
- Works and reforms.

Repairs

There are two major groups of clients under this heading:

- Repairs in insurance company claims management.

The insurance sector was Reparalia's strategic objective in 2005. The company maintained its cooperation agreements with all the clients already consolidated from Reparalia's years of business, and it enlarged its client portfolio with new cooperation agreements with the following companies: Lagun Aro; Nacional Suiza; Cahispa Seguros; Rural Grupo Asegurador.

- Other companies and groups.

Reparalia also has cooperation agreements with domestic companies for the comprehensive maintenance of their premises. The leading clients are these: Grupo Eat Out; Europcar; Areas; Avis; Erg; Daparge.

Reforms

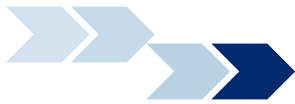
Works and reforms in Commercial premises

- Commercial premises overhauling and customising for large chains with outlets anywhere in the world.

Reparalia



World Trade Center offices in Cornellà. Barcelona



Infrastructure concessions

In 2005 FCC Construcción, S.A., embarked on a process of concentrating its interests in infrastructure concessions in order to enhance their value:

- It purchased various shares in Autopista Central Gallega and now controls 54.64% of that company.
- It bought 8.33% of the M-45 Madrid ring road, section N-II-O'Donnell Artery-N-IV, and now holds 33.3% of that infrastructure.
- It sold its shares in the Radial 3 and Radial 5 in Madrid.

It currently has an interest in the following concessions:

Concesiones Aeroportuarias, S.A. (30%)

Company awarded the construction and operation of Castellón Airport, which will be situated between Benlloch and Villanueva de Alcolea at an exceptional site that lies within less than 50 kilometres of anywhere in the province.

Autopista Central Gallega Española, S.A. (54.64%)

This company holds a 75-year concession to build and operate the Santiago de Compostela–Alto de Santo Domingo toll road, a total of 56.8 kilometres. The average daily traffic in 2005 was 4,523 vehicles.

Autovía del Camino, S.A. (40%)

Company awarded the construction and operation of the dual carriageway from Pamplona to Logroño using the shadow-toll system. This stretch is divided into five completion phases comprising a total of 62.4 kilometres. The 30 kilometres between Pamplona and Estella are already operational and work on the rest of the sections is anticipated to finish in 2006.

Cedinsa (34%)

Holder of the concession for the construction and shadow-toll operation of the road between Berga and Puig-Reig (Barcelona), as well as the upkeep and maintenance of the S. Fruitós de Bages-Puig-Reig section, all of which are part of the C-16 (Llobregat Artery). The job is currently under construction. In addition, in December 2005 Cedinsa won the contract for another shadow-toll concession, for 33 years, for the 27.7 kilometres of the Maçanet-Platja d'Aro dual carriageway, which comprises the design, construction and operation of the section of the C-35 between Vidreres and Alou and the operation of the Maçanet-Vidreres section of the C-35, the Alou-Santa Cristina d'Aro section of the C-65 and the Santa Cristina d'Aro-Platja d'Aro section of the C-31.

Compañía Concesionaria del Túnel de Sóller, S.A. (56.53%)

Three-kilometre toll tunnel which crosses the Alfabía mountain range in the corridor from Palma de Mallorca to Sóller. The average daily traffic in 2005 was 7,630 vehicles, with a yearly increase of 6%.

Concesiones de Madrid, S.A. (33.33%)

Company awarded the construction and operation of the stretch of the M-45 dual carriage ring road around Madrid from the O'Donnell artery to the N-II, a total of 14.1 kilometres, for a period of 25 years under a shadow-toll arrangement. The average daily use during 2005 was 68,163 vehicles.

Marina Port Vell, S.A. (30.66%)

Concession from the Barcelona Port Authority with mooring capacity for 413 large ships and 4,800 square metres of commercial premises. The marina was fully occupied this year.

Nàutic Tarragona, S.A. (25%)

This marina has 417 moorings, 90% of which are either rented or sold, plus 8,000 square metres of commercial premises, which are all sold.

Oligsa (20%)

The company that holds the 30-year concession to construct and operate a 168,000-square-metre bulk goods terminal at the port of Gijón. In 2005 it moved 4,603,668 MT of goods, which meant an 11% increase over the preceding fiscal year.

Port Torredembarra, S.A. (24.50%)

Of a total of 820 moorings, more than 95% were occupied in 2005, while the entire 4,000 square metres of commercial premises were rented.

Ruta de los Pantanos, S.A. (25%)

This concession is for the construction, management and upkeep for a 25-year period of the split 21.8-kilometre section of roadway on the M-511 and the M-501 between the M-40 and the M-522, in Madrid. The average daily traffic in fiscal 2005 was 32,538 vehicles.

Terminal Polivalente de Castellón, S.A. (45%)

Company awarded the construction and operation of the 9.5-hectare terminal at the port of Castellón for the handling of containers and goods in general. In fiscal 2006 it became operational.

Tramvia Metropolità, S.A. (22.08%)

Company awarded the construction and operation for 25 years of a transport infrastructure that links south Barcelona with the population of the Baix Llobregat district. It has been in service since 2005 and was used by 10,197,889 passengers by the end of that year.

Tramvia Metropolità del Besòs, S.A. (22.08%)

This company was awarded a contract for the construction, operation and maintenance of the tram that links the Estación del Norte and the Villa Olímpica in Barcelona with Sant Adrià del Besòs and Badalona. It is more than 15 kilometres long. One of the lines went into service in 2005 and carried 2,811,001 passengers. The rest of the lines are still under construction.

Transportes Ferroviarios de Madrid, S.A. (12.50%)

Holder of the 30-year concession of the extension to line 9 of the Madrid Metro between Vicálvaro and Arganda, comprising a total stretch of 20 kilometres and three intermediate stations. In 2005 it was used by a daily average of 18,000 passengers, which was 10% more than the year before.



Management of the San José-San Ramón motorway. Costa Rica

Túnel d'Envalira, S.A. (40%)

This company operates the three-kilometre-long tunnel that links the Grau Roig winter resort to El Pas de la Casa and joins traffic between Andorra and France on the Barcelona-Toulouse artery. During 2005 the tunnel was used by an average of 1,666 vehicles daily.

World Trade Center Barcelona, S.A. (16.52%)

This company holds the 50-year concession to operate the World Trade Center buildings at the port of Barcelona, comprising a surface area of 36,000 square metres of offices and commercial premises, 6,000 square metres of conference space and meeting rooms and a 280-bed hotel. It currently has an occupancy rate of over 95%.

Parc Tecnologic World Trade Center Cornellà, S.A. (14%)

This company is carrying out the execution of a complex consisting of seven office buildings, a commercial area and a 27-story aparthotel. Work has been carried out on the first phase, consisting of three buildings with a constructed area of 37,500 square metres, an underground car park for 500 vehicles and a 10,000-square-metre landscaped square.

Urbicsa (29%)

Company awarded the public works concession contract for the construction, maintenance and operation of the buildings and installations of the City of Justice project in Barcelona and Hospitalet de Llobregat. The project comprises buildings reserved for the use of La Generalitat (159,878 square metres), other complementary uses, offices and commercial premises (26,628 square metres) and a 45,628-square-metre car park able to hold 1,750 vehicles. The project is in the construction stage.

Autopista de la Costa Cálida (35.75%)

Company awarded the 36-year government concession for the construction, operation and upkeep of the 98-kilometre-long toll motorway from Cartagena to Vera and the 16-kilometre-long stretch of the Cartagena toll-free dual carriageway for internal bypass traffic. Currently in the construction stage.

Metro de Málaga (26.73%)

Thirty-five-year concession holder for the design, construction, rolling stock supply and operation of lines 1 and 2 of the Málaga Metro, covering a total length of 16.5 kilometres, 71% of which is underground. Nineteen stations will be built along the route. It is in the construction stage.

Terminal Polivalente de Huelva, S.A. (31.50%)

Company awarded the contract for the construction and 50 years' operation of a 11.2-hectare terminal at the port of Huelva to handle containers and goods in general. Works are anticipated to begin in 2006.

Madrid 407, Sociedad Concesionaria, S.A. (50%)

This company holds the concession for the design, construction, upkeep and operation of the 11.6 kilometres of dual carriageway M-407 between the M-404 and the M-506 as a shadow-toll operation. The concession was awarded in August 2005 and work is in the construction stage.

Ibisan Sociedad Concesionaria, S.A. (50%)

In September 2005 the consortium led by FCC Construcción was awarded the 25-year concession for the design, construction, upkeep and operation of the 14 kilometres of split road from Ibiza to San Antonio. The job is in the construction stage.

Portsur Castellón, S.A. (30%)

Company holding the 35-year concession for the construction and operation of the solid bulk goods terminal in the south enlargement of the port of Castellón, with 300 linear metres of wharf and 60,000 square metres of attached esplanade. The award was made in September 2005 and construction starts in 2006.

Tranvía de Parla, S.A. (32.50%)

Company awarded the 40-year contract for the construction, supply of rolling stock, operation and maintenance of the 8.5 kilometres of double track of the Parla tram (Madrid). This concession was awarded in 2005 and work is in the construction stage.



Sóller tunnel concession. Palma de Mallorca



Motorway from Autopista Santiago de Compostela to Alto de Santo Domingo. Galicia

Marina de Laredo, S.A. (45%)

Government concession for the construction and operation of 540 moorings, 497 square metres of business premises, a car park and a dry storage yard at the port at Laredo (Cantabria), awarded in July 2005 for a 40-year period.

Hospital del Sureste, S.A. (33.33%)

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

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

The motorway has operated smoothly. In 2005 it became the first concession to use the shadow-toll collection system.

S.C.L. Terminal Aéreo de Santiago, S.A. (14.78%)

The company continues to operate the concession at Arturo Merino Benítez International Airport in Santiago de Chile. Traffic continued to recover during 2005, up to 6.5 million passengers. In September 2005 the second runway, built by the Ministry of Public Works, was opened, thus giving the airport more room to operate.

Autopistas del Valle, S.A. (45%)

FCC Construcción, as part of an international consortium, received in June 2004 the concession for the construction and shadow-toll operation of the San José-San Ramón motorway in Costa Rica for 25 years. The motorway is 60 kilometres long. Construction is anticipated to begin in the second half of 2006, when the design work and expropriations have been concluded. The motorway will be opened sometime in 2009.



Autovía del Camino dual carriageway. Navarra

Concesionaria Túnel de Coatzacoalcos, S.A. de C.V. (41.50%)

An international consortium led by FCC Construcción proved the winner in September 2004 of a concession for the construction and shadow-toll operation for 30 years of an underwater tunnel in Coatzacoalcos, in the state of Veracruz (Mexico). This is a 2,200-metre tunnel, 1,200 metres of which are underwater, built using six segments of prestressed concrete prefabricated in a drydock. Construction will start in 2006 and the tunnel is expected to be operational in late 2009.



Award promotion of innovation. Design and manufacture of a soil/cement cracking machine



Technological innovation

FCC Construcción stands out from other Spanish construction companies because of the importance it pins on technology. Because FCC Construcción values technology so highly, its work benefits from technological improvements and the most efficient systems of building.

To achieve this it has technical services and construction teams with personnel highly qualified in all the specialities of construction and the most advanced machinery and auxiliary equipment, and each year it increases its investment in human and economic resources to pursue research, development and innovation.

That is why clients often choose FCC Construcción for their trickier contracts, where the company has to apply all its know-how to the design and its execution as well.

Here are some examples calling for special technology and complex performance:

Underground Work

During the fiscal year work was done on a large number of underground jobs made complex by the terrain quality, by being located beneath the water table or by proximity to buildings or important utilities, such as gas pipelines or high-voltage wires.

Performing this work has required drawing up detailed construction processes, including terrain pretreatment regimes and meticulous control using auscultation.

In these jobs there has been constant cooperation between the works organisers and the company's technical services, so that the jobs are accomplished with the greatest possible guarantees of safety.

- **Line 9 of the Barcelona Metro**, Can Zam-Bon Pastor section. The tunnel excavated with the combined EPB/rock tunnel-boring machine and lined with prefabricated segments is 11.95 metres in diameter and 4.29 kilometres long.

It was constructed in areas beneath the water table, with a mixed rock/soil work face, under or near buildings. The tunnel was completed in 2005.

- **Extension of line 3 Legazpi-Villaverde Alto of the Madrid Metro**, 8.7 kilometres long. One part of the line was built with Madrid's traditional method, and the other, using two EPB tunnel-boring machines, while the stations were excavated between shield walls.

The tunnel ran under the Manzanares River, bridges and industrial warehouses and neared buildings.

- **Pajares tunnels**. Section: Pola de Gordón-Folledo section. Two tunnels, each 10.4 kilometres long, with connecting galleries every 400 metres, built with two 10-metre-diameter rock-crushing TBMs and lined with prefabricated segments.

This job was quite difficult because it ran under a gas pipeline and because there were large pockets of water seeking a path downward.



Pajares tunnel. Pola de Gordón-Folledo on the new León-Gijón high-speed train

Bridges and Special Structures

BBR Pretensados y Técnicas Especiales (BBR PTE), a subsidiary of FCC Construcción, has developed a new bridge-driving system for the Las Piedras viaduct in Málaga based on heavy lifting technology.

This company has acquired a 22.5% interest in the Swiss company BBR VT International, owner of the prestressing systems for which BBR PTE holds the Spanish, Portuguese and Rumanian licenses.

A major part of the 905-metre-long Navia viaduct was built this fiscal year. The viaduct comprises two central spans with 160 metres of free space and nine approach spans with a maximum free space of 75 metres.

The deck is built of prefabricated segments with maximum free spaces of 80 metres in the central spans, where provisional piers have been set up.

Next the arches of the two central spans are built. These arches are a combined structure from which the deck hangs by means of parallel-wire suspension cables. Then the provisional piers are removed.

The project and the system of construction were performed by the company's technical services, which used their own equipment to build the deck out of segments.

Hydraulic Works

Among the other hydraulic works completed, there is the Mora de Rubielos dam, built for the Júcar Hydrographic Confederation.

This is the first dam in Spain to be built of loose materials with an asphalt core. Prior to this, the system had only been applied to the right spur of the El Algar dam, which also belongs to the Júcar Hydrographic Confederation.

The dam stands 36 metres tall on its foundations and is made of zone-specific haunches of gravel and breakwaters. The 50-centimetre-thick core stands vertical.

This system has an advantage over the outer asphalt shield, in that the waterproofing component is protected from the weather by the body of the dam and therefore requires no maintenance.

Maritime Works

The construction of the east jetty of the port of Barcelona provided the main shelter for the enlargement of the harbour.

It consists in a sloping jetty whose main layer is made of 50-MT blocks. Its maximum depth is 24 metres.

Due to the weakness of the terrain underneath the foundations, it is built in stages, closely following the readouts of geotechnical instruments, according to a process designed by FCC Construcción's Technical Services. The necessary terrain consolidation is achieved gradually by offsetting the successive layers.

Research and Development

In 2005 FCC Construcción participated actively in the tasks to develop the European and Spanish Construction Technology Platforms. The objective of both platforms is to bring together, at the European level and at the domestic level, all the stakeholders in the construction sector to identify the challenges of innovation, develop the necessary plans to face those challenges and subsequently introduce the results. In the Spanish Platform FCC Construcción is the coordinator of the standing committee, co-leader of the strategic line of underground construction and participant in the cities and buildings areas, sustainable construction and information and communications technologies.

The leading R+D+I activities performed during 2005 were:

International projects

In 2005 four projects approved by the European Commission under the Sixth Framework Programme were commenced.

- **The Tunconstruct Project**, technological innovation in underground construction.
- **The ManuBuild Project**, industrialisation of the building sector.
- **The Build-Nova Project**, financing for innovation in the construction sector.
- **The Enable Project**, aid the operation of the European Construction Platform.

Domestic projects

Projects that are being performed individually or with other Spanish partners, either self-funded or funded by the Profit 2005 programme conducted by the Ministry of Industry, Tourism and Trade, or with funding from IMADE (the Madrid Institute of Development) under the Finance and Technological Innovation Department of the Comunidad de Madrid. These are some of the projects:

- **The Arfrisol Project**, a study of bioclimatic architecture and solar energy used in buildings.
- **The Hatcons Project**, high-efficiency concrete in underground construction.
- **The Shotec Project**, the development of sprayed concrete to support tunnels.
- **The Reto Project**, reduction of the effects that construction cause on land.
- **The Guadarrama Tunnel Project**, a comparative study of the operation of the tunnel-boring machines at Guadarrama and analysis of cutting machines.
- **Project to develop the LEI and SEIS**, applications for on-site inspections using computing devices.
- **Brick factory project**, investigation of different existing pathologies and development of a new anchoring system.

The company's first Award promotion of Innovation was given out, the winner being the soil/cement cracking machine project. The project comprised the design and manufacture of a new machine for these jobs, which improves considerably on existing machines. A patent has been applied for to protect the innovation.

FIRST AWARD PROMOTION
OF INNOVATION
research, development, new technologies
design, machinery, etc.

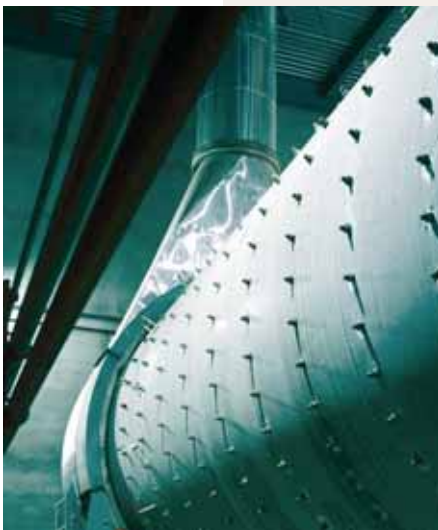
Cement

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Cementos Alfa factory in Mataporquera. Cantabria

Cement



Mill in the Morata de Tajuña cement factory, Madrid

Analysis of the Sector

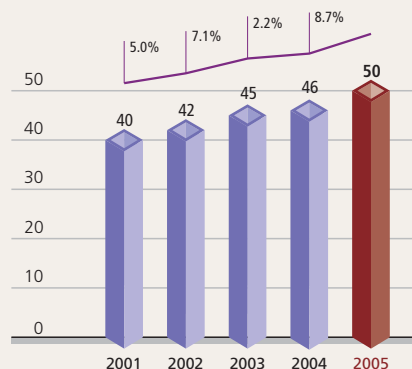
In the year 2005 the domestic consumption of cement reached 51.5 million MT, 7.4% higher than the year before, a new historical record for the ninth year running according to data released by the National Cement Manufacturers' Group Oficemen.

Cement and clinker imports rose from 8.2 million MT in 2004 to 10.7 million MT in 2005, at a growth rate of 30.8%, while exports declined from 1.6 million MT in 2004 to 1.4 million MT in 2005, at a year-on-year loss of 8.8%.

The US Department of the Interior estimates that in 2005 cement consumption went up 5.2% to 126.1 million MT, a high for the last ten years. Cement and clinker imports, which amounted to over 33.2 million MT, also went up by 21.9% over 2004, while exports, 0.87 million MT, rose by only 1.2%.

Cement production in Spain

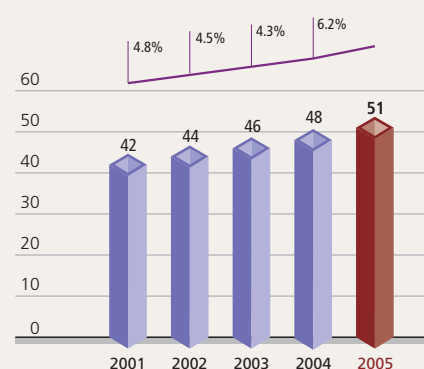
Millions of tons



Source: Oficemen

Cement consumption in Spain

Millions of tons





Olazagutía cement factory. Navarra



Cementos Portland Valderrivas, S.A.



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

The main shareholder in Cementos Portland Valderrivas, S.A., is Fomento de Construcciones y Contratas, S.A. (FCC), whose 58.76% interest rose early in October 2005 to 66.82% upon the acquisition of an 8.06% stake in the cement company from Iberdrola, S.A..



Harleyville cement factory. South Carolina. USA



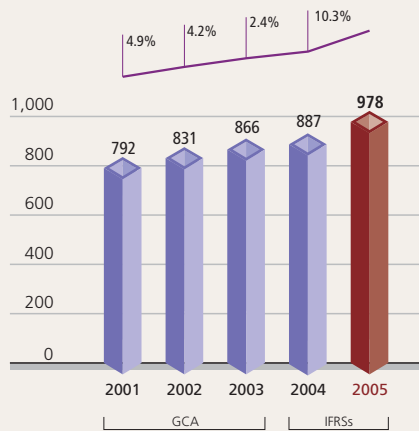
Hympsa concrete plant in Vicálvaro. Madrid



The Olazagutía factory's research and analysis laboratory. Navarra

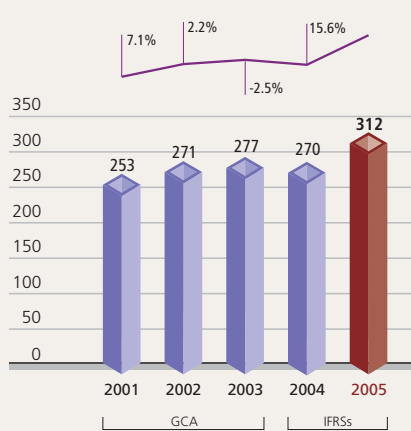
Turnover

Millions of euros



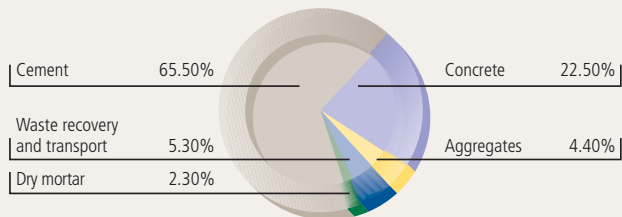
Gross operating profit (Ebitda)

Millions of euros

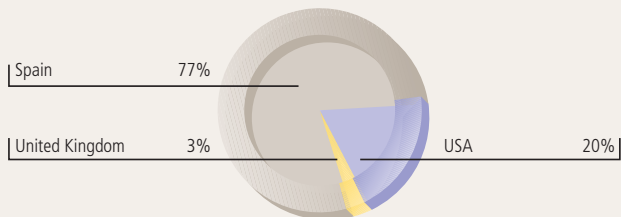


GCA: Date according to General Chart of Accounts rules
IFRSs: International Financial Reporting Standards

Breakdown of turnover by business areas



Breakdown of turnover by countries



Cement

The Cementos Portland Valderrivas Group's cement and clinker sales reached a new record high in 2005, passing the 11-million-MT mark for the first time. This was a 7.8% increase from 10.2 million MT the year before.

In Spain the Group sold 8,517,303 MT through the Cementos Portland Valderrivas, Cementos Alfa and Cementos Lemona groups and the recently acquired blending company Ceminter Madrid; and 2,507,832 MT in the international market, of which 2,129,621 MT were sales by CDN-USA and Giant Cement, Inc., in the USA and 378,211 MT were exports by Cementos Alfa and Cementos Lemona.

The cement factory in Harleyville (South Carolina) completed its conversion from the wet clinker-manufacturing process to the dry process, which it started running in the early months of 2005. This, plus the modification at CDN-USA's factory in Thomaston (Maine), has made for substantial improvements in production costs and sales volumes. Furthermore, in November 2005 plans were approved to modernise the Keystone Cement plant in Pennsylvania so that it can produce clinker by the dry manufacturing procedure. When that is done, the US factories' entire production will be made by the dry system, which is much more efficient.

Cementos Portland Valderrivas, S.A., sold 6,925,964 MT, up 7.0% from the preceding year. There was an important rise in sales over the preceding year in some autonomous regions: 42.3% in Castilla-La Mancha and 32.7% in Madrid, 8.4% in Extremadura, 2% in Castilla y León and 1.3% in Aragón. The regions with the greatest declines in sales were Navarra, with 12.9%, and La Rioja, with 9.1%.

Cementos Alfa's sales of 990,398 MT were 1.4% lower than in 2004, and Cementos Lemona's sales increased by 20.3% after the new facilities in the Vizcaya factory were brought on line.

Throughout fiscal year 2005 the important increase in sales volumes was compounded by considerable increases in average cement prices in both Spain and the USA.

Concrete

Apart from the group's nine cement factories, Cementos Portland Valderrivas has 112 ready-mixed concrete plants, 10 of which operate in Maine, USA. It also has 48 aggregate quarries (two located in the USA) and eight dry mortar plants, which in 2005 showed the evolution discussed below.



Cement factory in Morata de Tajuña. Madrid



Cement factory in Alcalá de Guadaíra. Sevilla

The group's total concrete sales came to 5,463,883 cubic metres, up 4.8% with respect to 2004. Within this amount Cementos Portland Valderrivas sold 4,768,590 cubic metres, which was 3.8% more than the year before. Cementos Alfa, Cementos Lemona and CDN-USA sold 205,335 cubic metres, 297,810 cubic metres and 192,148 cubic metres, with respective increases of 2.2%, 18.7% and 14.6%.

In fiscal year 2005 the purchase of assets from Hanson Hispania, S.A., was completed, bringing in seven new concrete plants, three in Madrid, two in Castilla y León, one in Logroño and one in Alicante. This will reinforce FCC's presence in the first three communities and give it access for the first time to the Spanish Levante market. Moreover, a move was made to divest in Aragón, with the sale of Hormigones Giral and Hormigones Alcanadre.

The concrete division is currently present in the autonomous regions of Andalucía, Aragón, Cantabria, Castilla-La Mancha, Castilla y León, Comunidad Valenciana, Extremadura, La Rioja, Madrid, Navarra and País Vasco.

In 2005 ready-mixed concrete was provided for a number of one-of-a-kind projects such as: in Madrid, the Torre Repsol building, the remodelling of the M-30, Metro extension and Real Madrid City in Valdebebas; in Sevilla the Metro, the Heineken factory, the Torres Nuevo Torneo building and the wastewater purification station enlargement; in Mijas, the El Corte Inglés building, and in Málaga, the Benalmádena-Fuengirola railway; in Huelva, the Cristóbal Colón power plant; and in Cádiz, the Bahía Sur de San Fernando high-speed track.

Aggregates

Total aggregate sales were 19,245,332 MT, which means sales have declined 2.1% since the year before. Cementos Portland Valderrivas in 2005 sold 14,137,725 MT and the Alfa and Lemona groups sold 1,340,091 MT and 3,011,735 MT, respectively.

The group operated a total of 48 plants, 46 of which are located in Spain, where the group is present in 11 autonomous regions with a volume of 18,489,551 MT, and two plants in the United States of America, where sales amount to 755,781 MT.

The decline in aggregate sales at Cementos Portland Valderrivas is due to the closing of the El Porcal plant in Madrid, which has exhausted its reserves, and the sale of the light aggregates business in Giant Cement Holding in the USA.

By areas, sales in Madrid have declined 16.7% compared to the year before, with an average price reduction of 10%. In the rest of the sales areas, last year's levels have remained steady, save in País Vasco, which has shown 18.1% growth with prices evolving inside ranges slightly below the CPI, and in Cantabria, whose sales have declined by 5.9%, with a 12% increase in prices.

During fiscal 2005 the process of shutting down, dismantling and removing the traces of the El Porcal plant located in the city of Rivas (Madrid) began. This operation is estimated to be concluded during this fiscal year, although the additional activities needed to erase the plant's traces and meet environmental requirements may delay the process for some time, estimated in two years. This plant's production is being made up for by the plant located in Almoguera (Guadalajara), which has been started up and is now operating at full output, and by the installation of the limestone treatment plant at Loranca de Tajuña (Guadalajara), which began operations in February 2006.



Aripresa quarry in Casas de Juan Nuñez. Albacete

Dry Mortar

In 2005 the dry mortar business sold 837,069 MT, up 17.2% from the year before. Cementos Portland Valderrivas sold 562,132 MT, having risen 23%, and Alfa and Lemona, 144,399 and 130,538 MT, with upward growth of 7.8% and 5.8%, respectively.

The eight production centres are located in the provinces of Sevilla, Málaga, Madrid, Navarra, La Rioja, Cantabria, Vizcaya and Álava, which have shown very good evolution in both bulk and packaged dry mortars.

In November 2005 the assets of Compañía Auxiliar de Bombeo de Hormigón (CBH) were sold off because the business was not considered strategic for the cement group.

Transport

The group companies Natrasa and Atracemsa transported 3,673,176 MT, which made for a 7.5% increase with respect to the year before.



Cement factory in Hontoria. Palencia

Results

The net turnover amounted to 978.4 million euros. This meant a 10.3% increase over the figure for the year before, which was 886.8 million euros, due to an increase in both volume and average prices. The gross operating profit (Ebitda) was 312.3 million euros, 15.8% higher than in 2004. The pre-tax profits came to 211.5 million euros, exceeding those of the preceding fiscal year by 11.8%. The net profit attributed to the parent company reached 137.1 million euros, an amount that is 7.7% higher than that obtained in 2004 and is equal to 14.0% of the turnover.

The breakdown of the Group's net turnover by business area shows that the cement business, with 641.2 million euros, accounts for 65.5% of the total; the concrete business, with 219.9 million euros, provides 22.5%; the aggregate business, with 43.4 million euros, 4.4%; and the dry mortar business, with 22.3 million euros, 2.3%. Other businesses account for 5.3%, with 51.6 million euros, and include waste reuse, transport and other activities.

In comparison to the preceding fiscal year, the net turnover of the primary businesses has increased by 15.5% for cement and 22% for concrete.

As for the breakdown of the turnover by markets, the domestic market with 770 million euros absorbs 78.7% of the total, and the US market, 20.2%, with the remainder taken up by the European Union.

The volume of investments in tangible and intangible fixed assets totalled 107.2 million euros and long-term investments came to 14.5 million euros. The long-term investments were primarily the purchase of Ceminter by Cementos Portland Valderrivas and the purchase of an additional 50% of Dragon Alfa by Cementos Alfa.

Bid to Take Over Cementos Lemona

The Board of Directors of Cementos Portland Valderrivas, in its meeting of 2 December 2005, resolved to make a bid to take over 100% of the shares in Cementos Lemona, offering all shareholders the same terms at a price of 32 euros per share in cash on the condition of obtaining a minimum of 50% plus 50 shares in Cementos Lemona.

The maximum interest sought was 69.07% of the shares, which was found by subtracting from 100% the 30.72% belonging to CPV and the 0.21% of treasury stock. The maximum investment projected is 234.2 million euros.

Corporación Noroeste, holder of 19.31% of the shares in Cementos Lemona, accepted the bid.

Cementos Lemona has a cement factory in Lemona, in the province of Vizcaya, whose annual production capacity is 1.25 million MT of cement, and another factory in the US, in the state of Maine, owned by CDN-USA, which Cementos Lemona owns in equal shares with CPV. That factory's production per year is 0.7 million MT.

It also does business in ready-mixed concrete, aggregates and dry mortar. In Spain it has seven plants with an annual capacity of 250,000 cubic metres, five aggregate quarries that yield 2.2 million MT and two dry mortar plants that yield 100,000 MT per year. In the US, through CDN-USA, it holds a 50% interest, with CPV, in ten ready-mixed concrete plants with a capacity of 200,000 cubic metres and one aggregate quarry with a capacity of 200,000 MT.

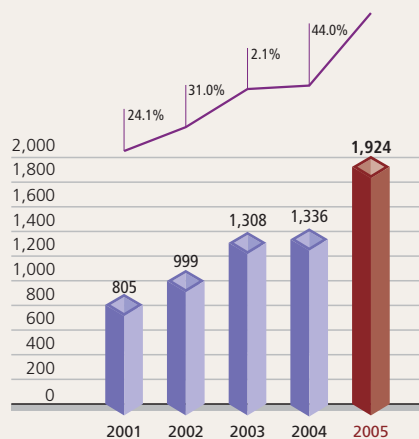
The result of this transaction is calculated to be a 10% increase in the turnover and the Ebitda, because when CPV takes control of the management of Cementos Lemona, it will be switched from the equity method of consolidation to full consolidation, which will mean consolidating 100% of Cementos Lemona and CDN-USA and the additional 11.24% which Lemona holds in Cementos Alfa, where CPV holds an 80.2% interest.

On 12 January 2006 the Competition Defence Court gave a favourable report on the transaction, and the Spanish Stock Exchange Commission authorised the transaction on the 17th of the same month. After the necessary period Cementos Portland Valderrivas took over 96.06% of the capital of Cementos Lemona.

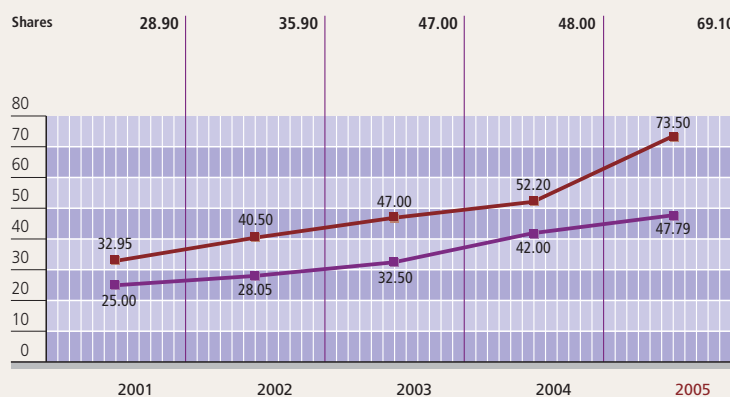
Stock Market Analysis

Shares in Cementos Portland Valderrivas were quoted on all 256 business days of the stock exchange, with trading of 9,078,935 shares, which represented 32.6% of the share capital. The quoted price ranged between a low of 47.79 euros in January and a high of 73.50 euros in October. At the end of the fiscal year, as of 30 December 2005, the price was 69.10 euros per share, with a stock market capitalisation of 1,924 million euros and an increase, with respect to fiscal year 2004, of 44%.

Stock market capitalisation at 31 december
Millions of euros



High, low and closing price of Cementos Portland Valderrivas Shares
Euros



Real estate

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Four buildings at the Eisenhower intersection in Barajas. Madrid

Real estate



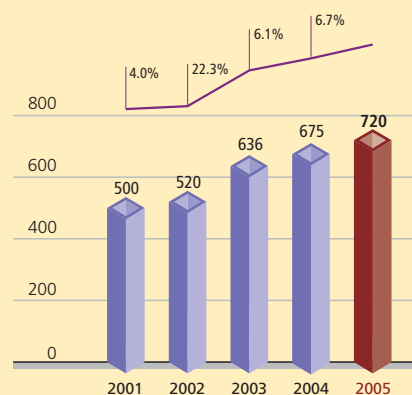
Residencial Frontemar I y II. Valencia

Analysis of the Sector

The performance of the leading Spanish real estate companies in 2005 ratified the strength of the sector, which, in overall terms, has recently been posting very positive results year after year. The keynotes that characterise the way the business has performed are diversification and internationalisation.

New housing started

Thousands of units



Source: Seopan



Les Vil·les del Golf in Sant Vicent de Montalt. Barcelona



El Frontón Building in Las Palmas de Gran Canaria

The residential segment remained lively, in the shape of a total of 729,652 new housing started, which is a new record high and works out to a growth rate of 6.2% over the preceding fiscal year, according to figures from the statistics in the Ministry of Development's (Boletín estadístico). Since 2001 the flat construction rate has stayed strong with significant increases year after year.

The office building market has followed a path parallel to that of the sector in general. Both rental and purchase contracts, which have been growing since 2001 (when they covered something more than 400,000 square metres), rose to 700,000 square metres in fiscal year 2005. Rental prices have continued to increase moderately in the centre and the better peripheral zones of the main cities, but fundamentally in Madrid and Barcelona.

Activity in the shopping and entertainment centre segment continues unstoppable. Spain now has 473 such establishments, which together have a commercial area of over 10 million square metres. The real estate investment in this segment of the market was over 1,200 million euros in the fiscal year, which was triple the figure for 2004. The number of centres opened in 2005 came to 27 throughout Spain and there are 143 new projects currently underway.

The outlooks are very positive and suggest that a minimum of 30 centres per year will be opening within the 2010 horizon, with an investment of 8,700 million euros and the creation of 168,000 new jobs.



Industrial premises in Villaverde. Madrid



FCC's activity

FCC engages in the real estate sector through two companies, Realia Business, S.A., whose ownership it shares with Caja Madrid, and Per Gestora Inmobiliaria, S.L., whose only asset is Torre Picasso, in which it holds an 80%.



Realia

Realia Business's economic parameters for fiscal year 2005 attest the company's strategy, consolidate its leading role in the domestic and international real estate sector, and guarantee its future. Its financial solidity allows the company to take on innovative, ambitious projects in different business areas and a wide range of locations, as well as to consolidate its position as a standard of comparison for the Spanish market.

One reflection of Realia's unstoppable growth since its foundation six years ago can be found in the economic figures for the last fiscal year. At the close of 2005 the net turnover was 632.8 million euros, which meant a growth rate of 12%. Its Ebitda was 250.8 million euros, up 19.4% from the preceding fiscal year.

FCC's holding in Realia is consolidated by the equity method.

Of the total turnover, 86.6% comes from real estate developments, 11.4% from rentals and the remaining 2% from services rendered.



In the real estate development, Realia develops mainly family's first or second residence, offices, business premises and garages. Currently the company is involved in managing over a hundred development promotions spanning over 8,000 housing units.

At this time Realia has over 10.2 million square metres of undeveloped land holdings on which more than 30,000 homes and 50,000 complementary products can be built.

The company's investment activity is focused on the operation of office buildings and shopping centres on his property. Realia has more than 500,000 square metres located in the business areas of leading Spanish cities, with more than 40 outstanding buildings.



Residencial Ciudad Clarín in Oviedo. Asturias

Investments

During fiscal 2005 Realia made a noteworthy investment effort in both land and buildings. Its overall investment in land in the last fiscal year came to 287.5 million euros, focussing primarily on the provinces of Madrid, Barcelona, Málaga, Toledo, Guadalajara, Zaragoza and Murcia.

The year 2005 was characterised by a parallel expansion of the real estate group's portfolio of outstanding buildings with the acquisition of such striking office buildings as the one located at calle Prim, 19, in Madrid. All in all, Realia invested 163 million euros in the purchasing, development and refurbishing of buildings.

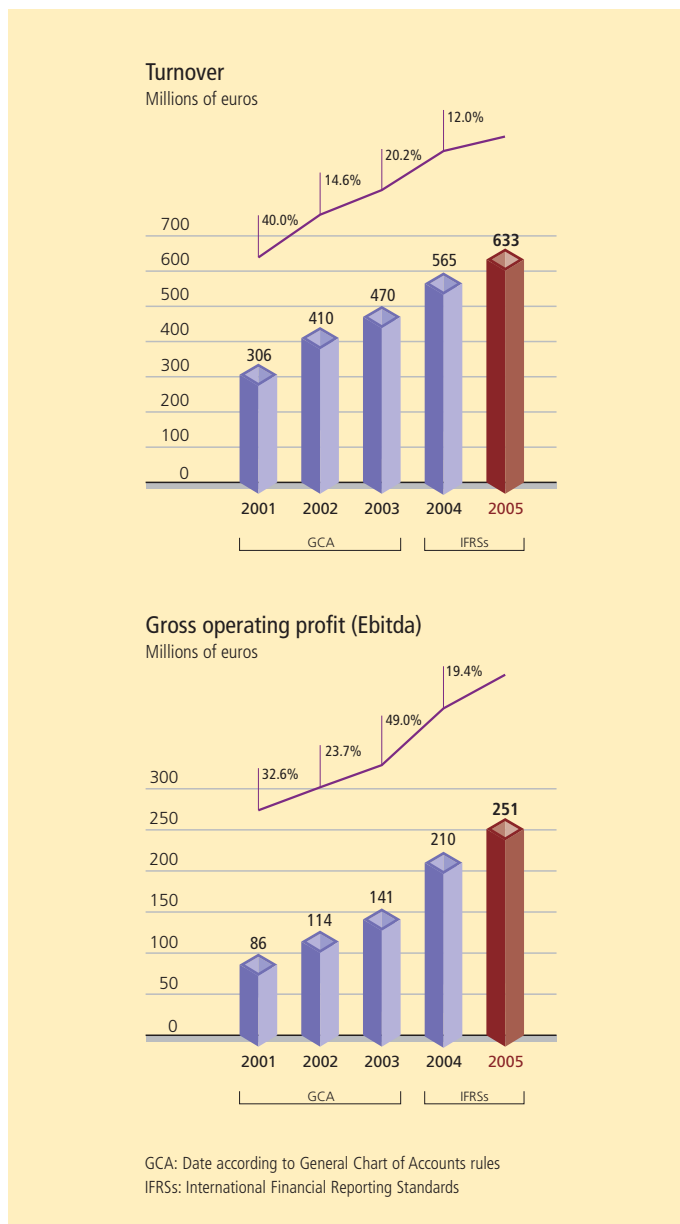
One of the company's firmest commitments has been shopping and entertainment centres, where it can bring long experience to bear, backed up by such representative complexes as El Jardín de Serrano, Diversia, La Vaguada in Madrid, Nervión Plaza in Sevilla and Twin Towers in Lisbon. This outstanding career will soon be enhanced by vanguard designs including the Plaza Nueva shopping park in Leganés (Madrid) and Ferial Plaza in Guadalajara.

Last fiscal year Realia also started a career in the factory outlet segment with the beginning of the La Noria Outlet Shopping project in Murcia, yet another step in the company's diversification strategy.

International

On the foreign market, Realia consolidated its position in Portugal, where it has land with a building potential of over 85,000 square metres, which makes Realia one of the main Spanish real estate companies operating in the Portuguese market.

The company has also reinforced its plans to expand with the acquisition of land for housing development in Warsaw, the capital of Poland, one of the top-priority avenues for the company's growth.





Torre Picasso

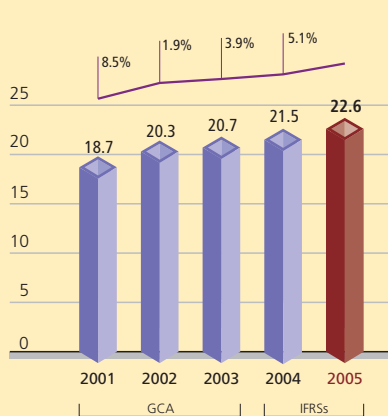
FCC owns 80% of Torre Picasso, the most outstanding office building in Madrid, which has a total area of 121,000 square metres. This holding is proportionally consolidated.

In 2005 it registered an occupancy rate of practically 100%.

Its turnover reached 22.6 million euros, with a 5.1% increase, and its gross operating profit was 19.9 million euros, which makes for an increase of 6.4% and a profit margin of 88%.

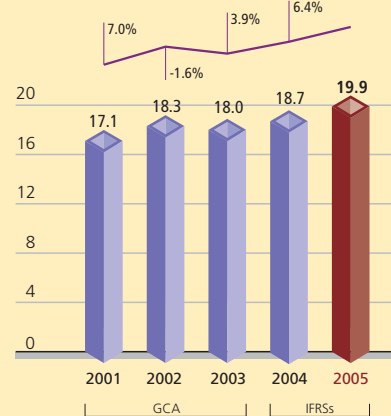


Turnover
Millions of euros



GCA: Date according to General Chart of Accounts rules

Gross operating profit (Ebitda)
Millions of euros



IFRSs: International Financial Reporting Standards

Ongoing Improvement

Within the ongoing improvement process that Torre Picasso has been immersed in since it was inaugurated in 1989, a project has been undertaken to rewire the 18 main lifts to increase their vertical transport capacity at rush hours.

A modernisation of the heating/cooling plant and control management system has also been begun, as has an upgrading of the centralised security and control system that monitors access to the building and the car park.

These investments together total 3.9 million euros.

Other sectors

Vehicle sales and technical assistance

The FCC Group also markets high-tech vehicles and equipment for use in city sanitation, coastal water and beach cleaning, industrial clean-ups, harbour and airport handling and military use. The specialised subsidiary is Sistemas y Vehículos de Alta Tecnología, S.A. (SVAT), which also provides after-sales services.

Throughout 2005 it remained a Spanish leader in the sale of compact city street sweepers, with a considerable increase in sales in the family of high-mobility sweepers that can travel at 60 kilometres/hour, a needed feature when travelling city motorways.

Last summer '95 SVAT-owned vessels cleaned the coastal waters of Cataluña, Islas Baleares, Andalucía and Cantabria of floating solids.

The delivery, in November last, of the first four cleaning units for the Barcelona sewer system mounted on CNG lorries, marked a historical landmark in the technological development of such equipment, which really took off eight years ago with the first water recirculation mechanisms for this very same service.

Also last year SVAT completed its delivery of 15 ATVs to the Civil Guard, complete with trailers and especially prepared for the missions they carry out in monitoring the Strait of Gibraltar (SIVE), protecting the environment (SEPRONA) and running mountain rescue operations.



Coastal water clean-up

Internet activities

Shopnet Brokers, S.A.

FCC holds 15.54% of Shopnet Brokers, whose main activity is run through the Segurosbroker.com web page, focused on private clients who purchase their insurance online. It also markets its technological platform to financial institutions, brokers and insurance agents.

Shopnet Brokers also runs the insurance sector information web page milenari.com.

Arts Capital Investment, S.A.

FCC holds 10.83% of Arts Capital, which is merely a financial holding. After the sale of its interest in Kelkoo, S.A., in 2004, Arts Capital's portfolio currently holds only Portlagolf, S.A.



Mobile telephony

FCC holds a 7.76% stake in the capital of Xfera, one of the three companies licensed for the third-generation mobile telecommunications system.

FCC has provisioned 100% of its investment in Xfera.







Corporate Responsibility

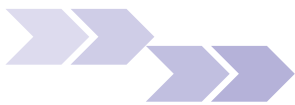
Corporate responsibility

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*Principles covered by this report
GRI and Global Compact Index
Your opinion is important*

FCC, a Group with a services vocation



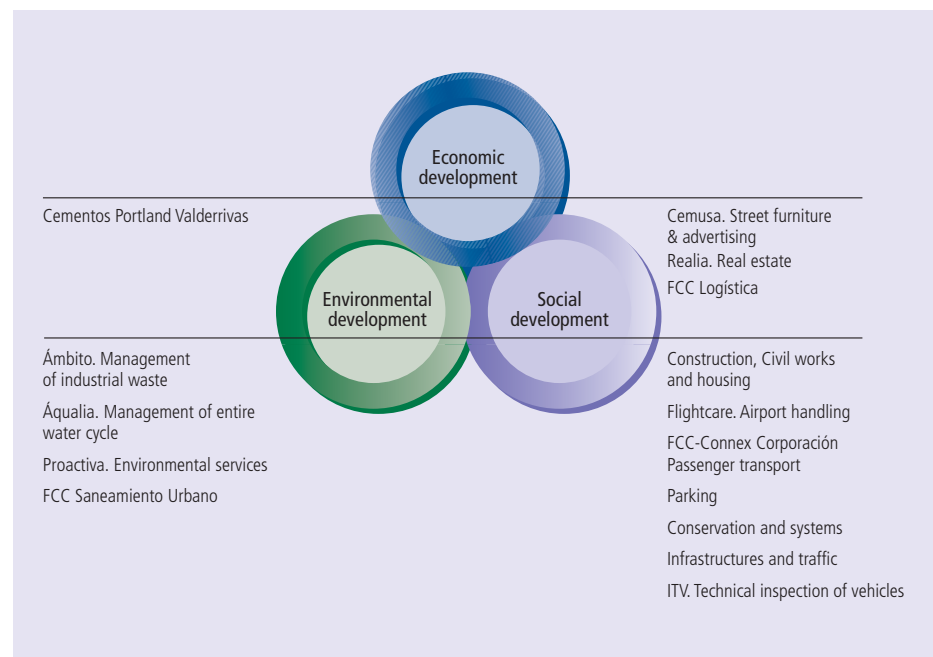
105 years of service to the public

One of the values shared by FCC companies is a dedication to service. FCC is a long-standing company that has always geared its strategy toward the creation of a business group in which Construction and Services activities are balanced.

Longevity is strongly related with responsibility and what has come to be known recently as “sustainable development”, where the creation of economic value is compatible and synergetic with the aim of providing citizens with access to their rights and preserving and protecting the environment.

The Group’s activities adhere closely to this new way of envisioning the future.

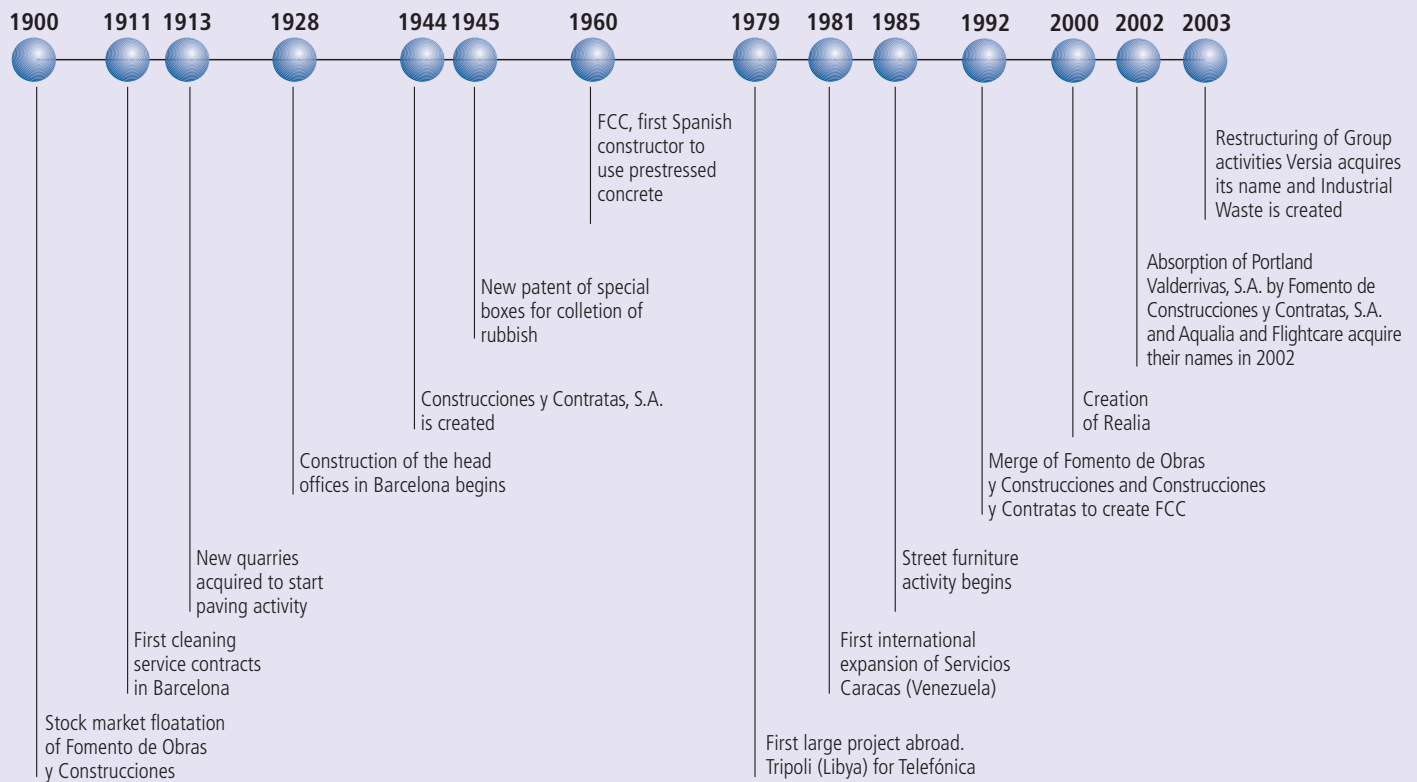
FCC and its activities are directly related with the dimensions of sustainable development.

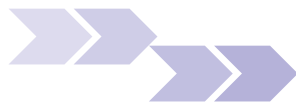


Throughout its history FCC has been noted for its initiatives and decision-taking. Our returns have been put to the service of the members of the community which benefit from this value as shareholders, employees, customers, companies contracting or providing goods or services, etc.

This is a value which grows each year and which we attempt to describe briefly in this report.

Fomento de Construcciones y Contratas, S.A. (FCC) arose from the merge of two prestigious companies in March 1992: Construcción y Contratas, S.A., founded in Madrid in 1944, and Fomento de Obras y Construcciones, S.A., a listed company created in Barcelona in 1900. Currently FCC shares are quoted on the Ibex 35, which includes the most important companies in the Spanish stock exchange.





FCC Activities

FCC is formed by the parent company Fomento de Construcciones y Contratas, S.A. and a group of subsidiaries in Spain and abroad engaged in four strategic activities: Services, Construction, Cement and Real estate. These activities are structured by respective management units:

SERVICES

- a) **Environmental Services**, comprising the different activities related with urban sanitation, such as the collection and treatment of solid waste, cleaning of public streets and sewer systems, maintenance of green areas and buildings, treatment of industrial waste, decontamination of soils and aquifers and the full water cycle. These activities are carried out by the parent company Fomento de Construcciones y Contratas, S.A., through its subsidiaries FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua and Ámbito.
- b) **Versia**, which renders various services, such as operation of on-street and underground parking, street furniture and advertising, public transport, technical inspection of vehicles, ground support for passengers and aircraft (airport handling), logistical services to companies from various sectors, the upkeep of urban infrastructures and traffic control systems. Own brands are used for some of these activities which have wide recognition in their markets, as in the case of Flightcare (handling) or Cemusa (street furniture and advertising).
- c) **Proactiva Medio Ambiente**, with head offices in Madrid, is one of the leading companies in environmental services in Latin America. The company was created in 1996 following integration of the Latin American assets of the companies FCC and Veolia Environnement. With a wide network of professionals and local sales branches, Proactiva uses the best and most sophisticated technologies to improve and protect the environment, providing a service to over 40 million people in the realm of integrated water and waste management.

➤➤ CONSTRUCTION

This area is responsible for the Group's construction activity. FCC Construcción is also the head of a leading group in the construction sector in Spain, in terms of income and profitability, encompassing various companies specialised in related sectors.

FCC Construcción has many large projects to its credit, related with roads, dual carriageways and motorways, bridges, tunnels, railway works, sea works, hydraulic works, water treatment and purification, pipelines and gas pipelines, housing and urban developments, non-residential building, and restorations.

Purely for indicative purposes, it is worth noting that in 2005 FCC Construcción was working on:

- 668 km of motorways, dual carriageways and roads, together with 3,850 Km of preservation and maintenance works.
- 48 km of metropolitan railways, 124 Km of conventional railways and 83 high speed railways.
- 13 water treatment, purification or desalination plants.
- Urban developments and infrastructure installations over a total of 23,200,000 square metres.
- Over 7,500 housing units, in addition to commercial premises and car parks, representing a built area of 1.3 million square metres.
- An area of 2 million square metres for non-residential buildings.
- 58 tunnels, with a total length of 152 Km.

Its subsidiaries carry out their activity in such fields as engineering (Proser), the petrochemical industry (Apl), integral maintenance of infrastructures (Matinsa), corporate image (Megaplas), prefabrication (Delta), electrical specialities (Espelsa) and industrial air-conditioning units (Tecair), repairs and refurbishments (Reparalia) and specialised construction (Iso).

Considerable activity is also carried out under administrative concessions in their various different forms, this being a sector in which the Group is ranked fourth worldwide. (Source: *Public Works Financing, Top Transportation Developers 2005*).

➤➤ CEMENT

This activity is based on the operation of quarries and mineral deposits and the manufacture of cement, concrete, aggregates and mortars. The activity is carried out by Cementos Portland Valderrivas, S.A. and subsidiaries, a group quoted on the electronic trading system. In Spain, the group has 6 cement factories, 102 concrete plants, 8 dry mortar installations, 46 plants for the production of aggregates and 4 transport companies.

In 2003 the cement division opened the largest cement furnace in Spain in Alcalá de Guadaíra (Seville) which allowed the factory to increase its production by 30% to 2 million tonnes of cement per year. Distribution is to 10 Autonomous Regions (Andalusia, Aragón, Cantabria, Castilla La Mancha, Castilla León, Extremadura, La Rioja, Madrid, Navarra and the Basque Country).

The concrete division is formed by 27 companies with a total of 102 manufacturing plants. The concrete and mortar division has 8 production plants and operates in Navarra, Sevilla, Málaga, Cantabria and Vizcaya, as well as its neighbouring regions.

The Aggregates division is specialised in the operation of gravel pits and quarries and has significant presence in Spain through 46 production plants, from which aggregates are distributed to Andalusia, Aragón, Castilla la Mancha, Castilla León, the Valencia region, Extremadura, La Rioja, Madrid, Navarra, the Basque Country and Cantabria.

➤➤ REAL ESTATE

The FCC Group is also present in the real estate sector through operation of the Torre Picasso building, of which the parent company owns 80%. FCC also holds a 49.1619% interest in the company Realia Business, S.A., engaged in promoting real estate products for subsequent sale and the operation of individual buildings and shopping centres. Realia Business S.A. is a company shared with Caja Madrid and therefore its accounts are incorporated into the Group under the equity method.



Collection of expired pharmaceuticals in Planalto Beirao. Brazil



International activities

International activity currently represents 10% of the global net sales of the FCC Group and is mainly carried out in the markets of the European Union, United States of America and Latin America. Growth beyond Spain is a clear objective of FCC management.

Urban sanitation and water management services are rendered in Latin America through Proactiva Medio Ambiente, S.A., a company 50% owned by FCC, and Veolia Environnement, S.A..

The first street furniture activity to be conducted outside Spain was in Portugal. Subsequently, important contracts were won which consolidated FCC as one of the top worldwide operators in the sector. These included Rio de Janeiro, the first contract awarded by a major city in South America; Genoa, which also heralded the group's arrival in Italy; and Miami, which opened up the United States. However, without doubt, the selection of FCC for installation and operation of the street furniture of New York for the next 20 years has been a gigantic step in terms of international recognition of our activities.

Flightcare made a firm entrance into the international arena with the acquisition of the handling branch of the defunct Belgian airline SABENA. As a consequence it became the main Handling operator in Brussels and, subsequently, other airports in Belgium.

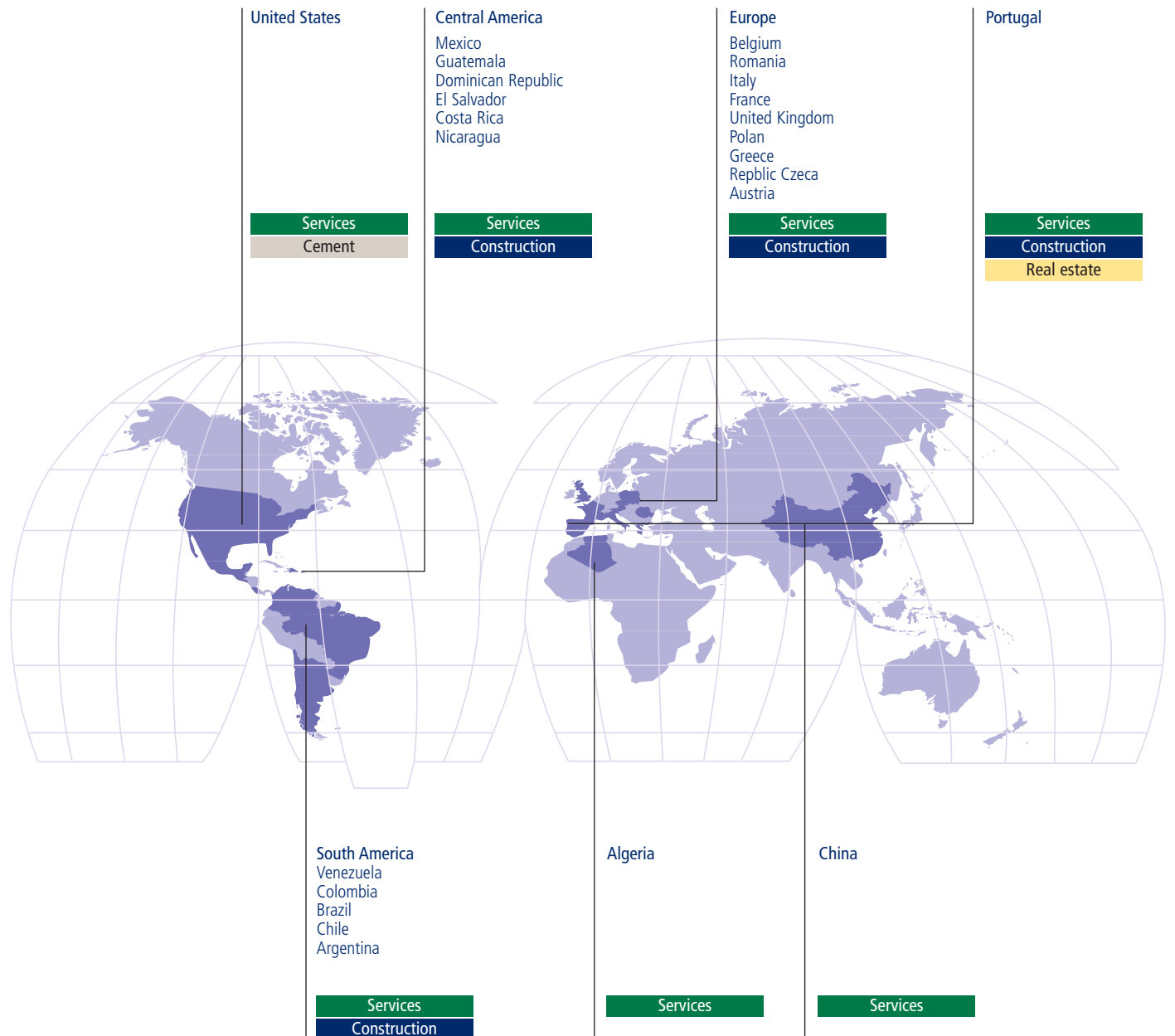
In the area of construction and as part of its strategy for reducing the concentration of risk, FCC Construcción is determined to become a top competitor at international level, and to develop increasingly intensive activity outside Spain, either directly, when its technological experience allows it to add value and competitive advantage, through administrative concessions, or through leading local companies over which it has control, in Portugal (Ramalho Rosa Cobetar), central and eastern Europe (FCC Constructii Romania, S.A.) and Central and North America (Corporación M&S in Costa Rica and Impulsa in México).

In terms of the cement area, the Cementos Portland Valderrivas group is present in the USA market through the company Giant Cement Holding Inc., 100% owned by the Group. Giant is the fourth biggest cement company on the east coast and has two factories, one in South Carolina and another in Pennsylvania.

The Group also has a 65% shareholding in the company CDN-USA, which owns a factory in the state of Maine.

Cementos Portland Valderrivas in the United States engages in activities related with cement, concrete, aggregates, treatment of industrial waste and prefabricated goods.

SPAIN





Musac. Contemporary Art Museum of Castilla y León



2005 key financial indicators

Net sales are up 11.7%, reaching the record figure of 7,089 million, with considerable improvement in all areas. Services are up 19.3% and represent 39.5% of the consolidated sales of FCC. Construction area ended the year with a rise of 7.2%, bolstered by the last quarter, in which activity grew by over 15%. Finally, Cement has maintained the strong dynamism of 2005 (up 10.3%).

Organic growth, excluding the companies acquired in the year, stood at 8.6%. The billings contributed by these companies (Grupo Logístico Santos, Entemanser and Marepa) totalled 196 million. The purchase of the additional 8.06% interest in Cementos Portland, acquired from Iberdrola, has no impact on net sales and only affects minority interests, as it was already fully consolidated.

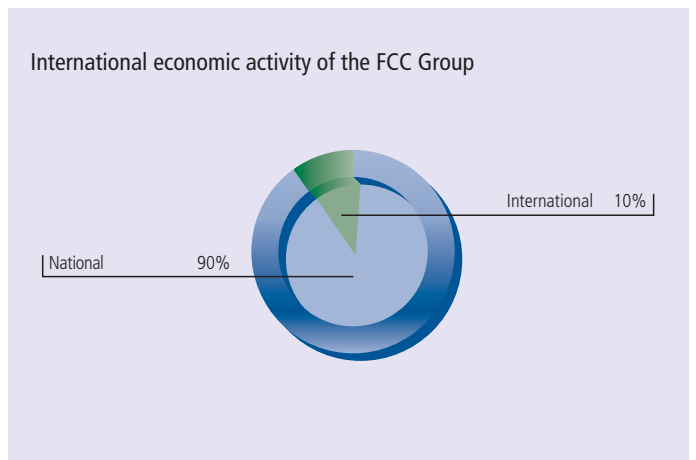
The acquisitions of Abfall Services AG (ASA) and Cementos Lemona will be completed in 2006 and these will foreseeably be incorporated in the Group's consolidated financial statements from April that year. Incorporation of Cementos Lemona is due in the first quarter of 2006 and therefore this company is excluded from the scope of this report. It appears only in the consolidated data from the Cement area (CPV), as at the end of the public takeover bid in February 2006, the shareholding was 96.06%.

	2005	2004	% Variation	% s/Total 2005	% s/Total 2004
Turnover					
Construction	3,346.7	3,123.0	7.2	47.2	49.2
Environmental services	2,078.0	1,827.5	13.7	29.3	28.8
Versia	721.5	519.4	38.9	10.2	8.2
Cement	978.4	886.8	10.3	13.8	14.0
Other activities and eliminations for intragroup operations	(34.8)	(7.9)	N/A	(0.5)	(0.2)
Total FCC Group	7,089.8	6,348.8	11.7	100.0	100.0
Gross operating profit (Ebitda)					
Construction	191.4	177.8	7.6	19.4	21.1
Environmental services	342.8	285.0	20.3	34.7	33.8
Versia	110.7	91.1	21.5	11.2	10.8
Cement	312.3	268.0	16.5	31.6	31.8
Other activities and eliminations for intragroup operations	31.7	20.2	56.9	3.1	2.5
Total FCC Group	988.9	842.1	17.4	100.0	100.0

Millions of euros

International sales have risen by 8.1% as a result of the Services activity. Of total exports of environmental services, 57% relate to Latin America and 37% to the United Kingdom. Versia contributes 23% of net sales outside Spain.

Cementos Portland Valderrivas also has a notable international presence, especially in the USA, where 20.2% of its sales are generated.



Net sales of the FCC Group by geographical area

	2005	2004	% Variation
National	6.386,60	5.679,90	12,1
% s/total	90,1	89,7	
International	703,2	650,9	8,1
% s/total	9,9	10,3	

Millions of euros

FCC's order book has exceeded €20,000 million for the first time

The order book of projects and services of Fomento de Construcciones y Contratas, S.A. (FCC) totalled €20,491.6 million, a record figure in the history of the company, representing a rise of 24.9% compared to the same date in the previous year.

There have been considerable increases in all the company's strategic areas:

- Construction: €5,155.2 million (+18.5%).
- Environmental services: €15,000.2 million (+26.6%).
- Versia: €336.2 million (+73.6%).

The construction portfolio ensures activity for 18.5 months, whereas that of environmental services represents over seven years' activity.



Main lines of activity for the Group in 2006

Services

FCC Saneamiento Urbano is expected to consolidate the significant market share achieved, with growth tied to extensions and, where necessary, renewals of contracts, as well as the opening of treatment plants currently under construction.

Internationally, the growth strategy is based partly on maintaining and expanding activity in the markets of the countries where the group is present and partly on expansion in new geographical areas. This interest in expansion has led to the acquisition of Abfall Services AG (ASA), a notable group of companies specialised in integral waste management and treatment services. This group is well established in various countries in central and Eastern Europe and has solid expectations of growth in other countries in the region.

A significant increase in net sales is expected in the industrial waste sector, due to the forecast acquisition of the remaining shares in the Marepa group, growth generated by investments made the preceding year and the entry into full service of certain, newly constructed installations.

Despite the high concentration in the water management sector, growth continues to be strong, with Aqualia actively present and maintaining the diversification strategy. The boost to operations from acquisitions in the preceding year has been fuelled by recent contracts obtained in different Spanish municipalities, renewals of significant concessions, services contracted by irrigation subscriber associations, implementation and management of desalination stations, as well as growth at international level, where recent contracts in Italy and Algeria are noteworthy.

At the beginning of 2006 the portfolio of pending services amounted to approximately €15,000 million, equivalent to over seven years of annual production.

Versia foresees growth in 2006 mainly in different sectors such as logistics, where management of Grupo Logístico Santos, acquired the preceding year, will be consolidated, establishing one of the largest Spanish logistical operations.

International growth is foreseen in street furniture (Cemusa), following maturity of the existing contracts in Brazil, Italy and United States, start-up of the launch of the Boston contract and the notable tender recently won for the installation and operation for advertising purposes of the street furniture of New York for the next 20 years. This contract involves the placement, maintenance and advertising operation of 3,300 bus stop shelters, 330 press stands and other street fixtures, thereby consolidating the position of the Company in the North American market.

Contracts have been extended in the vehicle parking area, increasing the number of spaces to be managed, particularly corresponding to Zone V of the regulated parking areas in Madrid, for a period of 11 years (which can be extended for a further 25 years) with 29,725 spaces.

A new urban road transport service for passengers in Benalmádena will start this year. Operation of the Parla tram will also commence, similar to the Trambaix and Trambesós lines already in service in Barcelona.

In the domestic handling (Flightcare) sector, AENA has called for public tenders for the renewal of all airport licences, and the Group's objective is to at least maintain its market share in a sector in which competition is increasing considerably.

Industrial activity has often led to the contamination of the areas where it is carried out. Increasing awareness of the need to preserve the environment has resulted in activities to restore those places which were or could be contaminated. The land department carries out activities including: decontamination of soil and aquifers through the design and execution of recovery measures, final certification and risks analysis. Recovery measures involve on-site and off-site treatments in-situ.

This activity is carried out at industrial sites or sites that are due to be reclassified. The main clients are the petrochemical, construction, chemical and real estate sectors. Over 200 projects have been carried out in the last three years.

Construction

Construction business forecasts for 2006 are very promising and indicate a similar trend to 2005, with a healthy outlook for global production in the domestic market. The expansive cycle which started in 1997 has continued, contrary to the sector's reputation as a cyclical business.

In this context, it should be noted that the order book of FCC Construcción totalled €5,155 million at the end of 2005, which assures 18.5 months of coverage of net sales.

Localised growth is expected in the international market, partly in Central and North America, through investments already made and underway, and partly in Central and Eastern Europe. FCC Construcción will continue extending the internationalisation, diversification and growth process through the purchase of companies and of financial participants in tender processes in the EU, Latin American countries and Eastern Europe.



Cement

For the activities of Cemento Portland Valderrivas S.A. the year will be determined by development of the construction sector and infrastructure plans. In Spain, estimates foresee deceleration in the consumption of cement and concrete, which will continue to rise but at lower rates than in the prior year. The result of the public takeover bid for Cementos Leona by Portland Valderrivas is that its net sales will be incorporated in the Portland Valderrivas group, as Cementos Leona and CDN USA, currently accounted for under the equity method, will be fully consolidated. The additional 11.24% held by Leona in Cementos Alfa S.A., currently 80.15% owned by Cementos Portland Valderrivas, will also be consolidated.

The outlook for cement activity in the USA is based on increased demand, accompanied by a rise in prices in the catchment areas of CDN (Maine) and Giant (South Carolina and Pennsylvania). In 2006 the Giant plant in Harleyville, recently modernised and increased in production capacity, will reach full production, and the project for transformation of the wet to dry manufacturing process will start at the Keystone plant in Bath. This project is due to be completed in mid-2008 and will lead to a reduction of production costs and an extension of the manufacturing capacity.



Real estate

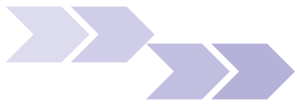
Realia has predicted an increase in sales, based fundamentally on the strength of real estate promotion, which will lead to large figures for deliveries of real estate products. The rotation of leased properties and the area for rental will be increased, which is also expected to help improve year-end sales.

Investments underway in the shopping centres of Guadalajara, Leganés, Murcia and Santiago de Compostela will be continued.

Business strategies in the domestic market will centre on policies of acquiring land requiring town-planning management and allowing added value to be included, as well as the launch of promotional activities in new markets (Valladolid, Zaragoza...), the materialisation of opportunities for the acquisition of office properties, based on location and profitability, development of projects for shopping centres which currently promote themselves and growth through the closure of certain corporate acquisitions.

Following the acquisition of land in Portugal and Poland, promotions and marketing will be initiated. Realia also intends to acquire properties within the European Union, facilitating the growth of the company and contributing significant added value.





Our corporate social responsibility vision and strategy

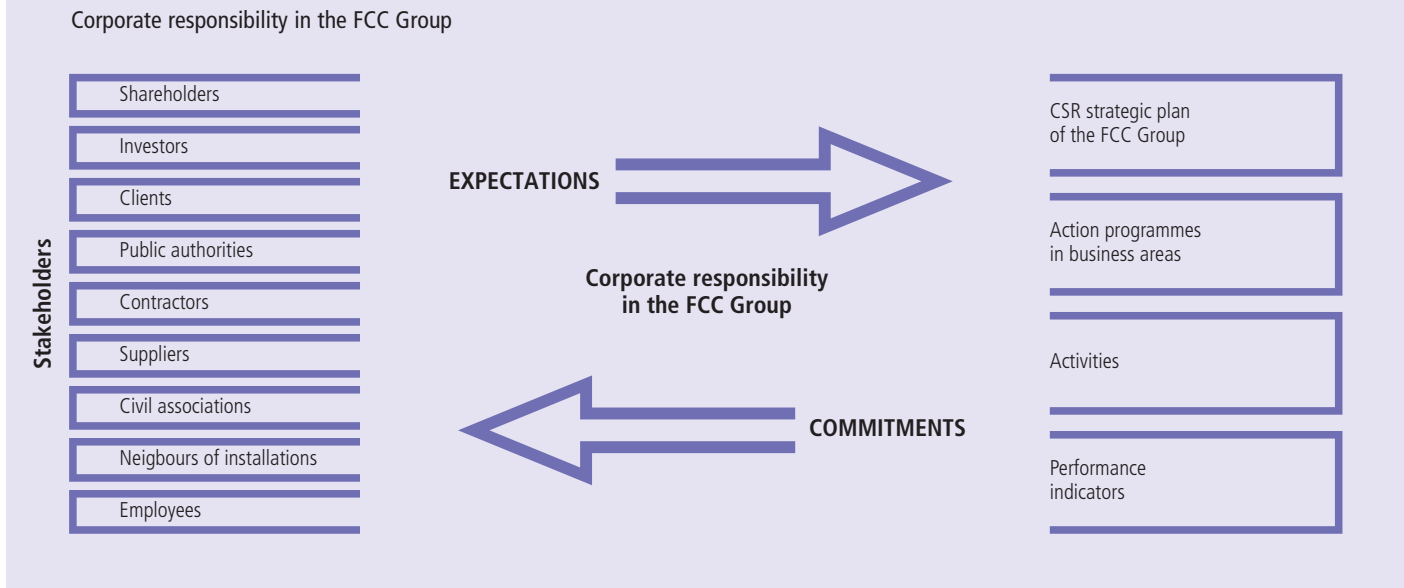
The FCC Group is committed to rendering services which bring value to the society it serves. The diversification strategy has brought the Group ever closer to the public.

The path taken has led to the development of capacities in different Group areas to better serve our stakeholders. In 2005 the Group decided that these capacities needed to be strengthened through a common work strategy which allowed the different Group companies to develop patterns of relations with the main stakeholders and which facilitates long-term relations of mutual benefit to be established.

The vision of the FCC Group's corporate social responsibility is as follows:

FCC wants to be recognised by the societies it serves as a company which is committed, by means of its activities, goods or services, to truly boosting sustainable development. Based on a solid culture and values, FCC aims to develop long-lasting and transparent relations of mutual benefit with its stakeholders.

Consequently, the Group analyses expectations of related stakeholders in each of the business areas and for respective Group companies, and this information is taken on board by the Group company management and bodies involved in taking company decisions. In this report, which covers the Group's activity from 2003 to 2005, the criteria for preparation of the Global Reporting Initiative (GRI), have been followed wherever applicable.



Stakeholders' expectations generate commitments which have been reflected in a CSR Strategic Plan designed on the principles of the AA1000 SES standard and following the Balanced Scorecard method.

Based on the standard AA1000 SES, the Group has set out to identify the main expectations for the Group's business areas. This analysis has led to the development of a strategic plan of Corporate Social Responsibility and action plans in each of the main areas of corporate social responsibility, which are currently under development.

The main areas of work in the Strategic Plan of Social Responsibility are:

1 Corporate governance

In this area of work, FCC focuses its efforts on the internalisation of international regulations and standards in its systems of governance and management and the promotion of ethics and integrity in relations with related shareholders.

In the quest of AA1000

Since 1999 Accountability, the British organisation dedicated to promoting accountability management in companies around the world, has spread this open-code methodology, followed by thousands of companies worldwide. AA1000 is a universally applied standard used for advisory services, promotion of credibility and the quality of contents of sustainability reports, including processes, systems and responsibilities.

One of the key characteristics of this module is the definition of the materiality of the matters included in the company's plans of improvement for its stakeholders. Applied to the preparation of annual and other reports, the information provided by the company should relate to those issues which concern its stakeholders and therefore provide them with added value.

More information on this standard can be found at www.accountability.org.uk

2 Attraction and retention of talent

Facing the challenge of attracting and maintaining motivated and trained personnel, FCC is focused on integrated management of Human Resources, with the professional development of employees, promotion of diversity and the equality and satisfaction of employees as key factors.

3 Occupational health and safety

This represents one of the most important challenges for our present society and FCC assumes its responsibility, implementing policies and procedures to reduce emissions through innovation and by seeking out possibilities of using renewable energies.

4 Climate change

This represents one of the most important challenges for our present society and FCC assumes its responsibility, implementing policies and procedures to reduce emissions through innovation and by seeking out possibilities of using renewable energies.

5 Use of raw materials

FCC is constantly seeking the best opportunities to save on the use of raw materials and to apply those with least impact on the environment.

6 Contribution to communities

FCC is committed to the development of the communities where it operates, contributing to local and international projects and initiatives.

7 Communication with our stakeholders

Communication with our stakeholders is a priority within FCC's strategic plan. Recently the Company has made a real effort to report its results and policies in terms of corporate responsibility guidelines.

Each of these priorities is complemented by the activity priorities of different Group companies, generating a solid plan of action comprising over 100 programmes.

Coordination of these programmes is carried out through the Group's **Committee for Corporate responsibility**, the main functions of which are to:

- Develop and execute the Strategic Plan of FCC along the lines of Corporate Social Responsibility.
- Monitor the action plans of the different areas of activity and key indicators.
- Evaluate emerging risks.
- Evaluate compliance with the commitments undertaken by the Group.
- Develop dialogue and cooperation with common stakeholders.
- Promote the image of FCC as a responsible company.
- Coordinate the gathering of information for the preparation of corporate reports.
- Develop the exchange of positive experiences.

This Committee, which reports to the General Secretary of FCC, is formed by specialists in the coordination of corporate responsibility actions in:

- FCC Servicios.
 - Urban sanitation activities.
 - Industrial waste (Ámbito).
 - Aqualia.
 - Versia.
- FCC Construcción.
- Cementos Portland Valderrivas.
- Realia.

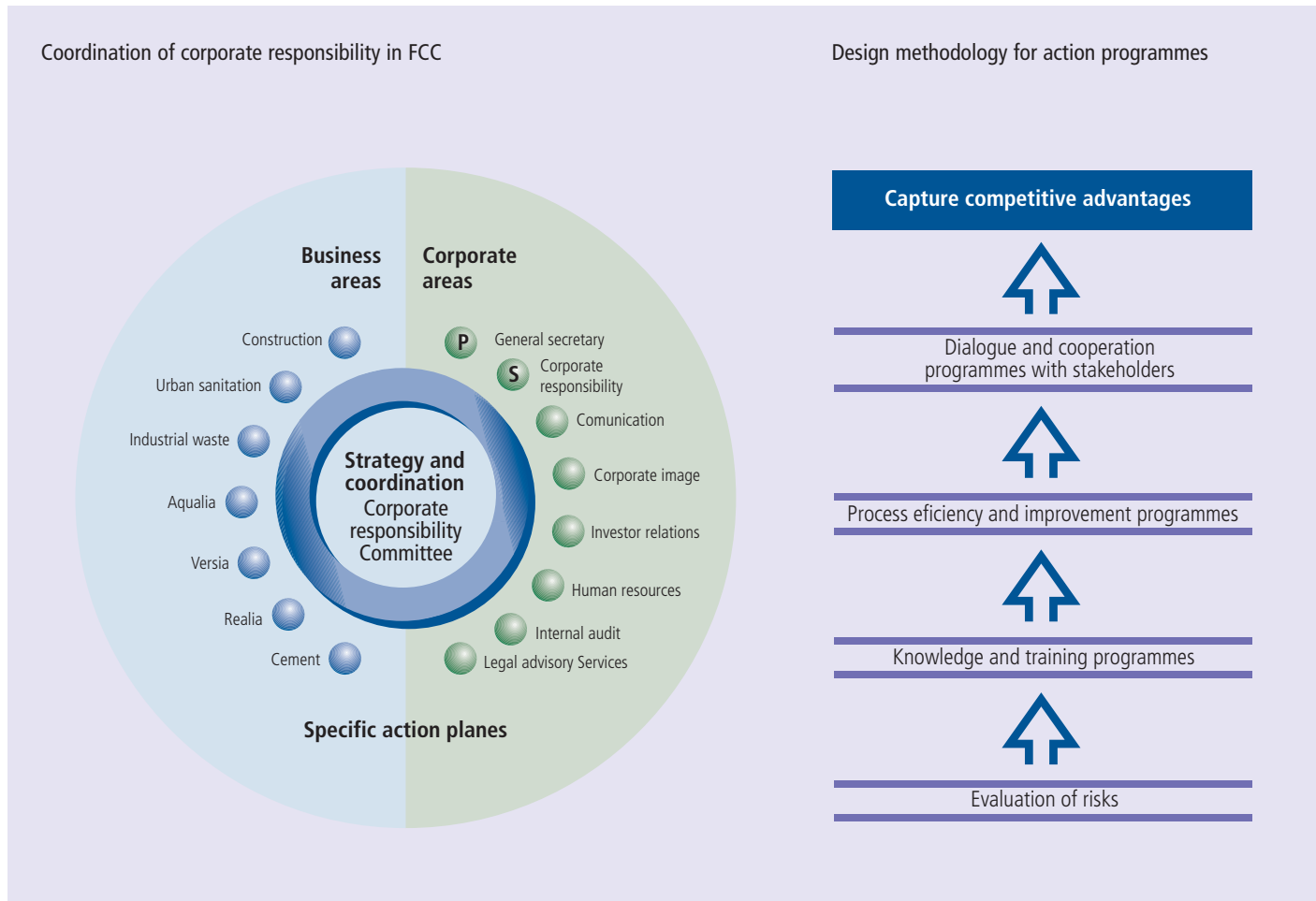
The Committee also includes members of the departments of Internal Audit, Human Resources, Communication, Corporate Image, Legal Advisory Services and Shareholder Relations.

Coordination of the CR Committee programmes and its work on corporate responsibility (which also includes "good corporate governance") falls to the department of the same name, dependent on the General Secretary of FCC.

Since the end of 2005 FCC has worked on the preparation of an exclusive section with this name on its webpage, www.fcc.es, which provides information and allows effective dialogue with stakeholders.

FCC also supports different domestic and international initiatives aimed at encouraging and promoting corporate responsibility.

Both the Construction area and Cementos Portland Valderrivas have signed the Global Compact of the United Nations (Global Compact) and the Cement area also plays a prominent role in the prestigious World Business Council for Sustainable Development. FCC has already foreseen a policy of presence and participation in the most prestigious forums of corporate responsibility.



Area	Main expectations of action in favour of sustainable development
Construction	<ul style="list-style-type: none"> • Promotion of integrity in relations with stakeholders. • Promotion of health and safety in the workplace. • Attraction and retention of talent. • Investment in sustainable construction and technological innovation.
Cement	<ul style="list-style-type: none"> • Reduction of emissions. • Promotion of responsible use of natural resources. • Attraction and retention of talent. • Management of impacts on the natural environment.
Services	<ul style="list-style-type: none"> • Promotion of health and safety in the workplace. • Reduction of emissions. • Promotion of a management system for sustainable environmental services. • Attraction and retention of talent.
Real estate	<ul style="list-style-type: none"> • Promotion of integrity in relations with clients and government authorities. • Application of environmental and social criteria in the acceptance of clients and projects.

Communication



FCC Saneamiento Urbano presented in 2005 the first Sustainability progress Report, also prepared on the basis of GRI criteria and representing a more fluid and transparent way of communicating the sustainable strategy of this important Group activity. The Group's initiatives to anticipate and integrate changes through extensive research and development guarantees respect for social responsibility commitments year after year.



FCC Construcción every two years prepares an Environmental Report detailing the results of the integrated management of the environmental challenges related with its activity. This report has been published since 2000. Its purpose is to promote dialogue with all stakeholders, showing the advances achieved in the activity of the business unit. The document highlights the importance of the environment within which FCC Construcción operates as a strategic factor for the company, as changes in environment and impacts on it have direct repercussions on the company. The document also underlines the company's role as an actor in this constantly evolving sustainability scenario. (see www.fccco.es, Comunicación Medioambiental -Environmental Report-).



With regard to this proposal, special mention should be made regarding the first sustainability report from FCC construction which was published in 2004, and is the only one in the sector classified as "in accordance" by Global Reporting Initiative (GRI). The first progress report has been published in terms of the ten principles of the worldwide agreement of the United Nations (see www.fccco.es, online Sustainability Report and Progress Report).



The publication of Cementos Portland Valderrivas' first Sustainability Report, should also be noted. The document includes balanced and reasonable information on the economic, environmental and social development of the Cementos Portland Valderrivas Group in the context of sustainability in 2005 and with reference to progress made in the two preceding years. The report has been prepared and validated based on the instructions from the "Guide for Preparation of Sustainability Reports 2002", published by the Global Reporting Initiative (GRI).

Committed to a better future



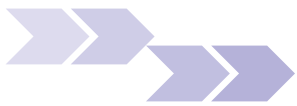
Creating value is one of the Group's main goals. FCC works towards transforming this value not only into capitalisation, but also into employees' salaries, contractor acquisitions, contributions to the state in the form of taxes and to society by way of donations etc.

One of FCC's objectives is to increase the return on these cash flows, and it therefore dedicates considerable time and effort to improving its management systems in order to make them more efficient.

The Group has systems that provide management with timely and precise information, which facilitates transparency and accountability before third parties.



Torre Picaso. Main entrance



Corporate governance

The FCC Group is headed by its shareholders, who are represented at the annual general shareholders' meeting. The FCC Board of Directors is currently comprised of 17 board members, three of which hold executive positions in the Company.

The Board of Directors organises its work through plenary sessions -12 sessions took place in 2005- or through different committee meetings:

Executive Committee

This committee runs the Company's business and has wide-ranging management, administrative and asset-management powers. Is also responsible for representing the Company.

Number of meetings held during 2005: 11.

Audit and Control Committee

This committee supports the Board of Directors in monitoring the Group's business by periodically reviewing the preparation of financial information, internal controls and external auditor independence.

Number of meetings held during 2005: 9.

Appointments and Remuneration Committee

This informs the Board of Directors of appointments, re-elections, and step-downs from the board, directors' remuneration and general remuneration and incentive policies for board members and senior management.

Number of meetings held during 2005: 3.

Strategy Committee

This advises the board on strategy-related issues and takes decisions related to investments, disinvestments, third-party agreements, new lines of business and any financial operations affecting group strategy.

Number of meetings held during 2005: 1.

Board of directors and committees

SHAREHOLDERS

BOARD OF DIRECTORS

Maximum of 20 and minimum of 3

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

Executive Committee	
Rafael Montes Sánchez	Chairman E
Audit and Control Committee	
Fernando Falcó y Fernández de Córdova	Chairman A
Appointments and Retributions Committee	
Esther Alcocer Koplowitz	Chairman N
Strategy Committee	
Esther Koplowitz Romero de Juseu	Chairman S

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

X This symbol indicates membership of the corresponding committee

FCC publishes an annual Corporate Governance Report which provides details on how the different governing bodies operate, remuneration etc. and on any significant events which occurred in 2005. This report is submitted to the CNMV (Spanish stock exchange commission) and is available at www.fcc.es

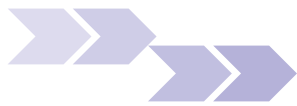
Directors' remuneration

	Number of board members	Company remuneration (M€)	Group remuneration (M€)
Executive directors	3	2,962	200
Directors representing a major shareholder	12	1,226	538
Independent directors	2	161	
Total members	17	4,349	738

Millions of euros



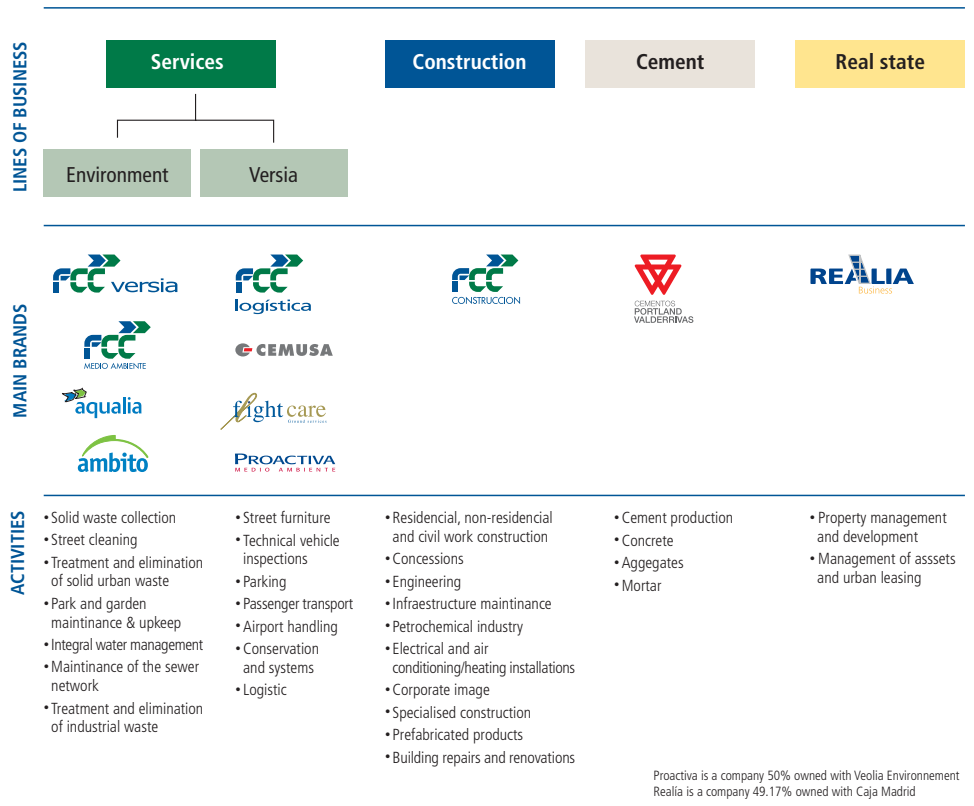
World Trade Center buildings in Cornellá. Barcelona



Management structure

In addition to providing corporate services, FCC is organised along four lines of business.

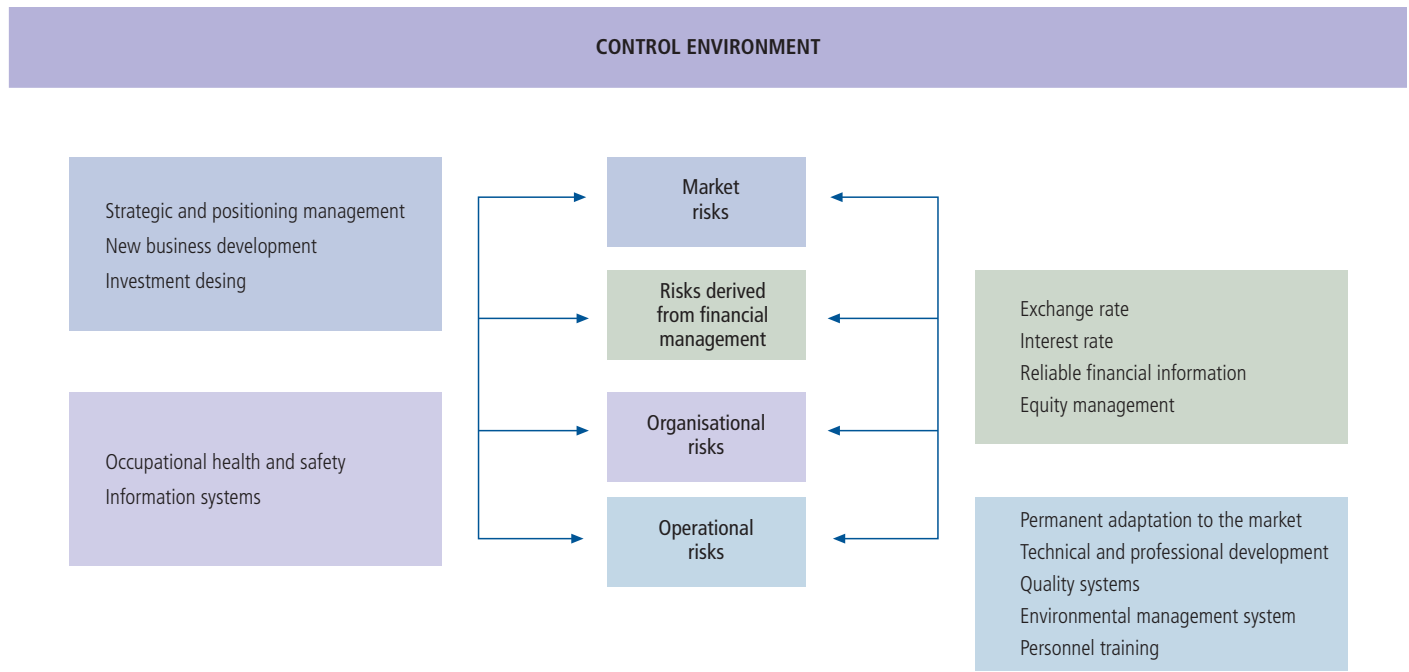
Areas of business and the main brands of the FCC Group



Proactiva is a company 50% owned with Veolia Environnement
 Realia is a company 49.17% owned with Caja Madrid

The planning systems and management processes within the Group's organisational structure are designed to improve its competitiveness.

Integrated management system of the FCC Group



Principal management systems

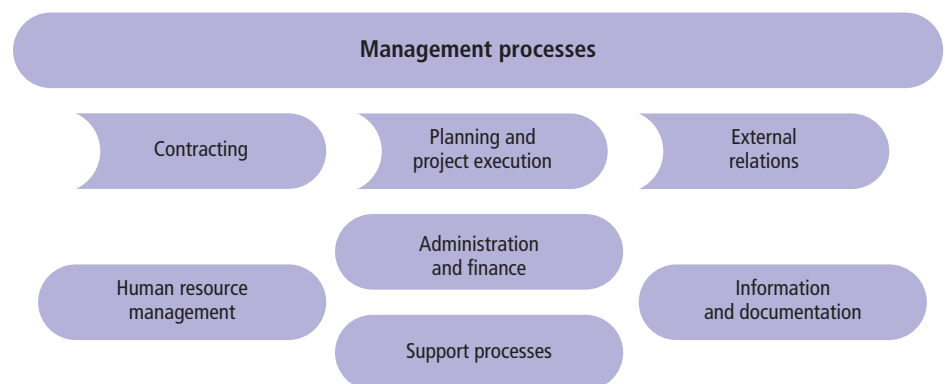
The companies comprising FCC have modern, integrated management systems with processes which enable them to offer high quality products and services.

These management systems regulate how the Group's organisations operate, incorporate both group and company policies, and define the mechanisms necessary for attaining continuous improvement.

In the majority of group companies, these systems cover the entire process from the initial offering through to finalisation of the service or delivery of the product.

All relevant processes are identified, described and set out in a flow chart which shows the chain of activities, those in charge, the information to be used and the resulting information. The different processes within the systems ensure that products and services comply with all requirements.

Processes integrated in FCC Construcción's management and sustainability system



FCC Construcción's environmental management system

Environmental management is applied to all projects undertaken by FCC Construcción, as well as in all group centres whose activity has an impact on the environment. Environmental management is distributed across all organisational and hierarchical levels and forms an inherent part of the Company's management system.

Environmental management, and management functions in general, are organised along four basic lines: the Sustainability Committee, Divisional Committees, Area Committees and Branch Committees. All members of company management are involved in these committees, while the chairmen of each level form part of the higher-level committees.

Within the processes applied by the different company organisations, the Project Manager defines, implements and monitors environmental measures every four months using the Environmental Plan, a basic, multi-level communications document.



The Environmental Plan for each project is outlined in two basic documents:

- **370 "Environmental Issues and Actions "**
This identifies and assesses issues and courses of action to be taken and contains references to development documents and applicable legislation.
- **371 "Environmental Objectives"**
This contains best practices which have been selected for implementation and follow-up on the project. Best practices exceed external requirements, are tailored to the project, and the effort involved is proportional to the result attained.

This system may be consulted in the 2005 Environmental Report.

FCC Construcción committed to quality

In 2005 FCC Construcción's Sustainability Committee presented the Quality Awards for Best Construction. The award in the building category went to the multi-purpose Rockódromo Arena in Madrid while the civil works award went to the Balcón del Guadalquivir in Córdoba.

Rockódromo Arena (Madrid)

The Rockódromo Arena is a 29,800 m², multi-purpose arena with a maximum seating capacity of 10,800. The building is covered by a steel and glass structure spanning 126 m in diameter and weighing 7,800 tons. An outer concrete ring supports six enormous beams that meet in an inner, hexagonal, steel ring, through which light enters via a network of skylights. The complex also has an auxiliary 4,200 m² pavilion, built partially underground on one side, which is connected by a tunnel to the Rockódromo, the Pabellón de la Pipa and the Pabellón de Cristal.

Balcón del Guadalquivir (Córdoba)

This project undertaken by FCC involved channelling the Guadalquivir River as it passes through Cordoba. The integral project also provides for developing the surrounding area which, in addition to incorporating the Molina de Martos and the Ermita de los Mártires as its main elements, also includes gardens, a water treatment centre and an area set aside for nautical activities, including a rowing club. This project covers 90,000 m² and is located between the Arenal bridge and the Ribera boulevard.



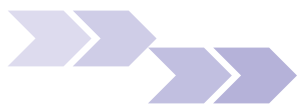
Rockódromo Arena. Madrid



Urbanisation El Balcón in Guadalquivir. Córdoba



Handling service for passengers

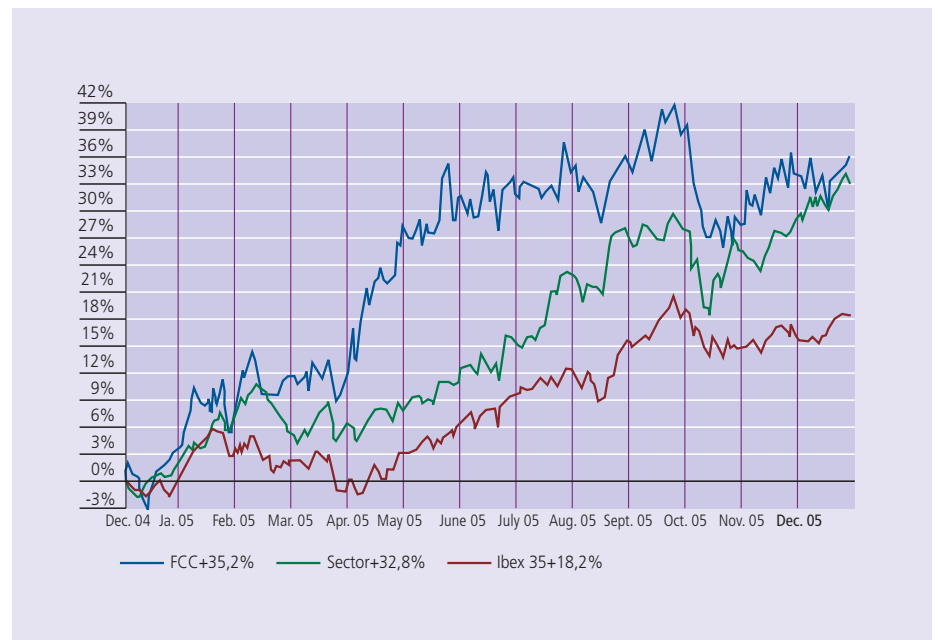


Creation of value

Value for our shareholders

FCC shares rose by 35.2% in 2005, on top of the 21.2% and 36.6% growth in 2004 and 2003, respectively.

This rise in FCC shares has exceeded both the Bloomberg Euro Engineering & Construction sectorial index (32.8%), which encompasses the 58 most important European construction companies, and the Ibex 35, the main Spanish share index, which rose by 18.2%.



FCC shares closed at Euros 47.90 on the final day of trading in 2005 compared to Euros 35.43 in the prior year, representing a net increase in value of Euros 12.47/share, to which a dividend distribution of Euros 1.36/share must also be added.

During the year, FCC shares performed well, from a low of Euros 34.39 on 12 January to a yearly high of Euros 50.10 on 4 October.

A total of 80.8 million shares were traded in 2005, which translates into an average of 317,079 shares daily. Total cash amounted to Euros 3,492 million, with a daily average premium of Euros 13.6 million, which is 36% up on 2004.

The Company's stock market capitalisation amounted to Euros 6,254 million at year end compared to Euros 4,626 million in December 2004.

Dividends

The directors will propose to the shareholders at their annual general meeting in June 2006 that a gross dividend of Euros 1.614 per share be distributed in two instalments: an interim dividend of Euros 0.766 per share on 9 January 2006 and a complementary dividend for Euros 0,848.

The total figure is an increase on the prior year dividend distribution and represents 50% of profits, which is one of the highest in the Spanish sector.

During the last five years, total dividends distributed have risen threefold.

Communication

FCC has a group actively involved in promoting investor relations through its web site www.fcc.es. This site is being continuously improved with a view to providing better and more easily accessible information.

- In 2005, a section on listed prices and intermediary volumes in real time was incorporated, with access to historical data bases.
- In order to make browsing easier, a financial information module is being incorporated into the investors and shareholders section. Two new headings will be included providing quarterly data on own shares, and analyst recommendations and objective prices.

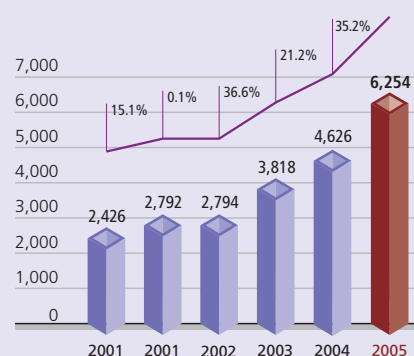
The investor relations group not only submits content to the web site but also actively strives to inform investors and shareholders via the following:

Participation in seminars

The principal stock market brokers regularly hold seminars on companies based on different criteria. FCC participates in these seminars when they involve Spanish companies (geographical criteria), construction and building materials (sector criteria) and Large Caps (stock market capitalisation criteria).

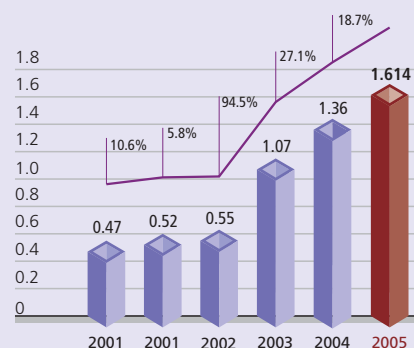
Stockmarket capitalisation and yearly revaluation

Millions of euros



Dividends paid and yearly increase

Euros



Investor presentations (roadshows)

Each year, roadshows are organised for investors both in Spain and abroad which cover the main international circuits (United Kingdom, United States, France, Germany, Italy etc.).

In 2005, roadshows were organised in London, New York, Paris, Frankfurt and Milan during which a total of 41 meetings were held with investors.

Meetings with investors in our offices

In addition to external contact with investors, meetings are also held in our offices in Madrid, which are attended by both national and international investors. When a face-to-face meeting is not possible, new technologies such as video conferences or conference calls are employed.

A total of 178 meetings were held in 2005.

Presentations retransmitted by video or telephone

When announcing results or any other significant event, FCC gives presentations to analysts and investors, who can attend either in person, or remotely via telematic media such as internet (audio or video webcast) or telephone.

Mention should be made of the presentation given by Rafael Montes, managing director of FCC, in April 2005 on the Strategic Plan 2005-2008. This presentation was delivered at the Madrid Stock Exchange, was attended by a large number of analysts and investors and was transmitted by conference call with simultaneous interpretation.

The stock exchange and investor relations department also has two further channels of communication: its own e-mail address (*ir@fcc.es*), which received over 220 messages in 2005, and a shareholder service line (91 359 32 63), which was used by almost 300 people to request information on the Group.

Value for customers and users of our services

FCC considers its customers to be a primary asset and strives to maintain lasting and trusting relationships based on mutual benefit. FCC has a wide and varied customer portfolio, ranging

from corporate clients such as those served by Cementos Portland Valderrivas, to local and regional governments and private entities served by FCC Construcción and the private customers of Realia.

However, the Group also renders services to many more millions of customers at home, in their neighbourhoods, cities, airports, at work etc., from whom we endeavour to obtain feedback in order to satisfy their ever more demanding needs.

The majority of FCC Group companies are quality certified, and some stand out on account of their pioneering customer service policies.

Percentage of FCC group companies which have externally certified management systems in the areas of quality, the environment and safety in the workplace

Empresa	% of company certified		
	Quality ISO 9001	Environment ISO 14001	Safety in the workplace OSHAS
Cement			
Cementos Portland Valderrivas			100
Cement factories in Spain	100	100	—
Construction			
FCC Construcción	100	100	—
Real estate			
Realia, S.A.	100	—	—
Services			
Environment			100
Aqualia	100	100	100
No. of inhabitants ⁽¹⁾	69.91	45.77	100
No. of contracts with SG compared to the total	36.67	24.17	100
Industrial waste	86.00	79.00	100
Work centres	74.00	74.00	100
Urban sanitation ⁽²⁾	86.00	79.00	—
Cleaning of buildings	97.00	73.00	100
Treatment and elimination	84.00	84.00	100
Street rubbish collection and cleaning, beach cleaning, upkeep of gardens and sewer network	81.00	81.00	100
Versia			
Logistics	95.00	6.00	100
Airport services	100	95.00	100
Street furniture. Cemusa	100	—	100
Conservation and systems	100	—	100
Transport	60.00	—	—
Parking	96.69	—	100
ITV (vehicle technical inspection) ⁽³⁾	—	—	100

(1) Calculated based on "inhabitants supplied: customers connected to the sewage network over the total number of inhabitants" (for the sewage treatment plants in the north and south zones).

(2) Values correspond to the % of contracts by type of activity; does not refer to companies or enterprises.

(3) This activity has its own quality regulation under UNE EN ISO/IEC 17.020 2004, which has been implemented in all centres throughout Spain. Moreover, two of the centres are accredited by ENAC while others are in the process of being accredited.

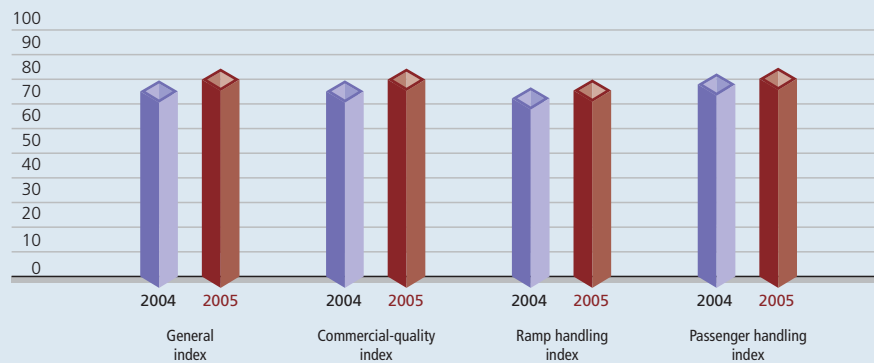
Flightcare

Improvement in all customer satisfaction indices

Flightcare has opted to integrate its management systems, which regularly receive ISO 9001:2000 Quality Management Systems, ISO 14001:2004 Environmental Management Systems and OHSAS 18001:1999 Occupational Health and Safety and Management System certification.

In 2005 all main customer satisfaction indices rose.

Flightcare satisfaction indices



Ámbito

Quality in industrial waste management

Ámbito is the leading industrial waste management company in Spain.

Ámbito comprises a group of companies which offer the most comprehensive and efficient range of industrial waste management solutions.

In 2005, customer satisfaction rated 4.24 on a scale of 1 to 5.

FCC Construcción

Quality improvement procedure

The construction division has a procedure called PR/FCC- 120 which sets out the functions of the Quality and Sustainability Committee. These require that the maximum executive body perform, inter alia, the following functions;

- Establish system guidelines.
- Ensure that the system functions effectively.
- Implement improvement measures.
- Draw up the annual training plan.
- Review the system.

This procedure complies with ISO 9001 and the committee meets at least every four months, and more often if necessary. The commitment to excellence in quality of service is a priority for our organisation, and the management system therefore defines the appropriate continuous improvement mechanisms.

Customer feedback on projects

A specific customer survey is carried out at the end of every project in which 11 attributes are rated. This enables us to draw up plans to focus our efforts on important areas which receive a low rating. In 2005, in 96% of the cases a "good" or "very good" rating was received, and amongst the most consistently highly rated were attributes such as the professional skills of the team involved (which also received the highest rating), customer attention, compliance with undertakings and the ability to resolve problems and address unforeseen events.

Cementos Portland Valderrivas

Certified products and systems

The commitment to quality extends to all manufacturing lines, end products and delivery contracts and is clearly orientated towards customer satisfaction. The first Company Register certificates obtained by the Group date back to 1996.

Cement is manufactured under the "N" voluntary product quality certificate, which appears on our wrapping and docketts. All group cement carries the CE mark, as do all products leaving our aggregate plants.

Realia

Quality for its customers

Realia Business has a procedure for the delivery of properties covering all promotions which guarantees a high level of quality until the deeds are signed and the property is handed over.

Realia also carries out surveys with a view to obtaining customer feedback, the results of which reveal a high degree of customer satisfaction in terms of service and information received from Realia personnel, as well as the characteristics of the property, compliance with contractual deadlines and the perception of Realia as a company. In short, more than 60% of those surveyed would recommend purchasing a house from Realia.

Case study

Aqualia quality letters

Aqualia, a concessionary company for integral water management, issues quality letters, which represents a clear undertaking to all citizens as regards the municipal water service.

This document guarantees compliance with all obligations inherent in managing the municipal water supply, and, in the event these obligations are not fulfilled, promises compensation of the monetary equivalent of 10,000 litres of water, based on prevailing rates.

The company also undertakes technical commitments, such as performing more than 20,000 analyses a year to guarantee daily control of the water supply and 5,000 tests on treated water.

The quality letter also contains commitments with regard to the provision of information, which demonstrate the company's commitment to providing a transparent service: notice of planned interruptions to the water supply will be posted on protective barriers, building entrances or published in the media. In the event of urgent faults in the water supply, Aqualia will visit the area affected within 12 hours of receiving notification. If the water supply is interrupted, the company will supply water, free of charge, via taps attached to the nearest hydrants.



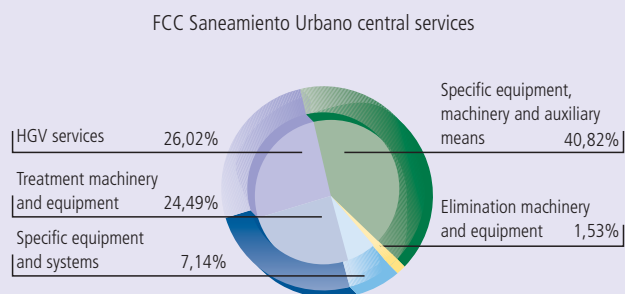
Quality letter for Salamanca

Value for our business partners: contractors and suppliers

Our business partners, i.e. contractors and suppliers which produce goods or provide services together with FCC to our customers, form a special part of FCC's value chain and share in the responsibility for achieving positive results.

Within the context of quality and environmental policies, group companies share social and environmental commitments with suppliers and subcontractors. Compliance with these commitments materialises through the implementation and assessment of purchase management procedures and the inspection of products or services supplied (delivery dockets, regular meetings etc.).

Distribution of qualified suppliers by groups of purchases 2005



Another example of supplier policy is the inclusion of environmental and occupational safety clauses in all contracts and contractual reviews.

Some of the most significant issues concerning suppliers at divisional level, which are also stipulated in contracts, are as follows:

- Compliance with fiscal obligations.
- Insurance and accident policies.
- Compliance with prevailing data protection legislation.
- Environmental requirements.
- Safety requirements.

Some figures on FCC Construcción's supply chain

Total number of suppliers in the data base	18,904
Number of suppliers	7,563
Number of subcontractors	10,531
Number of national suppliers	8,459
Number of international suppliers	755
Number of regional suppliers	4,513
Number of provincial suppliers	3,144
Number of local suppliers	1,223
Number of ISO 14001 accredited suppliers	81
Number of suppliers contracted in 2005	2,969

Subcontractors and suppliers of FCC Construcción

The general management of FCC Construcción issued a purchasing policy which details the products and activities to be managed centrally, whether from the central purchasing service or from regional purchasing departments, as described in the corresponding procedure.

Environmental requisites, safety in the workplace, purchase specifications etc. are included in each of the contracts entered into with industries or suppliers. All supplier information is recorded in SISCOMP (a software purchasing system).

This system contains general data on each supplier, as well as information such as their speciality, projects on which they have collaborated with FCC, the rating given by the project manager, volume of purchases in Euros, contract execution dates etc.

The value of innovation

The FCC Group is actively involved in research, development and innovation focused on issues directly and indirectly related to its activities. In 2005, projects were carried in each of the four areas of activity, Services, Construction, Cement and Real Estate, with a view to protecting the environment and promoting sustainable development.

Services

A project to analyse the life cycle of water undergoing waste treatment is particularly noteworthy in this area. The basic objective of this project is to study water as an environmental indicator in the widest possible sense within the treatment processes, define the environmental impact thereon and assess the necessary corrective measures. This will enable the necessary complementary operations and measures to be implemented, while providing an informative and decision-making tool for all sectors involved (companies, administrations and citizen organisations interested in environmental solutions etc.). This project has been very well received by the Technological Policy Directorate of the Ministry of Education and Science.

Regarding waste elimination studies have been carried out on a closed aerobic compost system for processing small and medium-sized organic waste rejected by organic waste treatment plants, and preparing a substitute fuel for traditional sources (gas, coke, etc.).

With respect to water, **Aqualia** has mainly been involved in industrial sewage-related projects (wasteless recycling of industrial sewage, the design of anaerobic reactors and an advanced oxidisation system for industrial sewage which is difficult to break down etc.).

As for the activities of **Versia**; the street furniture sector is developing two technologically innovative projects, the first of which is the development of a light urban vehicle (Episol) which uses hybrid electrical propulsion with a possibility of two different motors: a thermal motor in the initial stage, to be later followed by an electric motor which runs on a solar powered fuel cell. The subsidiary Cemusa has entered into a collaboration agreement for this development with INSIA (the University Institute for Automobile Research), which belongs to the Polytechnic University of Madrid, and IAI (the Industrial Automobile Institute), part of the Higher Centre for Scientific Research. The second project involves the development of bus shelters, which were presented at the Dallas exhibition (USA).



Construction

FCC Construcción sits on the management board of the European Construction Technology Platform, an initiative comprising over 600 organisations (industries, universities, research centres, etc.) whose objective is to lay down the strategic research agenda for the sector and carry out publicly and privately funded macro-projects. FCC Construcción also coordinates the Permanent Committee of the Spanish Construction Technology Platform, composed of more than 140 organisations similar to those involved in the aforementioned European Construction Technology Platform, and with analogous objectives.

Projects carried out during 2005 include the following: Tunconstruct, with a view to optimising underground construction; Manbuild, aimed at industrialising construction; Arfrisol, involved in bioclimatic architecture and solar cold; Hatcons for the utilisation of high-performance materials; and Fibras, for the use of steel fibre-reinforced concrete.

Cement

The research and development activities of **Cementos Portland Valderrivas S.A.** on new cement products and applications are mainly carried out at the laboratories of its Olazagutía plant (Navarra). During 2005, work has been performed in the following areas: raw material assessment, alternative fuel studies in collaboration with universities under the PROFIT programme (programmes for the promotion of technical research), participation in normalisation committees, research work in conjunction with customers in order to improve existing products and develop new applications etc. Cementos Portland Valderrivas also actively participates in research projects being carried out at the IECA (Spanish Institute for Cement and its Applications).

Case study



Innovating in conjunction with FCC Saneamiento Urbano

FCC has been involved in various collaboration initiatives through its urban sanitation line of business to introduce conceptual and technological breakthroughs in the equipment and processes we offer our customers. On the basis of a shared, common objective, the best techniques have been employed to ensure that our services meet customer requirements and environmental demands. The various agreements reached include the following:

- Design and construction of hybrid vehicles (1994).
- Collaboration between FCC Medio Ambiente and IVECO's Industrial Engineering Department to design and manufacture the chassis for natural gas-driven solid urban waste collectors (1995).
- Design and development of first generation 'KB' vehicles, a narrow-bodied rubbish collector specially designed to negotiate the streets of the historical area of town (1997).
- Signing of the framework agreement with the Ros Roca R&D department in 2003 for the development of coordinated industrial research projects on organic breakdown technology for urban waste treatment.
- Collaboration with the Ros Roca engineering departments to optimise the load capacity of rubbish collectors.

Case study



FCC Construcción

Proyec: ARFRISOL
 Bioclimatic architecture and solar cold

Strategic technological research and development project financed by the Ministry of Education and Science to promote the use of bioclimatic architecture and solar energy, which only use 10%-20% of conventional energy, in offices as a basis for future construction. This research centres on using thermal energy for heating and refrigeration, and for producing photovoltaic electricity.

PSE-ARFRISOL endeavours to study and demonstrate the possibility of saving energy by adapting five public buildings (three belonging to CIEMAT, one to the University of Almería and another to the Barredo de Asturias Foundation) selected in different strategic points throughout Spain (Almería, Madrid, Soria and Asturias), each of which has a different climate. The universities of Almería and Oviedo and other leading firms in this sector are also taking part in this project.

Case study

Innovation award for FCC Construcción

In 2005, FCC Construcción's sustainability committee presented an innovation award for the first time, which went to the "Victoria" self-propelled, precracking machine.

The importance of precracking cement-treated layers on road surfaces is a recurring theme at national and international symposiums and congresses. Moreover, the Ministry for Public Works has made precracking compulsory for all national roads. For this reason, the machinery department of FCC Construcción in Andalusia has designed and built a precracking machine which does not alter the cement surface around the joint. This machine has been patented and was used for the first time on a stretch of the Córdoba-Fernán Nuñez highway. It is not costly to operate, can travel at a speed equivalent to that of a surface laying machine and is capable of cutting both transversally and longitudinally.



Carro prefisurador autopropulsado "Victoria"

Future for our environment



Protecting the environment is central to all FCC Group activities, based on the principle of precaution, endeavouring to minimise environmental impacts. The main effects of FCC's lines of business are:

Climate change

FCC's commitment to continuous reduction of the production of greenhouse gases has led to increasing investment in support for alternative energy sources, technologies maximising energy output, and practices aimed at raising awareness of the importance of responsible energy consumption amongst employees and users. FCC has a complete framework of actions directed at reducing emissions and avoiding, as far as possible, contributing to global warming.

Integral management of the water cycle

Water is another priority in our society and especially for Spain. We are committed to saving water not only from a management point of view but also as users of this precious resource.

FCC has created Aqualia, designed to bring together capacities and extensive experience in water management in a responsible and sustainable manner, guaranteeing that it is available in sufficient amounts and of good quality. The final objective is to create a water cycle where losses are continuously reduced, helping to reduce costs and generate sustainable consumption of this limited resource.



Waste management

As with water, in our management of waste we feel we are part of cutting-edge solutions. In a society increasingly concentrated in cities, efficient management of waste is essential. Therefore, FCC has created robust and efficient systems of waste management operating in the largest cities in the country. The Group is also responsible for management of industrial waste, for which it has a complete network of installations throughout Spain, allowing it to meet the needs of the industrial sector.

Conservation of biodiversity

Another large environmental challenge of concern to the FCC Group is the conservation of biodiversity, for which it has put all available mechanisms in place to ensure that its activities do not have an irreversible impact on the environments where these are carried out.

Conservation of the environment is a challenge for FCC and the Group is gradually making advances and modernising its systems to achieve an activities model which is increasingly compatible with the environment.

Introduction

Global warming is one of the main problems currently faced by society in its relationship with the environment. The so-called "greenhouse effect" is already being felt, and its serious consequences have prompted measures to be taken by the international community. In fact, climate change is one of the priorities of the sixth European programme for the environment (Environment 2010: the future is in our hands), on which current European policy is based. Serious changes are also required in energy and industrial policy. Many sectors will have to make a great effort in order to maintain their competitiveness and efficiency whilst adjusting to new legal requirements on energy issues.

FCC assumes its responsibilities to meet this supreme challenge and has designed and implemented various plans of action to provide a response to current needs.

The cement sector is the main business sector affected, as the cement production process involves emissions of CO₂.

Another part of the company which is involved is the Services area, which encompasses differing activities, of which waste, transport and logistics management are business elements which present excellent opportunities for improvement in the reduction of greenhouse gases.

CO₂ emissions Cement

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

1. Improved energy efficiency, through the manufacture of clinker in more efficient furnaces, with a lower specific consumption per tonne of clinker produced.
2. Increased use of materials which include lime (CaO) in their composition, to help reduce emissions of CO₂ in the clinkerisation process.

3. Promotion of the use of alternative fuels deriving from wastes which would otherwise end up in dumps, especially biomass.
4. Improved use of additions in the manufacture of cements, whereby the level of clinker per tonne manufactured is minimised, whilst maintaining product quality.
5. Participation as a Group in the Spanish Carbon Fund, to which we have contributed €2.5 million.

Legislation concerning greenhouse gases applicable to Cementos Portland Valderrivas solely affects the cement manufacturing activity. The Group is subject to the Commercial Law of Greenhouse Gas Emission Rights and exclusively with regard to its activities in Spain.

These greenhouse gas emissions have been certified satisfactorily by AENOR.

The table below shows emissions of CO₂ by the Cement business unit in Spain and in the USA in the last three years, detailed by plant and represented by the weighted average, expressed in Kg of CO₂ per tonne of clinker produced in Spain and the USA.

	CO ₂ (kg/Tm clinker)		
	2003	2004	2005
Spain			
Alcalá de Guadaíra	909.6	896.1	838.3
El Alto (grey clinker)	893.0	878.0	856.0
El Alto (white clinker)	1,190.0	1,139.0	1,075.0
Hontoria	859.4	903.8	835.5
Olazaguitia	918.8	905.1	878
Mataporquera	824.3	813.4	856.9
USA			
Harleyville	1,050.0	1,050.0	940.9
Bath	1,044.9	1,049.5	1,050.0

The 2003 and 2004 values have been obtained by applying the monitoring methodology of the World Business Council for Sustainable Development (WBCSD). The 2005 values, however, represent data which has been verified based on prevailing legislation, with monitoring carried out based on authorisations for emissions of greenhouse effect gases from the five autonomous regions where we operate.



CO₂ emissions per tonne of clinker manufactured in the USA are higher than the emissions from the factories in Spain. This is due to the different manufacturing process (wet method) in the US, which is less energy-efficient. The trend for reduction has started in the shift to dry-method production which took place in Harleyville (South Carolina, USA) at the beginning of 2005.

(1) This methodology is available at www.ghgprotocol.org

FCC's response

To reduce the atmospheric impact of its activities, FCC has focused its efforts on ecoefficiency, with the launch of three main lines of action:

- Investments in the development and application of more efficient technologies.
- Use of alternative fuel sources with less impact.
- Responsible use of resources.

FCC's activities are inspired by these three lines of action and its objective is to be able to contribute consistently to climate change policies, specifically the reduction of greenhouse gases resulting from its activities.

Application of more efficient technologies

In order to reduce emissions as much as possible, FCC considers constant investment in innovation and renewal of more efficient technologies as essential. Of the initiatives carried out by the Group in 2005, the following are worth noting:

Services

Use of electric vehicles

A project promoting the use of electric vehicles is being developed in Flightcare. In the bids recently submitted to AENA for the tenders for ramp handling licences at Spanish airports, Flightcare proposes to use a fleet of electrically motorised vehicles, including push-back equipment, tractors and conveyor belts.



Cleaning of beaches in Benidorm

Lower-consumption lighting of advertising spaces

Cemusa has developed a number of technologies aimed at reducing energy consumption in the lighting of advertising spaces. These include:

- Optimisation of light diffusion. Diffusive panels - conductors.
- Use of high-efficiency lamps.
- Replacement of incandescent lamps with semiconductors.
- Panels and information displays (low-consumption LEDs).

Construction and the new Technical Code for Construction

According to data from the European Commission, energy consumption of buildings represents over 40% of the end consumption of energy in the EU. Application of energy efficiency measures would save emissions to the atmosphere of 450 tonnes of CO₂ a year, representing one eighth of current emissions in the EU. On application of the New Technical Code for Construction, buildings will be more sustainable and efficient in energy terms as a result of:

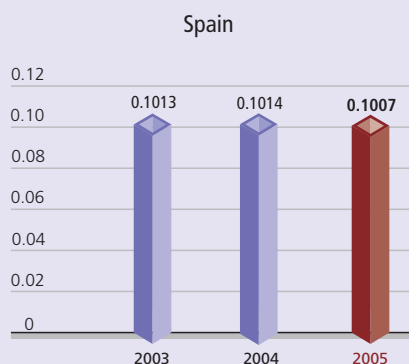
- Limited energy demand.
- Energy efficient lighting installations.
- Requirements of minimum solar power contributions to sanitary hot water.
- Minimum photovoltaic contribution of electrical energy.

Cement

Cementos Portland Valderrivas has changed from a wet-method manufacturing process to the dry method, which is much more efficient. Since its introduction in 2005, specific energy consumption has fallen significantly.

Specific consumption of electrical energy

Mwh/t of cement



The Royal Decree Law governing greenhouse gas emission rights, to control emissions of carbon dioxide, CO₂, came into force in 2005. The law involved the allocation of rights per industrial installation and an indirect limit on the production of cement.

This has required us to contemplate expansion in the cement market in 2005 with caution. The Cementos Portland Valderrivas group has promoted the manufacture of cement with higher additions content, optimising the clinker/cement ratio; that is, the amount of clinker per tonne of cement manufactured is reduced, whilst constantly complying with official regulations governing cement quality. As a result, it has been possible to reduce the amount of clinker needed to manufacture one tonne of cement by an average of 10 kilos in 2005.

Application of alternative energy sources

FCC has developed initiatives relating to the change from fossil fuels to alternative or renewable fuels such as biodiesel or those which are less polluting, such as natural gas. The United States Energy Department has calculated that up to 75% less CO₂ is emitted during the production and use of biodiesel.

Use of natural gas as fuel

10% of the vehicles used to render urban sanitation services comprise a fleet of 437 industrial vehicles propelled by compressed natural gas. These vehicles serve 4.6 million people in Madrid, Barcelona, Vigo, Oviedo, Tarragona, Reus and Pozuelo de Alarcón.

Use of biodiesel as fuel

Biodiesel (a mixture of diesel and vegetable oil) will be used as fuel in the Mataró bus network and is being considered for use in more FCC-Connex Corporación networks.

A feasibility study has also been carried out on the use of biodiesel, in collaboration with the Girona council, regional government of Catalonia and the companies Iveco, Repsol YPF and Petrocat. The project, which remains at the second stage of experimentation, consists of evaluating the feasibility of using two different types of biodiesel with different mixtures (15% and 30%) for vehicles which collect and clean refuse bins.

Electricity generation through renewable energy sources

Through the promotion of usage of alternative energy sources, FCC demonstrates its responsible attitude by reducing the use of electrical energy, which is largely generated through the use of fossil fuels, thereby reducing global emissions.

The cement factory in Alcalá de Guadaira uses thermal solar panels to reduce consumption of propane gas and to create incentives for new renewable energy initiatives. The installation comprises 15 solar collectors with a solar accumulator with

a capacity of 3,000 litres and a similar system of auxiliary accumulation. The total area of the facilities is 38.10 m². The average solar contribution is 77.97% of total useful energy, which will represent a reduction in fuel consumption.

Hydroelectric ministations

Cementos Portland Valderrivas has two hydroelectric ministations in operation, located in Zudaire (Navarra) and Estremera (Madrid).

Electricity generated by the FCC Group's hydroelectric stations in Zudaire and Estremera

Power stations	Measurement units	2003	2004	2005
Zudaire	Mwh	12.549	12.475	12.744
Estremera	Mwh	3.115	3.066	3.566

Other initiatives for applying alternative sources

- Versia-Aparcamientos uses solar panels on parking meters.
- In 2004 and 2005, FCC environment has installed a total of 260 m² of solar panels for the production of thermal energy or electricity in various areas, including the machinery at Villaverde or the new road cleaning fleet in Madrid, in total achieving a reduction of atmospheric emissions of 145 tonnes of CO₂/year.
- FCC environment also manages a biomethanization plant in Tudela where advantage is taken of the heating power of waste gases from the cogeneration module to reduce the energy requirements of the leachate treatment plant.

Fuel consumption saving campaigns in Flightcare

Flightcare conceives the environmental awareness campaigns currently being carried out at its work centres as a tool for environmental management, consistent with the organisation's basic principles with regard to the environment. Management plans, operational control and environmental reporting programmes are intended to be consistent and complementary.

The campaigns include a large variety of initiatives, such as informing all personnel of the importance of turning off lights and engines in vehicles when they are not being used.

However there are also specific actions aimed at promoting responsible fuel consumption, including:

- Remembering to label when transferring.
- Initiatives for filling up on petrol (consumers).
- Consumer information bulletin: how to use vehicles.
- 10 environmental practices you should follow.



Efficient driving in FCC-Connex Corporación

FCC-Connex Corporación carries out a training programme for its drivers, aimed at efficient driving. This programme is one of the priorities of the annual training plan, aimed at optimising energy use:

- Optimising itineraries and kilometres travelled, thereby reducing emissions.
- Ultimately implementing systems giving priority to buses at traffic lights, to reduce emissions generated when these vehicles are started.

Local emissions of Cementos Portland Valderrivas

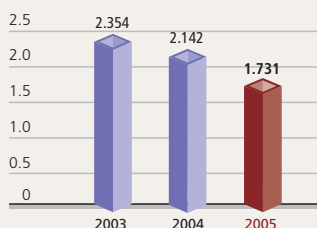
Of the activities of Cementos Portland Valderrivas, the manufacture of cement generates significant emissions due to its production process and above all because of the handling, storage and processing of materials in powdered form. The most important emissions (other than CO₂) associated with the clinker ovens are the particles, nitrogen oxides (NO_x) and sulphur oxides (SO₂).

The following tables and graphs show emissions of NO_x, SO₂ and particles in the last three years, expressed in kilograms of contaminants per tonne of cement produced.

	NO _x (Kg/mt cement)			SO ₂ (Kg/mt cement)			Particles (Kg/mt cement)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Spain									
Alcalá de Guadaíra	2.071	1.758	1.526	0.077	0.017	0.022	0.062	0.028	0.03
El Alto	2.26	1.9	1.65	0.17	0.39	0.33	0.045	0.037	0.059
Hontoria	2.13	2.42	1.93	0.02	0.02	0.06	0.07	0.06	0.04
Olazagutía	4.332	3.905	2.461	0.606	1.219	1.238	0.125	0.104	0.011
Mataporquera	1.11	1.2	1.34	1.15	1.19	0.84	0.02	0.044	0.067
United States									
Harleyville	1.7	1.9	2.1	3.2	3.5	1.5	0.3	0.4	0.5
Bath	2.4	1.9	2	3	2.4	2.6	0.4	0.3	0.4

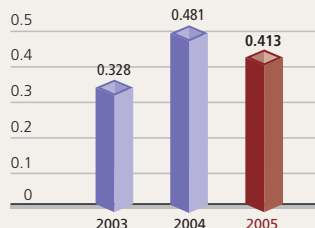
Emissions of NO_x. Spain

Kg/t of clinker. Weighted average



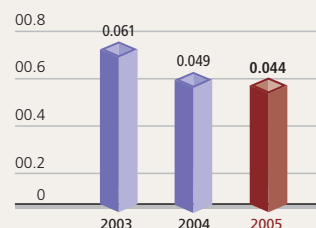
Emissions of SO₂. Spain

Kg/t of clinker. Weighted average



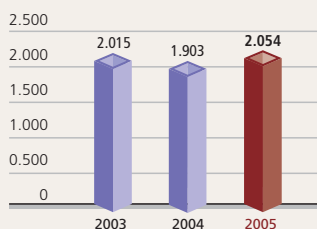
Emissions of Particles. Spain

Kg/t of clinker. Weighted average



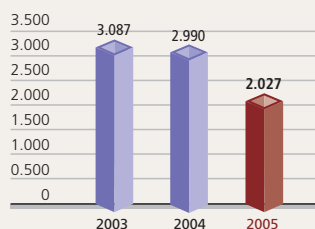
Emissions of NO_x. USA

Kg/t of clinker. Weighted average



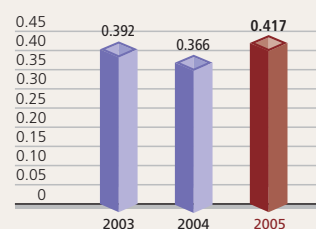
Emissions of SO₂. USA

Kg/t of clinker. Weighted average



Emissions of Particles. USA

Kg/t of clinker. Weighted average

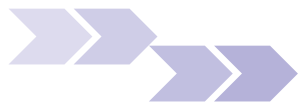


The emissions of Particles, NO_x and SO₂ shown reflect the application of the voluntary agreements signed with the Ministry of the Environment and with the relevant autonomous bodies governing environmental issues in the five autonomous regions in which we are present. Demanding environmental targets are fixed, tied to application of the Best Available Techniques for reducing contaminating atmospheric emissions.

These agreements include specific objectives established to reduce emissions. In almost 90% of cases where targets are set for the reduction of emissions, Cementos Portland Valderrivas complies by a wide margin. As a result of numerous environmental investments carried out under the voluntary agreements, a start has been made with the reduction of emissions of total particles, nitrogen oxides and sulphur oxides.



Consentino industrial water treatment plant. Almeria



Integral water cycle management

Introduction

Of the total volume of water on the planet, 97% is to be found in the seas and oceans; 2% is frozen in the Poles and just the remaining 1% is fresh water ready for human consumption. The indiscriminate use of water therefore compromises our future.

Without water there is no life. It is thanks to water that mankind has been able to develop, cultivate land, create cities, make factories function, that he has been able to live and evolve. While water is a vital component to our existence, a fundamental element of our everyday activities, it is also a scarce resource.

FCC has taken up the challenge of water management facing our society and in April 2001 created Aqualia as an umbrella brand for all the Group's water-related activities. In June 2002, Aqualia Gestión Integral del Agua S.A. was founded.

Together, all areas of FCC are aware of the challenges posed by water and have implemented policies, procedures and lines of action to ensure the responsible use of this resource.

Integral water cycle management. Services

Aqualia's aim, to contribute to sustainable development, is to achieve the integrated management of water, promote responsible consumption and make available good quality water in sufficient quantities.

Aqualia aspires to continuous improvement in the integral management of water and has the installations and resources necessary to implement appropriate water management. The company operates a policy of control and surveillance in each and every one of the integral water cycle processes, from the collection stage through to the water being returned to the natural environment. In this final process, the water returned to nature is in many cases of higher quality than that initially collected.

The Company's quality of service is certified by standards ISO 9001 and ISO 14000, which guarantee the credibility of its water management processes.

The process

Water is collected from three possible origins: surface water (reservoirs or rivers), subterranean water (wells and springs) and sea and other salt water.

It is converted into drinking water through the application of a complex treatment process, adapted to the quality of the water originally collected. The water is generally transferred from the supply source by means of a pump system that controls the quantity of water collected, before being supplied to the drinking water treatment plant (ETAP).

Once the water has been used, either in homes, industry or commerce, it is conducted through the sewerage system and by the wastewater pumping stations to the wastewater treatment plants (EDAR) to be processed and recycled.

Installations by area

Area	ETAP	EDAR
Centre	40	53
North	24	18
South	25	45
East	10	24
Development and participation	1	18
Total	99	138

Aqualia. Main figures

Population served (inhabitants)	11,000,000
Production (m ³ /year)	342,311,000
Water treated (m ³ /year)	396,000,000
Water purified for drinking (m ³ /year)	302,000,000
Analyses performed (m ³ /year)	92,200 on waste water 702,200 on drinking water

Research and development

Aqualia's policy with regard to innovation focuses on treatment processes, mainly through the industrial water subsidiary. Aqualia also has a collaboration agreement with a public university in Madrid, Universidad Rey Juan Carlos (URJC), to conduct research and training activities and to organise summer courses for the discussion of the challenges posed by water in Spain. As a result of this collaboration, Aqualia sponsored a course entitled: "El agua y el medio ambiente en España: problemática, modelado y gestión" ("Water and the environment in Spain: problems, modelling and management"), which was held in July as part of the series of summer courses at the URJC. During the course, the subject of water management was discussed, which



in a country such as Spain is not only a matter of considerable political, economic and social relevance, but also a large-scale scientific challenge, owing to its environmental impact and constant current relevance, as demonstrated by news coverage of the Kyoto Protocol coming into force or the alternatives to the transfer of water from the Ebro river. The course combined technical tools with the latest legislative updates, from an interdisciplinary perspective.

The coordination of innovation is conducted by the Services Management Department, a division of the Technical Department. The main initiatives in this area include the following:

Re-usage of wastewater. Aqualia operates and constructs infrastructure that guarantees the recovery of water with a quality enabling it to be re-used. Worth highlighting are the experiments performed in Madrid and Matalascañas, with the construction and operation of a tertiary treatment system enabling wastewater to be re-used and the irrigation of a golf course with wastewater in consonance with the Doñana natural park environment. Both projects have contributed to sustainable development in the use of water, within a context of limited available resources.

Inverse osmosis. in coastal areas this process enables the effective elimination of all kinds of undesirable salts and the production of water of maximum purity and quality for human consumption, using environmentally friendly means.

Geographical information system. This system enables the cartography and data bases of the distribution networks to be unified and kept up to date, reducing the response time in dealing with malfunctions and supply cut-offs.

Water consumption in street furniture maintenance
m³/furniture installed



Water consumption. Services

Versia

Cemusa. Street furniture

To achieve this level of water consumption efficient street furniture cleaning and conservation processes have been established. A clear example is the use of high pressure water devices in locations where more frequent cleaning is required.

Conservation and Systems

In 2005, work carried out by the water jet trucks from the Sewer System Maintenance Department of Conservation and Systems began using recycled water to clean the sewerage network. Drinking water consumption has thus been reduced from over 10,000 m³/year in 2003 and 2004 to approximately 3,000 m³/year.

FCC Saneamiento Urbano

Analysis of the lifecycle of water

The research project entitled "Análisis del ciclo de vida del agua (2005/2007)" ("Analysis of the lifecycle of water (2005/2007)") has opened up a new line of research which will increase knowledge of water during the various solid urban waste treatment processes. It will also help to prepare for future environmental challenges in terms of more beneficial water consumption and the optimisation of treatment processes for leachates, to put into practice environmental improvement strategies in relation to waste. In its first year, the project has been granted a 50% financing subsidy by the Spanish Ministry of Science and Technology through the PROFIT 2005 programme.



Water consumption. Cementos Portland Valderrivas

Of the CPV Group's total water consumption in Spain, 39% comprises recycled or re-used water. In Aripresa approximately 75% of water consumed is re-used or recycled.

This can be seen in the table below.

Water consumption in the Cement area in Spain (CPV) (including dry goods)

Water consumption (m ³)			
Origin of water	2003	2004	2005
Underground water	639,082	571,524	791,496
Municipal supply	428,166	427,497	466,550
Recycling and re-usage	1,544,280	1,380,092	1,290,285
Surface water	878,668	762,983	748,311
Total (m³)	3,490,196	3,142,096	3,296,642

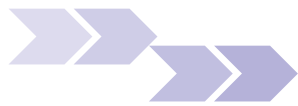


In the USA, practically 100% of the CPV Group's water consumption derives the production of cement. The table below shows the water consumption of the CPV Group's Cement business unit in the USA during the last three years.

Water consumption in the Cement area in the USA (m³) (CPV)

Water consumption of Cement business unit in USA (m ³)			
	2003	2004	2005
	3,862,411	3,778,090	3,344,636

Water consumption for the production of cement in the USA factories is greater than in the Spanish factories. This is because cement production in the CPV Group's factories in the USA uses the wet process whereas the factories in Spain use the dry process. As mentioned previously, in 2005 the Harleyville factory was adapted to the dry process, while the Bath factory is expected to start conversion to the dry process in 2006. In the immediate future, therefore, a significant reduction in water consumption is foreseen in the USA factories.



Waste management

Throughout history waste has been a changing and permanently evolving concept. What at one point was deemed waste is no longer considered as such in a new era. Nowadays we are able to take advantage of previously inexistent values and the challenge for society is to discover ways to decrease the amount of waste generated and to find sustainable means of managing it. FCC is fully aware of this.

Firstly, because our activities contribute to waste generation, the greatest impact areas being Construction and Cement.

Secondly, FCC's activities help to resolve the problems of waste collection. The main tasks of the Services area are the collection and treatment of waste and urban cleaning.

Lately, the construction and demolition sector (CDW) is facing a new scenario deriving from deterioration of the environment, insufficient waste disposal sites, the need to improve resource consumption and the introduction of new statutory requirements that impose restrictions and obligations.

Consequently, in our activities we need to optimise waste management and recover the maximum value possible, thereby avoiding losses and unnecessary additional consumption.



FCC Servicios

FCC Saneamiento Urbano

FCC is engaged in the collection and treatment of solid waste, street cleaning and sewer system maintenance. We are the leading Group in Spain in this sector and one of the largest operators in South America. FCC is committed to selective collection at source to improve the environment and increase the number of recoverable valuable materials. This helps to reduce the production of waste to be eliminated at the waste disposal site. Our aim is to turn refuse into a resource.

A number of initiatives are applied to continually improve internal procedures and implement sustainable collection and treatment methodologies. The solid urban waste treatment processes are analysed -selection, composting, biomethanisation- to identify the methodology and procedures for the standardisation of processes and the analysis of the results based on the related variables. In 2004, FCC received the EUREKA: E! 3.080 "Biodi-Expertise" European seal of quality.

Measuring and control system

In 2005 a software application known as **GESPLAN (Gestión Planta-Plant Management)** was developed, based on the preview of the results achieved through Project EUREKA. This software will enable us to establish the sequence of the productive processes of the solid urban waste treatment plants, on the basis of the selection of a number of significant technical and environmental variables and indicators. It will also allow us to control and improve the performance and environmental compliance of these installations. Piloting of the application began in 2005 and will be gradually and systematically rolled out to the other plants we manage over the next two years.

Promoting the market launch of compost

Mention should also be made of the **compost promotion campaigns**, implemented by the Services area branches in Andalusia and Lleida in 2005 to raise local awareness. In Granada an agreement was signed with the regional council for all towns to make use of compost. Each year, FCC provides a certain quantity free of charge to be used in public gardens, municipal plantations, the reforestation of green areas, etc. In Lleida an information campaign took place aimed at highlighting the advantages of recycling and encouraging environmental education. School visits were made to the composting plant and FCC actively participated in local environmental trade fairs, giving bags of compost to the participants. Consumers of large quantities of compost, such as gardeners and farmers, received around 180 Tm of compost.

Ámbito

Activities in this area relate to the treatment of waste generated by basic industry (primary sector), the transformation industry (secondary sector) and the consumer industry (tertiary sector). Ámbito operates with both private clients and local and regional governments. Waste management activities include hazardous and non-hazardous waste management, the treatment of contaminated ground and industrial cleaning.

One significant event of 2005 was a manufacturing and integration project for a contaminated tissue cleaning device using an autoclave in vacuum conditions. The aim of the project was to obtain an alternative use for the PCB transformer decontamination facility and, consequently, improved performance. This alternative would enable tissues contaminated with grease and solvents to be cleaned through a perchloroethylene injection system in vacuum conditions.

Flightcare

Flightcare is the Group division specialised in airport ramp, passenger and cargo handling services. The nature of the handling activity means that the waste generated is a result of preventive maintenance tasks carried out by own staff.

Waste reduction was established as a specific objective for 2005, aiming for a 2% decrease in the amount of waste deriving from vehicle oil changes and a reduction in waste from the batteries of discarded vehicles.

The most significant achievements of 2005 include the following:

- The organisation of environmental awareness seminars aimed at maintenance personnel, in view of the significant implication of environmental protection matters in their work.
- Monthly monitoring of the fulfilment of the Preventive Maintenance Plan for equipment, to avoid malfunctions, loss of oil, bad combustion processes, generation of diesel particles and noxious fumes.
- The organisation of various awareness campaigns for all personnel by means of triptych leaflets informing on environmental best practice, with posters in all offices and installations occupied by company staff. Special emphasis was given to distributing this information amongst the workers.



FCC Construcción

FCC Construcción has included the reduction of waste in its centres and work sites, with the dual effect of decreasing the necessary volume of waste disposal sites and reducing the ultimate need to use resources.

Those resources traditionally used in construction include inert substances applied in the works, which amount to an extraordinary volume. This means that control and monitoring is particularly necessary, as is the adoption of practices to reduce this volume.

The best practice implemented in FCC Construcción works aims towards a moderate and mindful use of natural resources and entails the re-usage of inert substances deriving from the works, or other actions such as seeking out a suitable location (other than waste disposal sites) for excess inert substances. Satisfactory results have been achieved in the first case and very satisfactory results in the second instance.

Management of hazardous waste and substances

Within FCC Construcción the appropriate management of hazardous waste has been consolidated, taking on the additional cost that this entails compared to the traditional practice in the sector, not so long ago, of mixing these hazardous substances with inert works waste.

While not particularly abundant in construction, hazardous waste does require specific treatment to avoid harmful effects on the natural surroundings. These are classified and coded in accordance with the European Waste List (EWL) before being separated into the corresponding divisions and treated, as established by current legislation, through authorised transport and management companies.

The special consideration of hazardous substances and waste is apparent through the generalisation of complementary protective measures against contamination, with impermeable recipients being placed at the storage points of any contaminating fluid that might spill and pollute the ground. An emergency plan is also implemented to deal with any possible accidental spillage or combustion of hazardous substances, to prevent in plenty of time any possible incidences that might occur while work is in progress. In this respect, the traditional policy of 'locking the stable door once the horse has bolted' is replaced by one of sufficient forward planning and preventive measures.

For the correct handling, storage, transport and management of these substances, the identification of recipients containing hazardous substances has been systemised and the legislation and associated requirements have been specified in detail. This is fundamental for the appropriate handling of these products.



Generated waste

While performing a follow-up of the aforementioned best practice, data relating to the materials used and materials deriving from recycling or correct environmental management have been gathered. These are summarised in the table below.

Waste generated by FCC Construcción in 2005, by type

	Waste generated
Solid hazardous waste (kg)	14,417,704
Used oils (kg)	41,950
Liquid hazardous waste (kg)	115,887
Inert waste (m ³)	16,690,444
Urban waste (kg)	426,140
Other non-hazardous waste (kg)	65,174,868
Surplus earth or rock (m³)	
Taken to waste disposal site	12,175,227
Used in same works (compensation-excavation-landfill)	10,358,326
Used, deriving from other works	748,119
Specifically obtained (loans)	8,533,321
Clean rubble (concrete, mortar, bricks, prefabricated elements, other, m³)	
Taken to waste disposal site	285,082
Used in same works	78,512
Used, deriving from other works	92,035
Used in other works	198,689
Recycled	5,012

Data refer to the FCC Construcción Environmental Communication Report.



The amount of earth taken to the waste disposal sites has been reduced by over 16% more than forecast, meaning that as a result of appropriate waste and resource management, 2,357,330 m³ were not disposed of. In the case of rubble, reductions of 45% have been achieved, representing 230,290 m³.

The significant decrease in loaned earth, achieved through the use of earth deriving from other works or better management of earth from the same works, should also be noted. This reduction is around 5,206,327 m³, representing almost 40% of the forecast figure for this item.

These figures are the result, inter alia, of actions such as the stabilisation with chalk of clay earth that would otherwise be taken to the waste disposal site, thus causing loans to increase; changes in the gradient for a better compensation of materials; use of materials from the basin to construct dams; increased transport distances in the compensation of the mass diagram, etc. These measures are a fine example of the unification of business efforts and the quest for environmental solutions.

Within this context, the optimisation project for works waste management, entitled Proyecto Logro (Project Achievement), is worth mentioning. The final results of this initiative, taken by FCC Construcción in 2003 and implemented throughout 2004 and 2005, are expected to be issued at the end of August 2006.

The results obtained to date are particularly relevant and significant, both from an image and an economic and environmental perspective.

In 2003 and 2004 this project was subsidised by a PROFIT (Programme for the Promotion of Technical Research). The Institute of Construction Technology of Catalonia (ITEC) and Automóviles Utilitarios S.A. (AUSA) participated in the project alongside FCC Construcción.

Proyecto Logro has been widely publicised in different environment-related forums and the know-how acquired during the development has enabled the organisation to collaborate efficiently in the development of the APPRICOD project (LIFE project ENV/B/19, to assess the potential of plastic recycling in construction and demolition activities, in which the Catalanian Regional Government participates through the Government Waste Committee and the Catalan Recycling Centre).



Cementos Portland Valderrivas

To ensure the appropriate management of waste deriving from the Cement area, a selective waste collection policy and the measures foreseen by relevant current legislation have been adopted. In the Group's production centres waste reduction policies are observed. Generated waste is conveniently stored until being handled by an authorised specialist, whereby recycling and/or re-usage options are guaranteed as opposed to elimination.

Solid waste

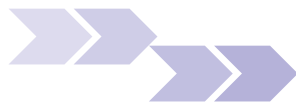
Waste generation in aggregate and cement production within the Cement area are as follows:

FCC Group waste generation in Spain

Kg/Tm of product

Recycling destination	2003	2004	2005
Non-hazardous	1.2113	1.1069	1.0129
Hazardous	0.0364	0.0584	0.0439
Subtotal	1.2477	1.1653	1.0568
Destination: recycling			
Non-hazardous	0.04	0.0589	0.006
Hazardous	0.037	0.0237	0.0253
Subtotal	0.077	0.0827	0.0313
Destination: waste disposal site/safety deposit			
Non-hazardous	0.9239	1.1305	0.4579
Hazardous	0.0937	0.3509	0.0849
Subtotal	1.0176	1.4814	0.5428
Destination: destruction			
Non-hazardous	0	0	0
Hazardous	0.0201	0.0109	0.0018
Subtotal	0.0201	0.0109	0.0018

There is a clear trend towards a reduction in the generation of waste by production unit owing to the consolidation of environmental management in the production centres and the application of plans to improve and reduce waste.



Biodiversity

Protection of biological biodiversity is one of the challenges faced by environmental conservation and it bears a significant social impact. The conservation of the different species inhabiting the planet is of paramount importance and is the responsibility of society as a whole.

At FCC we are concerned about this issue and have availed of all the necessary resources and perform the appropriate actions to reduce as far as possible the impact of our activities on biodiversity rich natural habitats.

The greatest impact occurs in the Construction, Cement and Services areas, which involve using land, reducing the natural environment and, thus, the habitat of numerous species. When this use of land is temporary, as in the case of waste disposal sites or quarries, unless the occupied area is subsequently restored, the natural surroundings deteriorate, seriously affecting the species that inhabit these ecosystems.

FCC and biodiversity

To avoid this kind of impact, FCC has an environmental policy coupled with quality and environmental management responsibilities, through which the company expresses its commitment to continuous environmental improvement. FCC therefore implements environmental initiatives to reduce, mitigate or restore any adverse impact on the environment caused by its activities.

The aim is to protect the most important species endangered by the impact of FCC's activities (usually tree species). Areas at risk of being contaminated as a result of spillages have been paved, thus preventing any substances from coming into contact with the land.

Numerous restoration projects have been developed for areas used by the company where notable environmental deterioration has occurred, to improve environmental quality and encourage the return of species that previously inhabited the area.

FCC Servicios and their impact on biodiversity

The impact of this activity is diverse, as are the corrective actions. In the case of industrial waste, as required by Law 6 of 2001, which modified Royal Decree 1302 of 1986 relating to the evaluation of environmental impact, chemical treatment installations and waste disposal sites are subject to environmental impact assessment, including an evaluation of the foreseeable direct and indirect effects that a project may have on the population, flora and fauna, land, air, water, climatic factors, landscape and material goods, including historical-artistic and archaeological heritage.

Actions taken by FCC Construcción

The impact on biodiversity as a result of construction activities basically consists of an alteration in the surroundings and natural landscape with the consequent loss of the species inhabiting this area. A series of best practice guidelines has therefore been prepared containing various initiatives, such as land ordering, whereby the most relevant species are transferred to other natural areas of similar characteristics to avoid their extinction from the area. An environmental impact study is carried out for all construction works near areas rich in natural species.

Actions implemented during the last year in relation to land ordering are summarised in the table below:

Actions	% of works in which best practices applied		
	Total	Civil works	Building
Physical protection of species	21%	29%	17%
Transplants	12%	20%	8%
Adaptation of works planning to lifecycles of key species valiosas	4%	7%	2%
Transfer of nests/individuals	1%	3%	1%

The majority of these practices cannot be applied in all works and are only carried out where the characteristics of the environment so require. Hence the apparently small percentage of our works in which they are applied.

The protection of species to prevent any harm coming to them during the works, mainly due to movement of machinery, is relatively necessary and therefore more frequent. Such protection is afforded in approximately 20% of cases, along with the transplantation of tree species, particularly in civil works.

Nonetheless, it is rarely necessary to transfer nests or fauna threatened by activities being carried out; it is more frequent to transplant tree species, especially in civil works.

Actions taken by Cementos Portland Valderrivas

When producing cement, the main impact derives from degradation of land as a result of extraction activities. This type of action is not normally permanent and usually affects quarries and aggregate extraction plants, which, unless they are restored, can have a considerable impact on the ecosystem once the company has stopped making use of them. To avoid this situation, the company restores the affected area.

Further impacts exist, though to a lesser extent, deriving from the risk of accidental spillages that might permeate and spread through the ecosystem. To avoid these situations and apply the prevention principle, the surface area exposed to risk is usually paved, thus protecting the surrounding works area.

Paved ground as a percentage of the total factory surface area in the cement, transport, concrete and mortar business units in Spain:

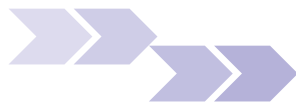
Business unit Spain	Paved surface area (m ²)	Total factory surface (m ²)	% surface area paved (m ²)
Cement	821,344.00	1,586,994.00	52.00
Concrete and mortar	135,000.00	450,000.00	30.00
Transport	10,750.00	10,750.00	100.00

Restoration of area in the El Porcal plant (Madrid)

Plans have been implemented to restore the area surrounding the El Porcal aggregate extraction plant. The objectives are as follows:

- 1 Reduce the visual impact of the extraction activities to achieve their integration into the landscape.
- 2 Encourage the natural colonisation of indigenous flora and fauna species.
- 3 Protect the surrounding natural area.
- 4 Maintain the balance between development and environment.

Several actions have been undertaken, including the creation of specific locations for birds to build their nests and the formation of gentle gradients in the lake created through the extraction of aggregates due to the proximity of the groundwater table. As a result of these actions, the lake has gradually been colonised by animal and vegetable species within a natural landscape that promotes improvement in the original ecosystem.



Environmental innovation

FCC recognises innovation as a key factor in the development of solutions to problems generated for our environment by current production methods and consumption habits. Emphasis is therefore laid upon research and development of new products and services, including the following:

Aqualia

The development of a corporate computer system for geographical information (Aqualia-GIS), enabling the following:

- ▶ Unification of the various GIS tools used to date (42 municipalities are equipped with a GIS tool), allowing information to be consolidated at Group level.
- ▶ Contribution of tools that optimise the work carried out by the technicians managing the supply networks (hydraulic modernisation, cut-off of supply due to malfunction, budgets, improved performance).
- ▶ Integration of this computer system with other corporate IT tools (client management, work order management).
- ▶ Access for all company employees (technical or other areas) to the cartographic information network. The number of business units using this tool will increase significantly (as it is 100% owned by Aqualia).
- ▶ Improvements aimed at quality of service.

This will have a notable effect both in quantitative terms, owing to the large number of people who will benefit from the tool, and qualitative terms, considerably facilitating the work of the technicians responsible for the management of the networks in the organisation's main line of business.

FCC Saneamiento Urbano

GSM and GPS communication systems

Implementation of a GSM communication system with a non-differential GPS satellite navigation system. This enables control in real time and back-up of vehicles in service, along with the recording and exportation of data relating to work carried out by our fleet. There are currently 681 vehicles equipped with this system, representing 16% of our industrial vehicles.

Technological adaptations to vehicle bodywork

Design of the KB generation of vehicles, the chassis of which is adapted to narrow city streets. These vehicles account for 2% of the total. Adaptation of bodywork of the compacting units for lateral or rear loading with a double compartment system to enable the provision of selective waste collection services. These vehicles represent 3% of the total.

Standardisation of solid urban waste treatment processes

Project to define the environmental variables and indicators in combined solid urban waste (SUW) treatment processes in Valladolid.

The originality of the project and the scientific quality of its research programme were recognised both on a national and European level and the project was awarded the Eureka seal. Financing has been obtained, from LIFE and from the Spanish Ministry of Industry, through the CDTI (Centre for Technological and Industrial Development).

A research project is currently underway to analyse SUW treatment processes -combined selection, composting and biomethanisation- seeking to establish the environmental variables and indicators that determine the process. Once these are established, the methodology and operative processes may be defined, subsequently enabling standardisation of the process and analysis of the results, in line with the variables involved. The budget for this project amounts to Euros 1.34 million.



Control centre of the Olazagutia cement factory. Navarra

Cement

To remain at the forefront of the cement industry, the Cementos Portland Valderrivas Group has incorporated latest generation technology into its activities, to implement projects such as the following:

- Studies of raw materials for their possible use in the factories.
- Studies of the optimisation of manufacturing and technical support processes.
- New cements, new applications and improvements in the qualities of the cements produced.
- Preparation of analytical and testing methods.
- Studies on the reduction of emissions and improvements in environmental performance.
- Technical support in customer service, particularly for trouble shooting.
- Recycling of industrial waste to obtain fuel.
- Active participation in Normalisation Committees for the preparation of new regulations.
- Collaboration with IECA, ANEFHOP and the Universidad Politécnica de Madrid in technical studies.



Project EUREKA E! 3080
"Biodi-Expertise".



Project LIFE03 ENV/F/000254:
"Methapi-Expertise".

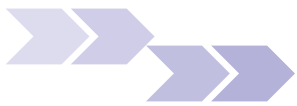
A future for our people



Our company has come a long way, and to a great extent this has been made possible by our employees, who form the foundation of the company and who have been indispensable in enabling FCC to attain the levels of solidity and prestige that it enjoys today. FCC's human resources are critical to development and to the domestic and international quality diversification pursued by the Group.

From the outset, FCC has remained firmly committed to its employees, offering them employment in a healthy and safe environment, an open and tolerant working culture, providing the possibility of professional development and a salary commensurate with their professional category.

Efficient human resources management is currently a key issue across almost all the sectors in which the Group operates. To honour commitments with interest groups and meet their expectations, it is crucial to have balanced and motivated personnel with the appropriate skills and knowledge for their positions.



Attracting and retaining talent

At present, talent is the differential value par excellence, and a company's ability to compete will directly correlate with its capacity to attract, retain and develop talent. This task is becoming increasingly challenging owing to the growing complexity and uncertainty of the business world, social and demographic changes and variations in the relationship between companies and their employees.

Human resources management is key to all areas of FCC. The services sector must still struggle to shed its image as a less attractive employer than other sectors, while the construction and cements areas have health and safety issues in the workplace, as there is a considerable element of risk in this line of work.

FCC considers its personnel to be one of its main assets to achieve its objectives. The Group's human resources policy is orientated towards the personal and professional development of its employees, aimed at greater personal satisfaction, total integration in the company and efficiency in the work place through the wellbeing of the staff and their families.

FCC is aware that to attract qualified talent and enterprising ability, it must be close to the best universities, and has therefore established open communication channels with the top Spanish and European institutions.

FCC Human Resources Policy

Human Resources and Corporate Media Management is led by the Managing Director of Human Resources and Media (who is also an executive director). This division is made up of central services departments, human resources directors for the different productive areas and the personnel managers of branch offices and subsidiaries, with their corresponding structure. The mission of this department is to put into practice the policies approved by the Management Committee.

The Management Committee, to which the Managing Director of Human Resources and Media belongs, discusses the specific human resources policies to be implemented and, if approved, these become mandatory for all the Group's business activities.



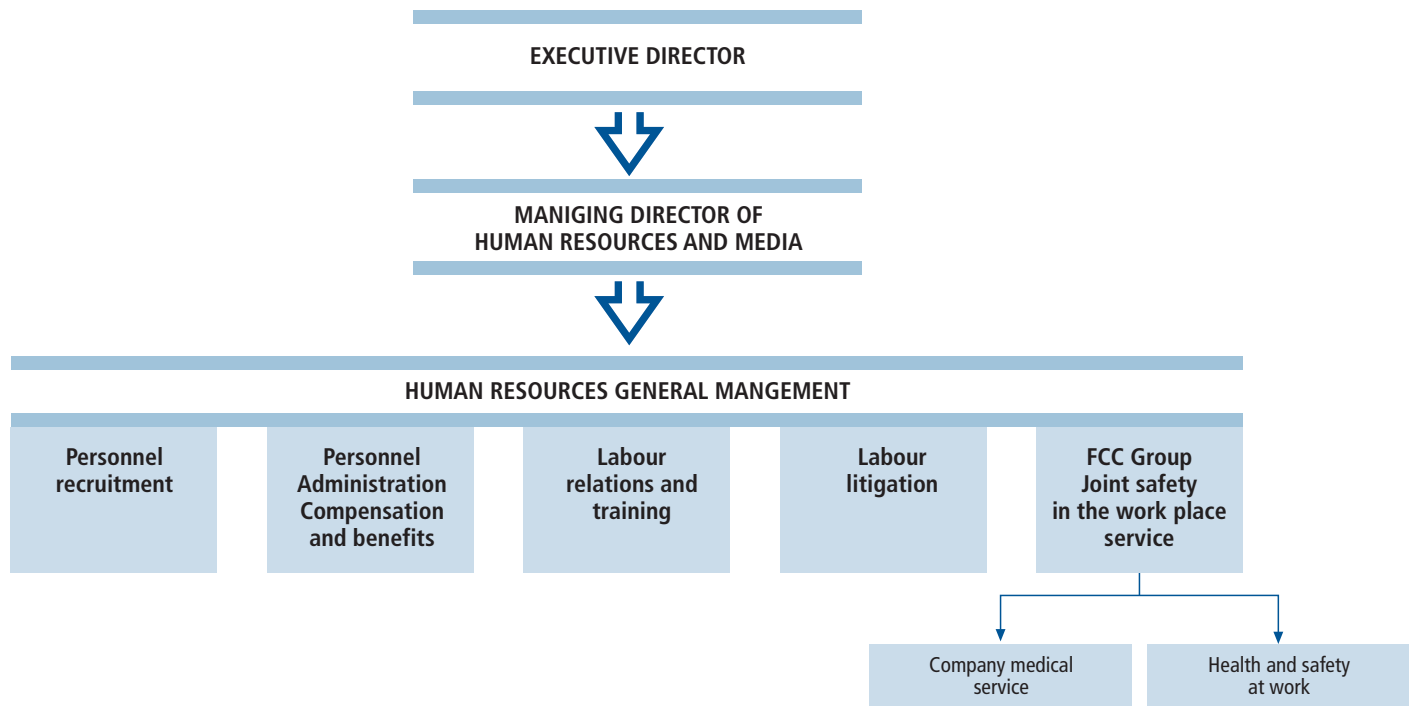
Centro de control de planta potabilizadora de agua de mar

The company has a corporate human resources policy that covers all aspects of central services of the corporate departments for the different areas. These departments are as follows:

- Personnel Recruitment.
- Personnel Administration. Compensation and Benefits.
- Labour Relations and Training.
- Labour Litigation.
- FCC Group Joint Safety in the Work Place Service
 - Company Medical Service.
 - Health and Safety at Work.

The human resources policy is obligatory in all the Organisation's business activities and corporate associations (joint ventures, jointly-controlled companies and others) in which the Group holds an interest of over 50% or a majority shareholding, and in which it is also responsible for management.

The policy is reviewed each year and adapted to take into account any changes in legislation. It is publicly available and is included in the Human Resources Manual that is distributed to the branch offices and subsidiaries. On occasions, urgent measures (implementation of new legislation or new policies, or reinforcement of those already existing) may be publicised through internal communications.



Performance appraisal

FCC performs annual evaluations of personnel objectives. At the beginning of each year, heads of department evaluate each member of their team on the basis of achievement of targets set and the difficulties met in attaining these. They also assess the evolution of their staff's capabilities, their skills, performance and personal situations in relation to performance, geographical mobility and motivation. Economic remuneration, internal promotion and non-monetary rewards such as recognition of loyalty to the company or management excellence, are the instruments used to reward the results of this evaluation.

Variable remuneration is established on the basis of operating profit. The proportion of variable remuneration associated with performance ranges from 10% to 20% within the Group.

Personnel. Main figures

At 31 December 2005, FCC Group personnel comprised 67,562 employees, representing a net increase of 3,960 jobs in 2005, or 6.23%, compared to the prior year.

Of this total figure, 12,058 employees work abroad; while the proportion of female employees amounts to 24.21%.

The number of university graduates employed by the Group totalled 4,140 last year, representing an increase of 3.94% compared to the prior year.

Personnel	2003	2004	2005
Total personnel	61,790	63,602	67,562
Contract type			
Permanent	10,823	11,191	12,502
Temporary	7,880	8,026	8,939
Susidised	43,087	44,385	46,121
Working day			
Full time	53,049	54,605	57,878
Part time	8,741	8,997	9,684
Multiemployment	72	74	66
Retirements	414	405	371
Net % of growth in work	12.59%	2.93%	6.23%

Personal development

FCC is committed to promoting equal opportunities amongst all its employees and has thus created a system to encourage equality both in terms of recruitment and internal promotion, rejecting personal, family or social influences such as gender, race, religion, marital status, age, regional or national origin, etc.

Human Resources Management pays particular attention to equal opportunities issues in the professional environment for all women employed within the organisation, both management personnel (technical and administrative staff) and those in the remaining areas.

This principle is observed very closely, so that no decisions are taken that might have a negative influence on female staff merely because they are women. This includes both economic remuneration and professional development policies, for their whole career within the company.

This policy of equality is not only present in the aforementioned monitoring and control, but is also written into the collective labour agreements governing the different activities or sectors and geographical areas in which we operate, specifying not only recruitment commitments, but also the conditions relating to the promotion of female employees to senior categories.

Certain collective labour agreements extend conditions beyond minimum legal requirements; for example, suspension of contracts owing to childbirth, functional mobility enabling pregnant women to transfer to posts more suitable for their condition, reduction in the working day for baby feeding, childcare leave, etc.

Employee satisfaction

FCC considers the satisfaction of its employees, and their interest in belonging to and remaining with the Group, a priority. It therefore monitors the level of employee satisfaction, in some cases through individual performance surveys (Construction) or in relation to the work environment and wellbeing at work (Services area). In 2004, the level of professional satisfaction in Urban Sanitation exceeded 68%.

A variety of social benefits are also made available to employees, such as personal loans, medical insurance, accident and travel insurance, assistance for the disabled and a staff canteen.

Communication with employees in Services

FCC Saneamiento Urbano

Through its Coordination and Development Department, FCC Urban Sanitation has developed the FCC INNOVA portal, available on the FCC Group Intranet as of the end of 2005. This knowledge-based portal contains all the relevant information and technical and environmental data of common interest to employees of this FCC area.

Aqualia

Aqualia uses a fast and efficient Intranet for internal communication purposes, through which news of interest to the company, technical documents, etc., are shared.

Ámbito

The companies are small, thus facilitating direct communication between employees and managers. In companies with a greater number of employees, management committees, where they exist, are the communication channel used. In more formal circumstances, internal memoranda and electronic mail are used; otherwise information is posted on company notice boards. Another communication channel is the FCC magazine distributed amongst employees.

FCC Construcción

Improving communication, information and knowledge

FCC Construcción has developed a complete corporate portal as part of the Intranet for use as a work tool, to circulate relevant information and documentation amongst the employees. It also includes discussion forums and suggestion boxes.

Procedures have been developed for the secondment of staff abroad, to facilitate geographic mobility and guarantee their reintegration into the company structure upon their return.

Realia

Communication with employees

There is a quarterly internal magazine published by the Marketing department which is distributed to all Realia personnel. Ten editions of the internal newsletter, which aims to inform all Group employees of the different aspects and areas of our business, have been issued, with particular human emphasis. This channel also serves as a means for employees to voice their opinions. In addition, a monthly e-mail is circulated to the Realia management team conveying the main news generated in the company's different business areas.

Dialogue and participation

Freedom of association

FCC scrupulously respects the freedom of association of its employees and guarantees their right to be represented by trade unions within the different legal worker representation bodies in the Group's companies and work centres. A collective labour agreement exists for each area of activity, applicable to all personnel. Such agreements may be general, sector-specific, relating to autonomous regions or provinces, company- or work centre-specific.



Collective labour agreements	2003	2004	2005
% of employees represented by trade union		63.35	65.58
% covered by a collective negotiation	100	100	100
Days lost through strike*	6,224	4,441	3,005

* Days lost through strike refer to the number of days multiplied by the number of employees who backed the strike.



Information, consultation and negotiation with employees

FCC provides staff representatives, members of the management committee and union representatives with all the information they should receive in accordance with labour legislation. Consultations established by the aforementioned legislation are discussed with these bodies, to improve working conditions and employee expectations.

Besides participating in the majority of general, sector-specific, autonomous or provincial collective labour agreements applicable to the different activities, the Group negotiates a large number of collective agreements with the staff representatives of the different companies and their work centres.

The procedures used to inform employees of initiatives and changes in the organisational structure are the internal corporate magazine, published every two months, the Group Intranet, internal memoranda issued by electronic and ordinary mail, the general Group Web site and specific sites of the various areas and subsidiaries.



Traffic control centre of the Cuatro Caminos tunnel. Madrid



Professional development

FCC is proud of the skills, knowledge and human qualities of the people that make up the Group. They are willing and able to develop professionally and are a key factor to our success. Attracting and retaining talent is an important challenge in our sector. It is therefore a priority to invest in FCC personnel, encouraging their professional development and enabling them to grow professionally within the company.

Training in the FCC Group

Various annual training programmes exist within FCC for each of the activities. In certain cases these form part of a management system and are directed by a training service or department, while in other instances these may be freely managed by the different companies or branches, in which an internal training system is implemented whereby the professional experience of the employees themselves is transferred.

These training programmes are implemented on the basis of training requirements identified in the area.

The management system defines the training activities included in the annual programmes, which are aimed at all company collectives and are structured into three basic stages:

- Induction training: to facilitate integration of new employees.
- Basic training: aimed at increasing knowledge of the different construction and works management activities.
- Recycling: comprises activities aimed at conveying knowledge of new construction systems, skills and abilities relating to new technologies, environmental management, safety in the workplace or planning. Customised training is also offered through courses and technical seminars relating to latest generation matters and presented by experts of the profession.

Main FCC training figures

Number of participants

	Total no. of participants	Total no. of participants by professional category			
		Category I	Category II	Category III	Category IV
Environment	21,366	155	499	1,537	19,175
Ámbito. Industrial waste	1,073	55	81	199	738
Aqualia	1,847	105	862	330	550
Versia	15,567	95	577	6,931	7,964
Construction	4,847	680	2,266	1,341	560
Diversification	2	1	0	0	1
Cement	2,194	108	462	739	885
Functional areas	255	85	123	45	2
Total FCC Group 2005	47,151	1,284	4,870	11,122	29,875
Total FCC Group 2004	37,387	1,329	4,479	7,772	23,807
Total FCC Group 2003	24,575				

Hours of training

	Total training hours	Average duration of training	Average training hours by professional category			
			Category I	Category II	Category III	Category IV
Environment	79,636.54	3.73	577.72	1,859.90	5,728.79	71,470.12
Ámbito. Industrial waste	6,357.50	5.92	325.87	479.92	1,179.07	4,372.63
Aqualia	27,549.50	14.92	1,566.16	12,857.43	4,922.22	8,203.70
Versia	205,392.56	13.19	1,253.44	7,613.00	91,448.31	105,077.82
Construction	100,560.75	20.75	14,107.97	47,012.72	27,821.74	11,618.32
Diversification	28.00	14.00	14.00	0.00	0.00	14.00
Cement	26,494.50	12.08	1,304.20	5,579.06	8,924.08	10,687.16
Functional areas	14,973.50	58.72	4,991.17	7,222.51	2,642.38	117.44
Total FCC Group 2005	460,992.85	9.78	12,553.60	47,613.73	108,739.21	292,086.31
Total FCC Group 2004	492,230.35	13.17	17,497.37	58,969.69	102,324.72	313,438.57
Total FCC Group 2003	377,236.15	15.35				

Training expenses

	Total expenditure	Average training expenditure	Average training expenditure by professional category in euros			
			Category I	Category II	Category III	Category IV
Environment	141,614		1,027	3,307	10,187	127,092
Ámbito. Industrial waste	24,153		1,238	1,823	4,479	16,612
Aqualia	287,924		16,368	134,375	51,443	85,738
Versia	3,694,226		22,545	136,929	1,644,805	1,889,948
Construction	2,898,128		406,587	1,354,891	801,813	334,836
Diversification	452		226	0	0	226
Cement	1,051,103		51,741	221,335	354,041	423,987
Functional areas	229,436		76,479	110,669	40,489	1,799
Total FCC Group 2005	8,327,036.72	176.60	226,759.03	860,059.57	1,964,185.33	5,276,032.79
Total FCC Group 2004	7,952,685.14	212.71	282,695.02	952,739.64	1,653,202.15	5,064,048.34
Total FCC Group 2003	7,756,809.40	315.64				

Dates in euros

Personnel training in non-technical areas

FCC Group Training 2005								
Training activities or courses by subject matter	Total no. of participants	No. of participants by professional category				Type of training activity	Total training hours	Average duration of training
		Category I	Category II	Category III	Category IV			
Health and safety	31,370	233	1,210	4,970	24,957	Attendance/Mixed	211,606	6.75
Environment	1,893	75	267	774	777	Attendance	7,766	4.10
Non-technical skills	1,345	104	208	842	191	Attendance	14,470	10.76



The average duration of training for each reference has been obtained by dividing the total number of hours by the number of participants.

Category I	Includes groups 0 and 1: directors and management; departmental managers; service and works managers.
Category II	Includes groups 2, 3 and 4: university graduates; section managers; negotiation managers; workshop managers and qualified personnel.
Category III	Includes groups 5, 6 and 7: assistants and technical auxiliaries; administrative staff and middle managers
Category IV	Includes group 8 employees: workers and subordinates.

FCC Servicios

FCC 3rd Technical Urban Sanitation Seminar

On 17 November, the 3rd Technical Urban Sanitation Seminar, organised by FCC Environment's Coordination and Development Department, was held in the auditorium of the Valladolid Centre for the Comprehensive Treatment of Solid Waste. Over forty executives from all Urban Sanitation divisions in Spain attended the seminar.

During this work seminar, entitled "For a sustainable future", the results obtained from the different pilot research projects implemented by FCC were presented with a view to informing the sector. The design and development of a software application for the management of the data and indicators of the treatment plants was presented, while the direct involvement of certain plants to verify their correct functioning and operations was also mentioned. Experiences relating to improvements achieved through the introduction of new technology were shared, and the changes and evolution of the national and European legislative framework in fields directly affecting FCC's activities were reviewed and discussed.

Training in FCC Construcción

Continuous training of personnel is a key aspect in FCC Construcción. It focuses both on improving staff knowledge and on the acquisition of new skills and aptitudes.

Every year over 325 internal courses are run, with 100,560.65 working hours being given over to training. Particular emphasis is given to personnel training in the area of safety in the workplace and environmental management. To improve training in these fields, the Basic Safety in the Workplace course has been run for 2,800 technicians and works managers in recent years, while 3,100 technicians have attended the environmental awareness and training course.

Training and safety in the work place

In 2005, prompted by an FCC Construcción initiative, safety in the work place seminars were held in Murcia, Malaga and Las Palmas de Gran Canaria, which were attended by 390 technicians from FCC and collaborating companies. Speakers at these seminars included members of the Labour Inspection Authority and the autonomous regional governments.

The seminars were brought to a close by the Director of the Safety in the Work Place Institute of Murcia, the Managing Director of the Andalusian Regional Ministry for Employment and the Civil Engineering Councillor from the Canary Islands Government, respectively.

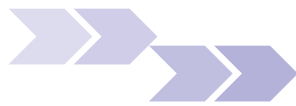


Risk prevention training	Engineering and construction			Infrastructure maintenance			Materials			Industrial		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
Total no. of hours	15,590	17,313	14,493	3,476	5,802	1,851	769	991	456	10,386	9,953	5,762
No. hours/employee	2.2	2.5	3.1	6.2	19.1	8.2	3.9	9.9	2.8	9.3	11.5	7.6

Training in Realia

Procedures for identifying personnel training needs, training activity planning and implementation have been established in Realia Business. The efficiency of the training is evaluated and a record of results is kept.

On 7 October 2005, a corporate leadership seminar was held for Realia Business management. This seminar focused on identifying situations in which leadership might be put at risk and the corporate implications of these circumstances. Key aspects of leadership were analysed and training was provided in techniques applicable to critical situations, to put these leadership techniques into practice. Subsequently, action plans were prepared as a commitment to the acquired knowledge being put into practice. This seminar was planned through three workshops together with a presentation of an emotional intelligence tool to finalise action plans.



Health and safety at work

FCC has implemented an extensive range of initiatives with the sole objective of creating a safer working environment for its employees. In view of the sectors in which the FCC Group operates, the promotion of excellent health and safety conditions in the workplace is an absolute must.

A healthy and safe workplace is an indispensable requirement for all types of work. However, this is considered by FCC to be an essential matter, especially in the areas of Construction, Cement and Services.

It is particularly worth emphasising the efforts made with regard to health and safety training in the different areas of production and among sub-contractors.

Significant events during 2005

- ▶ During 2005 the FCC Group has continued to pay special attention to safety in the workplace; promoting measures which contribute to the prevention of accidents in all of its areas of production, complying with and enforcing prevailing regulations, and dedicating more human and material resources to this issue.
- ▶ During 2005 the Occupational Health and Safety System of all the companies forming the Joint Safety Service has been evaluated by an authorised external body and the pertinent certification obtained.
- ▶ The Group has significantly increased the number of technicians in the various specialities dedicated to risk prevention activities and issues.
- ▶ A virtual Joint Safety Service portal has been developed and launched which serves as a tool for managing documentation, consultations and communication regarding safety in the workplace.

Management systems

Structure

The management of the health and safety of individuals is conducted by the **Joint Safety Service**. FCC's Safety Service reports directly to the General Manager. One of the main requirements established by FCC through its management system is the involvement of its own production line in all measures relating to risk prevention that have to be taken.

The aim of the Joint Safety Service is to promote and evaluate the integration and development of safety measures in FCC's General Management System by the companies subscribing to this service. Its objective is to prevent labour risks by providing support and advice in an appropriate and orderly manner using the human and material resources required to render this service.

The FCC Group's Safety Service reports directly to the General Manager of Human and Material Resources, who in turn, reports directly to the Managing Director.

Each month the Management Committee analyses, inter alia, issues relating to the accident rate and risk prevention management.

Policy and objectives

The Company has devised a specific health and safety policy which is designed to cover the characteristics and degree of risk in the organisation, and includes a commitment to continuous improvement and to comply with safety legislation and other requirements to which the organisation is subject. This policy is applicable to 100% of the workforce and also covers any activities which are conducted in collaboration with other business partners, temporary consortiums, etc.

Each year, all the General Managers establish their own objectives and (as a general rule) set targets of a 10% reduction in the accident rate and severity of accidents. Permanent objectives are fixed in relation to improving investigations into accidents which involve employees taking time off work and increasing investigations into accidents which do not involve sick leave and incidents. Management is also responsible for analysis of very serious accidents. Committees are being set up in different areas to analyse all the results of the specific measures taken.

Identification of labour risks

The management system establishes specific procedures for identifying, analysing, evaluating, preventing and managing labour risks. Procedures that involve evaluating risks, planning prevention, controlling safety measures, and identifying legal requirements, inter alia, also guarantee compliance.



Dialogue with employees regarding health and safety

Two structures have been set up to ensure employees are involved in dialogue relating to health and safety. Firstly, health and safety committees are established in the centres with characteristics requiring such committees. These bodies promote joint decision-making on all issues related with safety management and meet as frequently as prevailing legislation demands.

Smaller centres or centres which do not fulfil the requirements participate through other types of commissions which permit all employees to become involved through representatives. The employees involved in these committees and commissions are all those covered by the Safety Service.

Main safety indicators in the workplace

Main labour accident figures for the FCC Group

	Unit of measurement	2003	2004	2005
Absenteeism (illness and injury leave)	Calendar days	27,379	26,635	31,968
Accidents (Number of employees off/accident)*		4,968	4,439	4,594
Labour affects				
Days lost (due to accident)	Calendar days	105,541	109,303	114,195
Days lost (due to illness)	Calendar days	648,392	792,412	918,201

* Excludes accidents in itinere or involving third parties

The accident rate has fallen over the last three years from 57.98 in 2003 to 54.57 in 2005 -calculated as the number of days off divided by the number of hours worked per million. It should be noted that as from 2004, the calculation criteria were changed, which penalise the comparative result by approximately 5%.

The accident rate has clearly dropped over the last ten years. The Group is working to reduce the number of days lost to illness, since it has been identified that the labour accident insurance companies and the Spanish social security do not manage sick leave as efficiently as they should. Improvement objectives are established for each area of production and vary considerably from one area to another.

Health at work

The Corporate Medical Services have devised a number of programmes aimed at promoting and monitoring the health of the workforce, which can be classified as follows:

- **Training:** Health training courses and first aid courses, as well as talks and conferences on current health matters, which promote awareness of the importance of health among the workforce.
- **Prevention:** Vaccination campaigns against those illnesses which appear to be prevalent in certain posts. Devices that adequately protect workers against risks in hazardous working environments (ear protectors, harnesses for working at height, etc.).
- **Early diagnosis of illness and disease:** Regular medical check-ups, which also enable us to verify the effectiveness of safety measures in the workplace as well as detect any health problems that are not work-related.

An important tool for monitoring health is to devise specific protocols that enable us to identify which safety measures need to be adopted based on prior analysis of each post, as well as identify what type of medical check-up is required in each instance.

Specific programmes

Services

The primary objective of the Services area is to render the highest level of quality services as possible; promoting continuous improvement in working conditions and thereby increasing the health and safety of the workers over and above that established by prevailing legislation and, in doing so, making a real commitment to safety.

The specific health and safety targets of the Services area are as follows:

- Obtain the commitment of the entire organisation's workforce at all levels to implement the measures defined in the health and safety management system.
- Establish control mechanisms that guarantee strict compliance with safety regulations and measures by ensuring workers fulfil their legal obligations in this area.
- Recognise the achievements made in relation to correctly applying the health and safety management system.
- Maximise efforts to reduce the accident rate based on the assumption that all accidents can and should be avoided by ensuring individuals, equipment and production processes are protected.

Specific objectives set by Aqualia, Ámbito and Versia:

- Ensure each worker has the right level of correct theoretical and practical training and information on monitoring his or her health and encourage his or her involvement and consultations.
- Provide initial and ongoing information and training to workers about risks inherent to their posts and the resources and measures that can be employed to prevent such risks, in an attempt to promote and ensure positive habits and procedures.
- Aqualia and Ámbito have also assigned the resources and qualified personnel required to guarantee full compliance with the health and safety management system.
- Ámbito has also set itself a target to perform accident drills in all its installations.

Specific objectives set by Versia:

- Work in conjunction with customers, public entities and other bodies to devise procedures, mechanisms and working practices that improve occupational health and safety in the services rendered.
- As part of the management of the business, promote continuous improvements in health and safety as a key variable affecting the future of the business.
- Assign the resources required to reach the right level of management which allows measures to be taken to identify, evaluate and control possible risks.

Construction

The management of health and safety in FCC Construcción is set out in a number of strict procedures establishing the requirements, scope of action and responsibilities of all the different hierarchical levels of the organisation in this regard.

The Own Risk Prevention Service model has been chosen for managing safety resources, with specialist areas covering Safety at Work and Industrial Medicine, which is integrated into the Group's Joint Safety Service.

The Safety Service is divided geographically according to the areas and branches of FCC Construcción in such a way as to cover the entire country and ensure that safety technicians are close to construction sites.

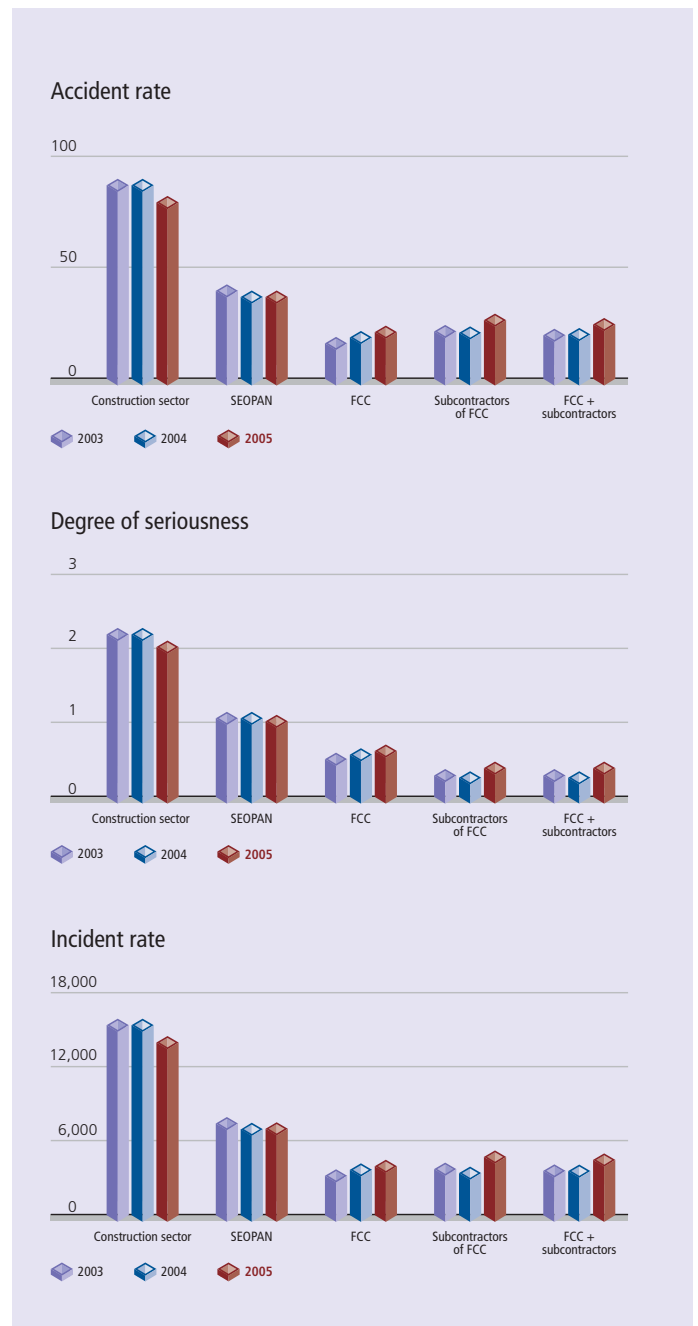
Information is disseminated through leaflets containing Basic Instructions, specific leaflets, forms, instructions on working practices, and specifications for purchases, which are given to the organisation's own employees and any subcontractors for distribution among their workers.

Subcontractors working on each construction project are also covered by the system and own personnel and subcontracted staff are not treated any differently in terms of fulfilling their safety obligations. Subcontracted companies must prove that their safety service is in compliance with the Law and that its workers are adequately trained and informed.

Key indicators

These graphs show the trend between 2003 and 2005 for the construction sector, SEOPAN (Association of Construction Companies), the FCC Group, FCC's subcontractors, and the FCC Group plus its subcontractors.

In the historical data, FCC's rates are slightly below the sector average, which indicates that the Company is in promising position in terms of security



* The first bar chart shows the accident rate as the number of accidents resulting in sick leave x 1,000,000 / hours worked. The second bar chart shows the degree of seriousness as the number of days lost due to accident x 1,000 / hours worked. The last bar chart shows the incident rate as the number of accidents resulting in sick leave x 100,000 / average headcount.



Cement

Cementos Portland Valderrivas S.A. has developed its Own Safety System which covers the specialist areas of Technical Safety and Health Care. Since 1998 it has had a document management system (SGPRL). The work centres covered by the service are the El Alto, Olazagutía, Hontoria and Alcalá de Guadaíra factories, the head offices, and the regional offices in Pamplona and Valladolid.

The subsidiaries are not covered by the Safety Service and only receive advice. They report the information required for their supervision and control to the Safety Service. Any safety measures that cannot be taken using Cementos Portland's own resources are outsourced to third parties (Asepeyo and Mutua Navarra).

The general objectives are as follows:

- Establish occupational safety as an integral and equally important part of the rest of the business's activities.
- Ensure the service is coordinated and in line with production, quality control and environmental protection policies.
- Make certain that occupational safety management is the responsibility of the entire organisation, from the General Manager to less qualified employees, and that all members are committed to fulfilling all legally required safety measures.
- Disseminate information and promote continuous understanding, development, and action at all levels of the organisation.
- Ensure that all workers participate and remain informed, as well as guaranteeing that workers have the right to be consulted so that the management system implemented is constantly improved.
- Define the method for meeting, exceeding or developing health and safety requirements by ensuring that such requirements are constantly improved through regular measures which evolve with technical progress.
- Allow both internal and external systematic audits to be conducted which verify compliance with the safety policy.
- Guarantee workers are sufficiently and appropriately trained by providing the necessary resources for the safety policy to be fully implemented.
- According to the Strategic Plan for 2006/2010 , the objective is to reduce the accident rate to "0 accidents".

* The strategic plan for 2006-2010 is pending approval at the date of this edition of this report

The “preventive approach” of Cementos Portland Valderrivas

As a continuation of the safety training and awareness campaigns for both the workforce and related industry and their families, the “Channel Portland-Preventive approach” project (CPV) has been launched.

1ª Phase

Locations have been identified in each factory where workers tend to meet to have a coffee, chat, eat, change clothes, etc. Meeting points have been set up at each of these locations which have a screen, projector, PC, suggestions box, dispenser and notice board.

Safety videos are shown which cover aspects such as falls, handling heavy loads, protection, dust, noise, working at height, etc. Workers are also encouraged to participate through individual questionnaires for which bonuses are given.

2ª Phase

Videos are projected from the same meeting points as in the previous phase showing images of different tasks in the factories themselves and linking the scenes shown to the relevant safety instructions and procedures established in the CPV.

A webpage has also been set up so that these safety messages also reach workers’ families and society in general:

www.canalportland.com



A future for those around us



FCC has always had close links with the different groups and the communities in which it conducts its activities. The Group is aware of the added value of its business to society and also of the possible impact the Group's activities could have on the environment and society.

Construction projects, services and production processes are selected in accordance with strict environmental and social criteria in order to mitigate the negative effects on our surroundings. In this context, we consider that communication with the stakeholders around us is essential to developing a healthy, safe and prosperous environment for all concerned.

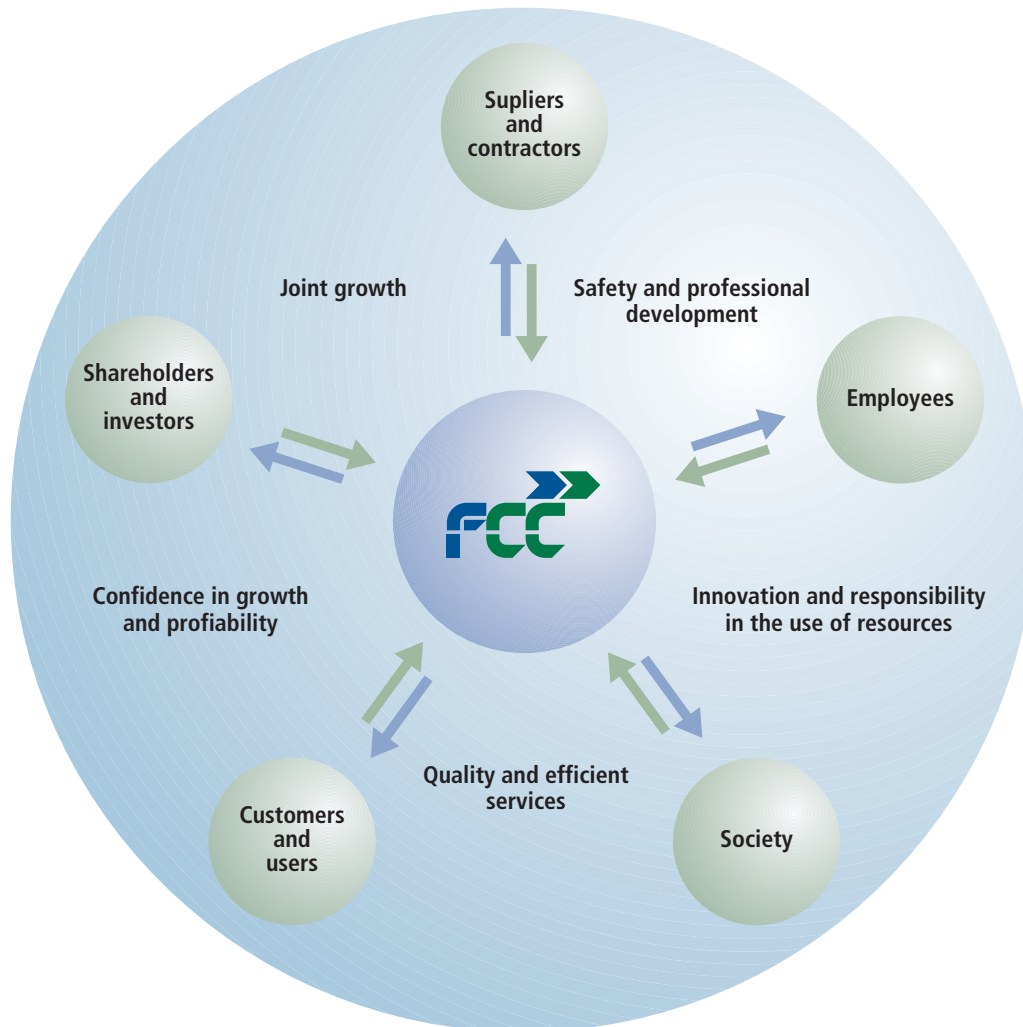
To this end, FCC invests time and resources in the contacts we have with our stakeholders to identify not only their expectations and concerns but also to encourage stakeholder involvement in our work, to face the major environmental and social challenges of our time.

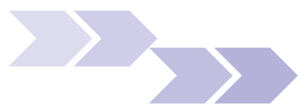
FCC has not only developed its own quality and environmental control system affecting all its departments and activities, but also requires that its suppliers and subcontractors implement the appropriate measures and programmes to protect and improve the environment in which we operate.

Major companies are becoming increasingly more influential in the world and their actions affect many people including their employees, customers, local communities and society in general. As such, FCC has implemented several initiatives (described below) at both local and worldwide levels to achieve sustainable development.

It is vital for the future of our planet and therefore each and every one of us that companies contribute to finding solutions to the growing social, environmental and economic problems. Our commitment is to achieve sustainable development, enabling future generations to enjoy the same opportunities as we have today.

Added value for our stakeholders





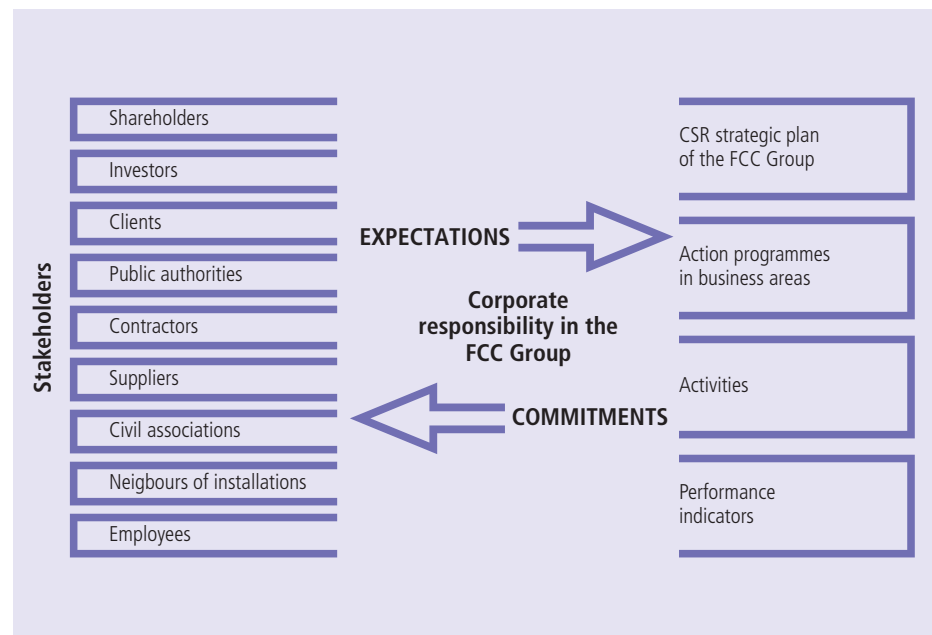
Transparency in relations with our stakeholders

FCC is aware of the importance of maintaining lasting relationships with our stakeholders. Effectively and strategically involving our stakeholders brings added benefits such as an improvement in the management of operational risks and corporate image. It also enables us to gain a better understanding of the complex environment in which our businesses operate, identify possible strategic opportunities, and build trust between the Group and our stakeholders.

FCC's businesses affect many of the activities that take place in the society on a daily basis. We have a direct impact on society and therefore our relationships with society are very important.

Our stakeholders

The corporate social responsibility of the FCC Group has been built around the expectations and concerns of our stakeholders. We understand that each group has its own specific concerns as well as its own individual information requirements.



Our shareholders and investors

By adopting a strategic position that encourages a socially responsible business approach and is aimed at improving our transparency-efficiency in relation to corporate governance, we create added value for our shareholders and investors in FCC. We have developed a number of lines of communication which include organising several events during the year aimed at providing guidance to and exchanging ideas with our shareholders.

Public entities and regulatory bodies

FCC is strongly committed to transparency and integrity. It has assumed the commitment to comply with and respect all regulations established in prevailing legislation at both national and international levels as well as the standards set by regulatory bodies. FCC is also dedicated to continuously improving its relations with public entities and regulatory bodies and takes an active and cooperative approach. In this way, FCC is able to demonstrate to public entities that it is committed to the environment and the society in which it operates.

Customers and suppliers

The organisation is in constant contact with these stakeholders to incorporate customers' concerns, suggestions and recommendations in relation to fulfilling our social and environmental commitments. We also aim to make suppliers aware of their responsibility to fulfil these objectives.

Employees and their representatives

Since its incorporation, FCC has been committed to its workforce and aims to ensure they remain in the organisation for many years, improve the quality of their working life, and defend their labour rights. FCC also strives to attract and retain the best personnel in its search for business excellence.

The media

FCC stands out from its competitors by working to remain in constant and open contact with the media in order to provide them with a true view of the value of our sustainable and transparent business.

In 2005 press coverage in Madrid and Barcelona of the FCC Group amounted to an average of 200 articles, split as follows according to their content:

The FCC Group	35%
Construction	22%
Services	20%
Cement	16%
Others	7%

Society

Since its incorporation, FCC has been committed to the environments in which we operate; devising initiatives that benefit the environment or contribute to society and the community in which it conducts business.

Communication with our stakeholders

FCC has implemented a public relations strategy targeting its stakeholders using different means of communication depending on the recipients. The most noteworthy initiatives are as follows:

- Questionnaires on perceptions and opinions of the management of corporate responsibility and the business environment.
- Research aimed at specific issues.
- Round tables with organisations representing the interests of our stakeholders through sector associations and organisations.
- Ongoing communication with the press, television and radio.
- Publication of an Annual Corporate Social Responsibility Report.
- Development of a strategic plan in conjunction with stakeholders.
- Publication of a bimonthly news sheet.

Services

FCC Saneamiento Urbano

Analyse stakeholders' expectations of the urban sanitation activities.

Prior to starting the work to prepare a Sustainability Progress Report for this line of business, at the end of 2004 and start of 2005, stakeholders were questioned about their expectations in order to find out what they expected in terms of social responsibility, as well as the level of job satisfaction among this line of business's employees.

The aim of the poll was to obtain results which could then be used to devise guidelines for our activities and our future commitments to each stakeholder. This type of poll is planned to be conducted every three years to find out what the stakeholders' perceptions are of the initiatives that have been implemented in response to their needs and expectations.



Aqualia

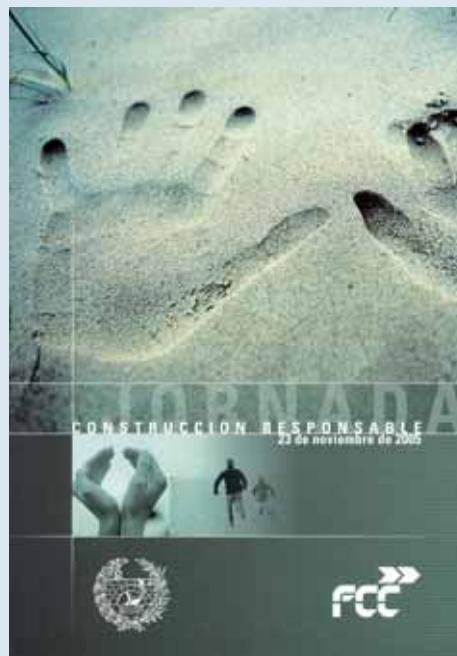
Organise an annual children's drawing competition with more than 20,000 participants, which is held across Spain on World Water Day (22 March). This competition has been held successfully in 2003, 2004, 2005 and 2006 and the Aqualia drawings are used to publish a calendar which is distributed to all its employees and customers.



FCC Construcción

Sustainable Construction Day

On 23 November 2005 FCC Construcción held a Sustainable Construction Day in conjunction with the Institute of Road, Canal and Port Engineers (*Colegio de Ingenieros de Caminos, Canales y Puertos*) to reflect on current issues, and hold dialogues with public entities, homeowners, personnel, suppliers and subcontractors and other stakeholders with a shared interest in transport engineering. Speakers at the event included representatives from third sector representatives such as Fundación Entorno, government ministers such as the Minister for the Environment, certified bodies such as AENOR, international organisations including ASEPAM, and academic bodies like the University of Cantabria's Department of Water Engineering.



Realia

Communication and public relations with real estate customers

Realia has developed a Customers' Club which gives Realia customers the chance to benefit from offers and discounts. The Club currently has 4,399 members.

The Club has a 902 business telephone number linked directly to Realia's call centre which channels all calls to the specific information lines of our collaborators with which contracts are agreed.

A Club Realia News Letter is also published which Realia uses to communicate information to the members of the Club. Realia uses this news letter to remind members of the purpose of the Club and the advantages for members, as well as inform them of special offers on holidays, home accessories, wine, etc. and news on the real estate developments being promoted by Realia.

Three drawing competitions have also been held for children over Christmas 2003, 2004 and 2005; the pictures of which were used to illustrate Realia's corporate Christmas cards.





Teatro Municipal Jovellanos de Gijón y Museo Nacional de Arte de Cataluña



Cooperation in the community

Throughout its 100 year history FCC has been involved in sponsorship and patronage activities. Far from being a recent development, the company's activities in this area are long-standing and consolidated.

The introduction of corporate social responsibility and dialogue with stakeholders has not substituted FCC's commitment to action in this area. On the contrary, it has led to a greater diversification of activities, which are subject to integrated management as any other business activities are, in response to a focus encompassing all aspects of the Group.

Sponsorship and patronage activities that FCC has been involved in during the current year are as follows:

42%	Cultural
16%	Social
13%	Illness, disability and assistance
11%	Social development
6%	Others

FCC's patronage and sponsorship activities are characteristically diverse and cover a wide range of areas. For example, as a cultural contribution, FCC developed a project to renovate the imperial monastery of Toledo and has also supported the Silos Foundation. In terms of social development, the company has embarked upon collaborations with numerous public and private institutions mainly in South America and Africa.

Proactiva, committed to community development



Of all these activities performed by FCC, Proactiva deserves a special mention. Proactiva is owned and managed with Veolia which has strong links with South America where it operates in six countries: Argentina, Brazil, Chile, Colombia, Mexico and Venezuela. Proactiva has a large network of professionals and branches and uses the best and most sophisticated technologies to improve and protect the environment. It serves 40 million people in the following fields:

- Integral water management.
- Integral waste management.

Proactiva's commitment to the companies it works with is much more than a mere contractual obligation. The company is conscious of what it represents and is actively involved in fulfilling actions and operations to the benefit of all. A few examples of Proactiva's projects are as follows:

i) **Envión programme in Avellaneda**

Sponsors 20 young people with scholarships as part of a plan developed by the municipality. The study costs of those involved in the scheme are paid monthly and controlled by Proactiva.

ii) **Adult education**

Most personnel Proactiva works with perform tasks for which qualifications are not necessary. In fact, a large percentage of the workforce have only a basic education, and many are illiterate. The programme aims to help interested employees to finish their basic education. In the future Proactiva intends to expand this programme to cover secondary education as well.

iii) **Maipú project**

Proactiva supports employment of disabled people. It has a technical team comprising psychologists and disabled personnel with successful careers who offer workshops within the company to evaluate and prepare people with disabilities for any job opportunities that may arise.

In this way, Proactiva promotes employment through small industries, and helps to encourage and support the creation of small companies whose activities are related to protecting the environment.

FCC Group patronage programmes

FCC is involved in a large number of programmes and projects and mainly works within the areas it knows best in order to use

resources dedicated to these initiatives more efficiently. The tables below detail the FCC Group's main initiatives.

Institution	Description
Catalonian National art museum	Provides financial assistance so the museum can carry out artistic, heritage, educational and social ventures.
Castell de Perelada international music festival, Gerona	Has supported the festival for more than ten years as the main sponsor of this prestigious Catalan cultural event.
ARTIFEX travelling exhibition of Roman engineering in Spain	Sponsors the ARTIFEX catalogue, including the travelling exhibition of the same name which is promoted by the Ministry of Culture and the CEHOPU.
Master in Buildings management from the Antonio Camuñas Foundation	Economic support for scholarships for architects and postgraduate engineers entering the workplace.
International Juan Antonio Fernández del Campo award for road innovation	Sponsor of award created by the Spanish association of roads for research, development and innovation.
Sponsor of CIVILFOR 2005	Third year of support for this employment fair promoted by the ETSI of road engineers in Madrid.
Cuatro Cuerdas foundation for music education and children with disabilities	Provides economic assistance to the foundation to support the teaching of music to children with disabilities.
Fundación Laboral. Gijón art and industrial design centre	Second Vice-Chairman of the foundation dedicated to promoting art and industrial design.
Sponsor of the Alcobendas Sports Foundation. FUNDAL	Supports sporting events involving young people in Alcobendas.
Carolina Foundation	Provides financial support to promote cultural relations and educational and scientific cooperation between Spain and members of the Organisation of Ibero-American States, as well as with other countries with which it has historic, cultural or geographical links.
Friends of the Prado Museum Foundation	Donation of works of art, support and organisation of temporary exhibitions, organisation of courses and conference cycles, as well as publication of material.
San Millán de la Cogolla Foundation	Provides economic assistance to protect and maintain the San Millán de la Cogolla de Suso y Yuso monasteries, as well as investigation into and documentation of the origins of the Spanish language.
Madrid 2012 Foundation	Collaborator and financial contributor to Madrid's 2012 olympic bid.
Portland San Antonio handball club	Main sponsor for the handball team in the Spanish "División de honor".
Down Syndrome Foundation of Madrid	Provides financial assistance aimed at improving the quality of life of people with Down Syndrome and other types of intellectual disabilities. The foundation promotes full integration within the family, school, work and social environments of those affected.
Leukaemia and lymphoma Foundation	Provides financial assistance to promote, develop and publish clinical and laboratory studies, as well as providing financial and psychological assistance to patients related to the prevention and treatment of leukaemia and lymphoma and other pathological haematology.
Reina Sofia Foundation Alzheimer project.	Provides financial assistance to support a social health approach that aims to combat the repercussions Alzheimer's has on both patients and their close family.
Cultural Albacete	FCC forms part of a group of companies that sponsor this model public consortium created in 1983 to manage cultural events in Albacete capital and province. The consortium's main activities take place in the historic and restored Teatro Circo in the capital (1887).
Master in urban mobility	FCC has developed the first Master's diploma in urban mobility in collaboration with the Rey Juan Carlos university in Madrid and the National Association of Companies of Car Parking Regulation on Public Roads (ANERE).
Procession of the three wise men in Seville 2006 (Ateneo de Sevilla)	Supports the Ateneo de Sevilla in its campaign to provide toys to less privileged families.

Sharing knowledge

For three years FCC has edited a book published annually that is part of a valuable collection, which is widely consulted in universities and by academics for its scientific and informative content.

These books provide in-depth historical analysis of matters that are usually related to activities carried out by the FCC Group.

An average of 15,000 copies are printed every year and each book comprises approximately 400 pages with more than 350 illustrations that are distributed free of charge. To date the following titles have been published:

1993	Urban memories of Spain
1994	Bridges of Spain
1995	Man and water
1996	Art and architecture in the Spanish home
1997	A study of the history of our roads
1998	The city. A tour of its history
1999	A century of living memory
2000	A history of construction techniques
2001	A history of parks and gardens
2002	Celebrations of Spain
2003	The municipality. A tour of its history
2004	Outstanding works of architecture and engineering in Spain
2005	The history of coaches in Spain

As these initiatives demonstrate, the FCC Group is involved in a large number of programmes and projects within the environment it knows best and must therefore use resources designed for these initiatives with great efficiency. The chart below shows how investments made during 2005 were divided, according to the type of initiative.



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3. Your opinion is important	185
GRI certification	185



GRI and GC index

GRI INDICATORS 2002	GC	CHAPTER	PARAGRAPH	PAGE
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1.2. Statement from the Chairman describing key elements of the report.		I	1 Letter from the Chairman	2
Profile				
2.1. Name of reporting organisation.		II	2 FCC activities	97
2.2. Major products and services.		II	1 105 years of service to the public	97, 98
2.3. Operational structure.		III	2 Management structure	114
2.4. Description of major departments, operating companies, subsidiaries...		II	5 Main lines of activities for the Group in 2006	103, 104
2.5. Countries in which the organisation's operations are located.		II	3 International activities	100
2.6. Nature of ownership; legal form.		III	1 Corporate governance	114
2.7. Nature of markets served.		II	2 FCC Activities	97, 98
2.8. Scale of the reporting organisation.		II	4 2005 key indicators	101, 102
2.9. List of stakeholders, key attributes of each, and relationship to the reporting organisation.		V	1 Transparency in relations with our stakeholders	167, 168, 169, 170, 171
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2.10. Contact person(s) for the report.		Appendix	Your opinion counts	185
2.11. Reporting period.		II	6 Vision and strategy of our corporate responsibility	106
2.12. Date of most recent previous report.		n.a.	First edition of the report	
2.13. Boundaries of report and any specific limitations on the scope (regions, divisions).		II	3 International activities	100
2.14. Significant changes.		n.a.	First edition of the report	
2.15. Basis for reporting on joint ventures, partially owned subsidiaries...		I	Letter from the Managing Director	4
2.16. Explanation of the nature and effect of any re-statements of information provided in earlier reports.		n.a.	First edition of the report	
2.17. Decisions not to apply GRI principles or protocols.		Appendix	GRI and GC index	178
2.18. Criteria used in any accounting for economic, environmental, social costs and benefits.		Appendix	Principles covered in this report	183
2.19. Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.		n.a.	First version	
2.20. Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability.		III	2 Management structure	115
2.21. Policy and current practice with regard to providing independent assurance for the full report.		n.a.	First edition of the report	
2.22. Means by which report users can obtain additional information.		I	Letter from the Managing Director	4
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3.2. Percentage of the board of directors that are independent, non-executive directors.		III	1 Corporate governance	113
3.3. Process for determining the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.		II	6 Vision and strategy of our corporate responsibility	106-109

GRI INDICATORS 2002	GC	CHAPTER	PARAGRAPH	PAGE
3.4. Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.		III	1 Corporate governance	112
3.5. Linkage between executive compensation and achievement of the organisation's financial and non-financial goals.		V	1 Attracting and retaining talent	152
3.6. Organisational structure for corporate sustainability policies.		II	6 Vision and strategy of our corporate responsibility	107
3.7. Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance.		II	6 Vision and strategy of our corporate responsibility	107, 108
Stakeholder engagement				
3.9. Basis for identification and selection of major stakeholders.		VI	1 Transparency in relations with our stakeholders	167
3.10. Approaches to stakeholder consultation frequency, type...		VI	1 Transparency in relations with our stakeholders	168
3.11. Type of information generated by stakeholder consultations.		VI	1 Transparency in relations with our stakeholders	168
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3.14. Sets of principles or other initiatives to which the organisation subscribes.		II	6 Vision and strategy of our corporate social responsibility	109
3.15. Principal memberships in industry and business associations.		II	6 Vision and strategy of our corporate social responsibility	109
3.16. Policies and/or systems for managing upstream and downstream impacts.		III	2 Management structure	115
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3.18. Major decisions during the reporting period regarding the location of, or changes in, operations.		n.d.	No significant changes have occurred	
3.19. Programmes and procedures pertaining to economic, environmental, and social performance.		III	2 Management structure	115
3.20. Status of certification pertaining to economic, environmental, and social management systems.		III	3 Creation of value	120
Economic performance indicators				
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EC2. Geographic breakdown of markets.		II	3 International activities	100
EC3. Cost of all raw materials, materials, and services purchased.		Annual Report		2, 7, 5
EC4. Percentage of contracts that were paid in accordance with agreed terms.		Annual Report		3, 6, 4
EC5. Total payroll and benefits broken down by country or region.		Annual Report		290
EC6. Distributions to providers of capital broken.		Annual Report		282, 283
EC7. Increase/decrease in retained earnings at end of period.		Annual Report		17
EC8. Total sum of taxes of all types paid broken down by country.		Annual Report		17
EC9. Subsidies received broken down by country or region.		Annual Report		369
EC10. Donations to community, civil society, etc. per type of group.		VI	2 Cooperation in the community	173

GRI and GC index. Continuation

GRI INDICATORS 2002	GC	CHAPTER	PARAGRAPH	PAGE
Environmental performance indicators				
EN1. Total materials use by type.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN2. Percentage of materials used that are wastes from external sources.	*	IV	3 Waste management	143
EN3. Direct energy use segmented by primary source.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN4. Indirect energy use.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN5. Total water use.	*	IV	2 Integral water cycle management	137, 138
EN6. Location and size of land owned, leased, or managed in biodiversity-rich habitats.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN7. Description of the major impacts on biodiversity.	*	IV	4 Biodiversity	145, 146
EN8. Greenhouse gas emissions.	*	IV	1 Climate change	130
EN9. Use and emissions of ozone-depleting substances.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group	
EN10. Donations to community, civil society, etc. per type of group.	*	IV	1 Climate change	134
EN11. Total amount of waste by type and destination.	*	IV	3 Waste management	143, 144
EN12. Significant discharges to water by type.	*	IV	2 La gestión integral del ciclo del agua	135-138
EN13. Significant spills of chemicals, oils, and fuels.	*	IV	3 Gestión de residuos	143
EN14. Significant environmental impacts of principal products and services.	*	IV	4 Biodiversidad	145, 146
EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	*	n.a.	Products cannot be reclaimed	
EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties.	*	n.d.	No current data is available at Group level at the time of this report due to the diversity of the activities within the Group.	
EN17. Initiatives taken to use renewable energy sources and to increase energy returns.		IV	5 Environmental innovation	148

* Items in the GC column refer to the Global Compact or Global Pact principles.
n.a.= not applicable. n.d.= not declared



SOCIAL PERFORMANCE INDICATORS	GC	CHAPTER	PARAGRAPH	PAGE
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LA1. Breakdown of own workforce by status, employment type and contract. Workforce retained in conjunction with other employers.		V	1 Attracting and retaining talent	152
LA2. Net employment creation.		V	1 Attracting and retaining talent	152
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LA3. Percentage of employees represented by independent trade union organisations or percentage of employees covered by collective bargaining agreements.	*	V	1 Attracting and retaining talent	154
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Health and safety				
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LA6. Description of formal joint health and safety committees and proportion of workforce covered by any such committees.		V	3 Health and safety at work	160
LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities.		V	3 Health and safety at work	161
LA8. Description of policies or programmes on HIV/AIDS.		V	According to applicable legislation in the countries where FCC operates	
Training and education				
LA9. Average hours of training per year per employee by category of employee.		V	2 Professional development	156, 157
Diversity and opportunity				
LA10. Description of equal opportunity policies or programmes, as well as monitoring systems.	*	V	1 Attracting and retaining talent	152
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HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions.	*	II	6 Vision and strategy of our corporate social responsibility	109
HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors.	*	III	3 Creation of value	124
Non-discrimination				
HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems.	*	V	1 Attracting and retaining talent	152
Freedom of association and collective bargaining				
HR5. Description of freedom of association policy and extent to which this policy is universally applied.	*	V	1 Attracting and retaining talent	154

GRI and GC index. Continuation



SOCIAL PERFORMANCE INDICATORS	GC	CHAPTER	PARAGRAPH	PAGE
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HR6. Description of policy excluding child labour.	*	II	6 Vision and strategy of our corporate social responsibility	109
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HR7. Description of policy to prevent forced and compulsory labour.	*	II	6 Vision and strategy of our corporate social responsibility	109
Community				
SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue.		VI	1 Transparency in relations with our stakeholders	168, 169, 170
Bribery and corruption				
SO2. Policy, procedures and Systems for organisations and employees addressing bribery and corruption.	*	III	Introduction	111
Political Contributions				
SO3. Description of policy and procedures for managing political lobbying and contributions.		III	Introduction	111
Customer health and safety				
PR1. Description of policy for preserving customer health and safety.		n.d.	No current data at group level is available at the time of this report. At present relevant IT systems are being developed for this item. It is estimated that this information will be available next year.	
Products and Services				
PR2. Description of policy, procedures and systems related to product information and labelling.		n.d.	No current data at group level is available at the time of this report. At present relevant IT systems are being developed for this item. It is estimated that this information will be available next year.	
Respecto a la intimidad				
PR3. Description of policy and procedures related to consumer privacy. Identify geographic areas covered by policy.		III	3 Creation of value	120-123

* Items in the GC column refer to the Global Compact or Global Pact principles
n.a.= not applicable. n.d.= not declared



Appendix. Principles covered in this report

Contents

The contents of this report have been selected based on a study of material aspects, following the principles of Assurance Standard AA1000. The principle of materiality, applied to matters of sustainability, refers to the importance or relevance to the business of different aspects related to sustainability.

The following factors must be considered when deciding whether or not items are material:

- Interests and matters regarding sustainability caused by the interest groups.
- Principal problems within the sector, as stated by similar companies and competitors.
- Local, regional, national and international legislation, including those rules, laws and voluntary agreements that are of strategic importance to the organisation.
- Risks and opportunities that affect sustainability that can be easily estimated, identified through detailed investigations carried out by personnel with recognised training or by expert organisations with recognised credentials in this field.

Four different studies have been performed, one for each of FCC's business lines: construction, real estate, cement products and services. The studies have considered the following matters in order to define the material aspects of the businesses:

- Analysis of the information requirements from the main analysts of socially responsible investments.
- Indicators and information included by companies within the sector in their sustainability reports.
- Any social and environmental matters that associations within the sector in which the Company operates are considering.
- Challenges regarding contributions to sustainable development identified in the markets within which the business lines operate.
- Study of public documentation available detailing opinion indicators.

Several material items have been identified for each business line that form the basis of the definition of the strategy and actions plans regarding sustainable development for each them.

The following seven material items have been identified in order to prepare the notes at group level:

- Integrity and transparency of our governance.
- Use of raw materials.
- Climate change.
- Occupational health and safety.
- Attracting and retaining talent.
- Contribution to the community.
- Relations with stakeholders.

Meeting the challenges

This report highlights the specific achievements and efforts made by FCC and its divisions during 2005 concerning relevant items identified in materiality studies. In this report FCC aims to address any concerns its stakeholders may have.

For more detailed information regarding the performance of FCC's different business lines, interested parties can consult both the corporate web page and the pages covering business lines. Additional information regarding economic developments and corporate governance of the FCC Group can also be found in the Annual report and Corporate governance report respectively.

Accuracy of the information

The information provided in this report has been collated from that available in the company's IT systems and business lines.

Global Reporting Initiative

This report has been prepared following Global Reporting Initiative directives in order to produce a balanced source of information regarding economic, environmental and social developments.





Your opinion is important

The aim of this report is to show our stakeholders in a balanced and reasonable way how the company addresses the most important challenges relating to our activities.

Please send any suggestions or comments regarding this report to:

Corporate Responsibility Department
FCC
Federico Salmón, 13
28016 Madrid

Or via email to:

rcorporativa@fcc.es

The current progress of FCC's Corporate Responsibility Plan can be viewed on our web page at www.fcc.es under the heading Corporate Responsibility. Any comments and requests can be sent via the link Diálogos Gdl.



GRI certification



On 30th of May 2006, this report received the Global Reporting Initiative (GRI) "in accordance" qualification which indicates that the report has been prepared following the principles and information requirements of the GRI Sustainability Reporting Guidelines, according to the version prevailing at the date of publication of this report.

Further information about the Global Reporting Initiative (GRI) and the requirements of the "in accordance" qualification can be found at...

<http://www.globalreporting.org>





Corporate governance



FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Issuer identification

Fiscal year: 2005

Company name:
Fomento de Construcciones y Contratas, S.A.

Registered offices:
Balmes, 36
08007 Barcelona
Spain

Clarification

This document is a replica of the information contained in the Annual Corporate Governance Report model (Circular 1/2004 of 17 March of the Spanish Securities Market Commission) of Fomento de Construcciones y Contratas, S.A. approved at the Board of Directors meeting held on 31 March 2006. The information contained herein is exactly the same as that included in the approved report. Only the format has been changed in order to make it easier to read. In addition, the clarifications contained in the explanatory Annex in part G (Other information of interest) on the official form are included here under the section titles to which they refer.

A

Ownership structure

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

Last modified	Share Capital (€)	Number of Shares
28/06/02	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
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
—	—	—
Total	—	—

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

Name or company name of direct shareholder	Date of transaction	Description of transaction
—	—	—

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

Name or company name of Director	Date of first appointment	Date of latest appointment	Number of direct shares	Number of indirect shares (*)	% of total share capital
Gonzalo Anes y Álvarez de Castrillón	30/06/91	21/06/05	7,200	0	0.006
B 1998, S.L.	17/12/96	28/06/02	59,871,785	8,653,815	52.483
Cartera Deva, S.A.	15/09/04	21/06/05	100	0	0
Juan Castells Masana	21/06/00	21/06/05	7,629	0	0.006
Dominum Desga, S.A.	27/09/00	20/06/01	4,132	0	0.003
Dominum Dirección y Gestión, S.A.	26/10/04	21/06/05	10	0	0
EAC Inversiones Corporativas, S.L.	30/03/99	23/06/04	32	0	0
Fernando Falcó y Fernández de Córdova	18/12/03	21/06/05	4,390	0	0.003
Felipe Bernabé García Pérez	30/03/99	21/06/05	5,243	0	0.004
Ibersuizas Alfa, S.L.	15/09/04	21/06/05	1	0	0
Ibersuizas Holdings, S.L.	15/09/04	21/06/05	1	0	0
Larranza XXI, S.L.	13/01/05	21/06/05	10	0	0
Francisco Mas Sardá Casanelles	06/03/92	28/06/02	32,000	0	0.025
Rafael Montes Sánchez	06/03/92	23/06/04	30,453	0	0.023
Marcelino Oreja Aguirre	21/12/99	21/06/05	10,162	0	0.008
Robert Peugeot	15/09/04	21/06/05	10	0	0
Antonio Pérez Colmenero	30/03/05	21/06/05	9,327	0	0.007

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
Azate, S.A.	8,653,815
Total	8,653,815

% Total share capital owned by the Board of Directors	52.568
--	---------------

Note: Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L., which owns 52.483% of FCC's share capital. Of that amount, 59,871,785 are direct shares and 8,653,815 are indirect shares through its subsidiary Azate, S.A.

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L. which is in turn controlled by Esther Kopolowitz Romero de Juseu (EK), who holds 73.37% of its share capital:

- Directly with 54.6107% and
- Indirectly with 18.7601%, through Dominum Desga, S.A. (0.0001%), and Dominum Dirección y Gestión, S.A. (18.76%), both wholly-owned by EK.

Furthermore, EK owns 123,313 direct shares in FCC and 39,172 indirect shares in FCC through the companies Dominum Desga, S.A. (4,132) and Ejecución y Organización de Recursos, S.L. (35,040), wholly-owned by EK.

The company B 1998, S.L. is partially owned by different investors (the investors) in the amount of 26.63%:

- Cartera Deva, S.A. (5.01%).
- Ibersuizas Holdings, S.L. (10.55%).
- Simante, S.L. (5.73%).
- Larranza XXI, S.L. (5.34%).

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
—	—	—

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

Name or company name of shareholder	Type of relationship	Brief description
—	—	—

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

Participants in the shareholders' agreement	% of capital stock affected	Brief description
Esther Koplowitz Romero de Juseu	52.483	Significant events of 30/07/2004 www.cnmv.es
Esther Koplowitz Romero de Juseu	52.483	Significant events of 13/01/2005 www.cnmv.es

Note: On 30 July 2004, a Significant Event was published on the website of the Spanish Securities Market Commission 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.

On 13 January 2005, the Group published as a significant event the fact that the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (wholly-owned by Esther Koplowitz Romero de Juseu) reached an agreement with the company Larranza XXI, S.L. (a company of the Bodegas Faustino Group) on the transfer to the latter of a minority shareholding held by the former in the company B 1998, S.L., a company which in turn possesses, directly or indirectly, 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

Also on 13 January 2005, the Group published as a significant event the fact that the company Dominum Dirección y Gestión, S.A. Sociedad Unipersonal (wholly-owned by Esther Koplowitz Romero de Juseu) reached an agreement with the investment companies Inversiones Ibersuizas, S.A., Inversiones San Felipe, S.L., Ibersuizas Holdings, S.L., Cartera Deva, S.A., Arzubi Inversiones, S.A. and EBN Banco de Negocios, S.A. on the transfer to the latter of a minority shareholding held by the former in the company B 1998, S.L., a company which in turn possesses, directly or indirectly, 52.483% of the share capital of Fomento de Construcciones y Contratas, S.A.

The Significant Events highlight the principal agreements relative to the control of the companies (FCC and B 1998, S.L.) reached by EK and the investors since the respective acquisitions:

- EK will continue to control B 1998, S.L., and therefore Azate, S.A. and FCC.
- The Board of Directors of B 1998, S.L. will be composed of twelve directors. The Investors will be entitled to appoint 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 as a whole may appoint up to 4 directors but never more than one-third of the members of the Board of Directors of FCC.
- EK will be entitled to designate the Chairman of the Board of Directors of FCC and the Managing Directors 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:

With regard to B 1998, S.L.:

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

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

With regard to FCC:

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

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

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

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

For further information, please see the full contents of the shareholders' agreements which are available on the website of the Spanish Securities Market Commission under the heading of Significant Events reported by the company on 30 July 2004 and 13 January 2005.

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

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.

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

Name or company name
Esther Koplowitz Romero de Juseu

Comments:

Fomento de Construcciones y Contratas, S.A. (FCC) is controlled by B 1998, S.L. by 52.483%, which is in turn controlled by Esther Koplowitz Romero de Juseu (EK), who holds 73.37% of its share capital:

- Directly with 54.6107% and
- indirectly with 18.7601%, through Dominum Desga, S.A. (0.0001%), and Dominum Dirección y Gestión, S.A. (18.76%), both wholly-owned by EK.

Furthermore, EK owns 123,313 direct shares in FCC and 39,172 indirect shares in FCC through the companies Dominum Desga, S.A. (4,132) and Ejecución y Organización de Recursos, S.L. (35,040), wholly-owned by EK.

A.8. Complete the following table on the company's treasury stock:

As of the end of the fiscal year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
434,322	660,020	0.838

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
Asesoría Financiera y de Gestión, S.A.	343,922
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal	316,098
Total	660,020

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
30/08/05	0	2,000	0.002
31/08/05	0	25,500	0.02
01/09/05	0	8,101	0.006
02/09/05	0	(13,000)	(0.01)
06/09/05	0	11,714	0.009
07/09/05	0	38,209	0.029
08/09/05	0	15,593	0.012
09/09/05	0	32,954	0.025
12/09/05	0	37,007	0.028
13/09/05	0	5,896	0.005
14/09/05	0	4,200	0.003
15/09/05	0	7,011	0.005
16/09/05	0	2,465	0.002
20/09/05	0	7,843	0.006
21/09/05	0	18,000	0.014
22/09/05	0	19,762	0.015
23/09/05	0	(500)	0
26/09/05	0	(13,921)	(0.011)
27/09/05	0	(1,090)	(0.001)
28/09/05	0	2,515	0.002
30/09/05	0	7,949	0.006
07/10/05	0	3,896	0.003
12/10/05	0	5,967	0.005
19/10/05	0	1,504	0,001
15/11/05	0	22,606	0,017
16/11/05	0	35,759	0,027
17/11/05	0	10,016	0,008
18/11/05	0	16,826	0.013
21/11/05	0	15,998	0.012
12/12/05	0	(25,000)	(0.019)
20/12/05	0	6,411	0.005
30/12/05	0	31,731	0.024

Results obtained in the fiscal year from transactions with treasury stock(in thousands of euros)	58
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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 21.06.05:

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42, parts 1 and 2 of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

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

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

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

The acquisition of treasury stock, which must be fully paid up, must allow the company to 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 23.06.04 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 two 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 two 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
Gonzalo Anes y Álvarez de Castrillón		Director	30/06/91	21/06/05	General Meeting
B 1998, S.L.	Esther Koplowitz Romero de Juseu	Director	17/12/96	28/06/02	General Meeting
Cartera Deva, S.A.	José Aguinaga Cárdenas	Director	15/09/04	21/06/05	General Meeting
Juan Castells Masana		Director	21/06/00	21/06/05	General Meeting
Dominum Desga, S.A.	Esther Alcocer Koplowitz	Director	27/09/00	20/06/01	General Meeting
Dominum Dirección y Gestión, S.A.	Alicia Alcocer Koplowitz	Director	26/10/04	21/06/05	General Meeting
EAC Inversiones Corporativas, S.L.	Carmen Alcocer Koplowitz	Director	30/03/99	23/06/04	General Meeting
Fernando Falcó y Fernández de Córdova		Director	18/12/03	21/06/05	General Meeting
Felipe Bernabé García Pérez		Director	30/03/99	21/06/05	General Meeting
Ibersuizas Alfa, S.L.	Luis Chicharro Ortega	Director	15/09/04	21/06/05	General Meeting
Ibersuizas Holdings, S.L.	Pedro Agustín del Castillo Machado	Director	15/09/04	21/06/05	General Meeting
Larranza XXI, S.L.	Lourdes Martínez Zabala	Director	13/01/05	21/06/05	General Meeting
Francisco Mas Sardá Casanelles		Director	06/03/92	28/06/02	General Meeting
Rafael Montes Sánchez		Managing Director	06/03/92	23/06/04	General Meeting
Marcelino Oreja Aguirre		Chairman	21/12/99	21/06/05	General Meeting
Robert Peugeot		Director	15/09/04	21/06/05	General Meeting
Antonio Pérez Colmenero		Director	30/03/05	21/06/05	General Meeting
Total number of directors					17

Note: Francisco Vicent Chuliá was appointed Secretary of the Board of Directors at the Board meeting held on 26 October 2004.

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

Name or company name of Director	Date of resignation
—	—

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

Executive directors

Name or company name of Director	Committee that proposed appointment	Position in the company's organization
Rafael Montes Sánchez		Managing Director
Felipe Bernabé García Pérez	Appointments and Remunerations	Secretary General
Antonio Pérez Colmenero	Appointments and Remunerations	Corporate Human Resources and Media Manager

External nominee directors

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

External independent directors

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

Other external directors

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

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

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

Name or company name of Director	Date of change	Previous Type	Current Type
—	—	—	—

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

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

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

Name or company name of Director
Rafael Montes Sánchez

Note: Article 35.2 of the Regulations of the Board establishes that *the Board of Directors may permanently delegate the powers of the Board in one or more of its members, with the exception of those which are not delegable under the law, the Articles of Association or the Regulations.*

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

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

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

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

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

Article 7.2 of the Regulations of the Board establishes that:

In any event, the Board of Directors, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Association, shall be obliged to address the following issues constitute the formal list of issues that may only be addressed by the Board:

- a) *Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors 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.*

Furthermore, article 8.1 (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. (article 8.2).

The Board of Directors, at its session held on 26 October 2004, delegated numerous powers to Rafael Montes Sánchez relative to: financial matters, customer and supplier relations, labour relations, administration and disposal, companies and associations, legal matters and internal affairs. This delegation of powers facilitates Group management and expedites the external manifestation of the company's will.

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

Name or company name of Director	Name of company of the Group	Title
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	Realia Business, S.A.	Director
EAC Inversiones Corporativas, S.L.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
Fernando Falcó y Fernández de Córdoba	Realia Business, S.A.	Director
Fernando Falcó y Fernández de Córdoba	FCC Construcción, S.A.	Director
Fernando Falcó y Fernández de Córdoba	Cementos Portland Valderrivas, S.A.	Director
Ibersuizas Alfa, S.L.	Cementos Portland Valderrivas, S.A.	Director
Rafael Montes Sánchez	FCC Construcción, S.A.	Director
Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Director
Robert Peugeot	FCC Construcción, S.A.	Director
Antonio Pérez Colmenero	Per Gestora Inmobiliaria, S.L.	Director

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

Name or company name of Director	Listed company	Title
Fernando Falcó y Fernández de Córdoba	Sogecable, S.A.	Vice President
Ibersuizas Alfa, S.L.	La Seda de Barcelona, S.A.	Director
Marcelino Oreja Aguirre	Repsol YPF, S.A.	Director
Marcelino Oreja Aguirre	Acerinox, S.A.	Director
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	2,205
Variable	484
Allowances	6
Allowances for meeting attendance	1,654
Stock options and/or other financial instruments	0
Other	0
Total	4,349

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

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

Breakdown of Remuneration	Data in thousands of euros
Fixed	0
Variable	0
Allowances	0
Statutory payment	738
Stock options and/or other financial instruments	0
Other	0
Total	738

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	2,962	200
External nominees	1,226	538
External independent	161	0
Other external	0	0
Total	4,349	738

d) Percentage on profits earned by the parent company:

Total remuneration paid to directors (thousands of euros)	5,087
Total remuneration paid to directors/profits earned by the parent company (expressed in %)	1.207

Note: 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 termination 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.

The consolidated income statement of the FCC Group includes the payment of insurance premiums in the amount of 2,529,000 euros, 1,922,000 of which refer to the executive directors and senior staff referred to in part B.1.10.

The executive directors who ceased to be such in 2004 received a total of 3,942,000 euros in insurance benefits.

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 Luis de la Torre Sánchez	Chairman, FCC Servicios
Antonio Gómez Ciria	Director, Internal Audits
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Managing Director, Cementos P.V.
José Mayor Oreja	Chairman, FCC Construcción, S.A.
José Eugenio Trueba Gutiérrez	Corporate Administration and Finance Manager
José Luis Vasco Hernando	Corporate Administration Manager
Total remuneration paid to executive staff (thousands of euros)	4,258

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

Number of beneficiaries	9	
	Board of Directors	General Meeting
Body that authorises the clauses	X	
	YES	NO
Is the General Meeting informed of the clauses?	X	

Note: See note in part B.1.8.

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

Article 37 of the Articles of Association states that:

The post of board member is remunerated. The remuneration shall consist of a share of the liquid profits which shall not be 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 Remunerations Committee is to "report on the remuneration system for directors and to review it periodically to ensure that it is commensurate with the functions they perform".

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

Name or company name of Director	Name or company name of significant shareholder	Title
Cartera Deva, S.A.	B 1998, S.L.	Director
Juan Castells Masana	B 1998, S.L.	Director
Dominum Desga, S.A.	B 1998, S.L.	Director
Dominum Dirección y Gestión, S.A.	B 1998, S.L.	Director
EAC Inversiones Corporativas, S.L.	B 1998, S.L.	Director
Fernando Falcó y Fernández de Córdova	B 1998, S.L.	Director
Felipe Bernabé García Pérez	B 1998, S.L.	Non-member Secretary
Ibersuizas Holdings, S.L.	B 1998, S.L.	Director
Larranza XXI, S.L.	B 1998, S.L.	Director
Rafael Montes Sánchez	B 1998, S.L.	Director
Robert Peugeot	B 1998, S.L.	Director

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

Name or company name of Director	Name or company name of significant shareholder	Description of relationship
Cartera Deva, S.A.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.
Larranza XXI, S.L.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.
Robert Peugeot	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L. indirectamente a través de Simante, S.L.
Ibersuizas Alfa, S.L.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.
Ibersuizas Holdings, S.L.	B 1998, S.L.	Shareholders' Agreement with B 1998, S.L.

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

There were no changes to the Board of Directors Regulations in 2005.

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 Remunerations Committee.

Article 18. Term of Office

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

Article 19. Re-election of Directors

Prior to the submitting any Director to the General Meeting of Shareholders for re-election, the Appointments and Remunerations 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 Remunerations Committee or*
 - when the interests of FCC could be jeopardised by the Director remaining on the Board.*

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

YES NO

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

YES NO

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

Adoption of Resolutions

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

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

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

YES NO

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

Maximum number of years of mandate	0
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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	12
Number of meetings without the Chairman in attendance	0

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

Number of meetings of the Executive or Delegated Committee	11
Number of meetings of the Audit Committee	9
Number of meetings of the Appointment and Remunerations Committee	3
Number of meetings of the Strategy and Investment Committee	1
Number of committee meetings	0

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

YES NO

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

Name	Title
Rafael Montes Sánchez	Managing Director
José Eugenio Trueba Gutiérrez	Corporate Administration and Finance Manager

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

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

Among other things, the Audit Committee is responsible for reviewing the procedures used to prepare the financial and economic information published by the FCC Group periodically. Since this function is particularly crucial inasmuch as the annual information is concerned, prior to the annual income statements for 2005 being drafted by the Board of Directors, the Audit Committee examined the accounts carefully so that once formulated by the Board the external auditor's report contained no provisos.

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

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

- The Board of Directors will take the necessary measures to inform the public immediately, by forwarding to the Spanish Securities Market Commission (CNMV) and simultaneously posting on the FCC website:
 - Any significant events capable of having a significant influence on the formation of the stock market price of FCC shares.
 - Changes that have a significant effect on the stockholder structure of FCC.
 - Substantial changes to Regulations of Governance of FCC, currently composed of the Articles of Association, the General Meeting Regulations, the Regulations of the Board of Directors and the Internal Code of Conduct.
 - Any treasury stock transactions of particular importance.
- 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 Public Limited Companies Law and provisions in development thereof and shall strictly abide by the provisions set forth in article 81 of the Public Limited Companies Law.

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 required by law.

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

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

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

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

YES NO

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

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

- "...
2. *The basic function of the Audit and Control Committee is to support the Board of Directors in its supervisory duties by periodically reviewing the processes used to prepare the economic-financial information, internal controls and the independence of the external auditors.*
 3. *In particular, the Audit and Control Committee's powers include but are not limited to:*
 - ...
 - *Making proposals to the Board of Directors, for submission to the General Meeting of Shareholders, on the appointment of external auditors referred to in Article 204 of the revised text of the Limited Liability Companies Act approved by Royal Legislative Decree 1564/1989 of 22 December.*
 - *Supervising the company's internal audit services.*
 - *Overseeing the company's financial information process and internal control systems.*
 - *Requesting and receiving information from the external auditors on matters which could jeopardize the independence of the external auditors and on any other questions related to the auditing process and in relation to any and all communications foreseen in the auditing legislation and in auditing standards.*
 - *Guaranteeing the independence of its own members in relation to the company's external auditors.*
 - *Overseeing compliance with legal requirements and the correct application of generally accepted accounting standards.*
 - *Supervising the preparation of the individual and consolidated Income Statements and the Directors' Report for their formulation by the Board of Directors in accordance with the law.*
 - *Informing the Board on the accuracy and reliability of the individual and consolidated Income Statements and Directors' Report and of the financial information periodically disseminated to the markets.*
 - *Evaluating the reports on proposed amendments of these Regulations, in accordance with the provisions of part 3, Article 4.*
 - *Deciding on how to proceed in relation to the information rights of the Directors who come to the Committee for assistance, in accordance with the provisions of Article 30 of these Regulations. Requesting, as necessary, the inclusion of agenda items at Board meetings, under the conditions and by the deadlines established in Article 38.4 of these Regulations.*
 - *Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.*
 - ...
 - 4. *To perform its functions to the best of its ability, the Audit and Control Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.*
 - 5. *The Audit and Control Committee shall regulate its own transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.*

...

9. *It shall attend the Committee meetings and to collaborate and provide access to information to any member of the executive staff of FCC at their request. The Committee may also request the attendance of FCC's auditors at its sessions.*
10. *The Audit and Control Committee shall have access to all of the documentation and information needed to perform its functions.*
11. *For all other matters not specifically regulated hereunder, the provisions of Articles 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

	Company	Group	Total
Fees paid for work other than auditing work performed (thousands of euros)	77	87	164
Fees paid for work other than auditing work performed as a percent of the total fees invoiced by the auditing firm (in %)	19.6	5.4	8.184

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

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

	Company	Group
Number of consecutive years	16	16

	Company	Group
No. of years audited by the current auditors/no. of years the company's/group's accounts have been audited (%)	100	100

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

Name or company name of Director	Name of company	% ownership	Title or functions
—	—	—	—

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

YES NO

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

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

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

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

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

YES NO

Details of procedures

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

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

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

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

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

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

Number of members: five.

Functions: According to article 40 of the Board of Directors Regulations, this committee is entrusted with all of the functions and faculties needed to conduct the company's business and as such is vested with broad-ranging powers to direct and administer, dispose of assets and represent the company in and out of court, sign contracts and acts, and exercise any and all functions and conferred by the Articles of Associations and the Public Corporations Act on the Board of Directors, with the sole exception of those which may not be delegated according to part 1 of article 141 of the Public Corporations Act. According to part 1, article 40 of the Board of Directors Regulations, unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts not to exceed eighteen million euros.

Audit and Control Committee

Number of members: five.

Functions: Article 41.2 of the Regulations establishes that this Committee's main function is to support the Board of Directors by periodically reviewing the procedures for preparing economic-financial information, internal controls ensuring the independence of the external auditors.

Appointments and Remunerations Committee

Number of members: six.

Functions: Article 42.3 of the Board of Directors Regulations stipulates that it is the responsibility of this Committee to report to the Board on the appointment, re-election, resignation and remuneration of Directors and the general remuneration and incentive policy for directors and senior staff members.

Strategy Committee

Number of members: eight.

Functions: According to articles 43.4 and 43.5 of the Board of Directors Regulations, this Committee is responsible for aiding the Board of Directors in the determination of the Group's strategy. In particular, it reports to the Board on proposed investments, divestments and third party agreements, the development of new activity lines and financial transactions which are of such relevance that they could have an impact on the Group's strategy.

B.2.2. List the committees of the Board of Directors and their members:**Executive or Delegated Committee**

Name	Title
Rafael Montes Sánchez	Chairman
Dominum Desga, S.A.	Member
Fernando Falcó y Fernández de Córdoba	Member
Cartera Deva, S.A.	Member
Juan Castells Masana	Member
José Eugenio Trueba Gutiérrez	Non-member Secretary

Audit Committee

Name	Title
Fernando Falcó y Fernández de Córdoba	Chairman
Ibersuizas Alfa, S.L.	Member
Ibersuizas Holdings, S.L.	Member
Francisco Mas Sardá Casanelles	Member
Juan Castells Masana	Member
José María Verdú Ramos	Non-member Secretary

Appointments and Remunerations Committee

Name	Title
Dominum Desga, S.A.	Chairman
Fernando Falcó y Fernández de Córdoba	Member
Rafael Montes Sánchez	Member
Cartera Deva, S.A.	Member
Robert Peugeot	Member
Antonio Pérez Colmenero	Member
José María Verdú Ramos	Non-member Secretary

Strategy and Investment Committee

Name	Title
B 1998, S.L.	Chairman
Dominum Desga, S.A.	Member
Fernando Falcó y Fernández de Córdoba	Member
Ibersuizas Alfa, S.L.	Member
Ibersuizas Holdings, S.L.	Member
Cartera Deva, S.A.	Member
Robert Peugeot	Member
Larranza XXI, S.L.	Member

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

Executive Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. The Executive Committee will meet 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

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

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

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

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

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

The members of the Appointments and Remunerations 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 Remunerations 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 Remunerations Committee may seek the advice of external professionals, in which case the provisions of Article 31 of these Regulations shall apply.

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

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.

This committee shall attend the Committee meetings and provide access to any information it possesses to any member of the executive staff or personnel of FCC at their request.

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

Strategy Committee

Said committee is regulated in article 43 of the Regulations of the Board.

The members thereof 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 transaction 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 provide access to any information it possesses to any member of the executive staff or personnel 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 transactions to the extent that they are not regulated in the Articles of Association. The provisions contained therein relative to the transactions of the Board of Directors shall apply on supplemental basis inasmuch as this is possible due to the nature and functions of the Committee.

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

Executive Committee

This Committee is regulated in article 40 of the Board of Directors Regulations and article 35 of the Articles of Association. 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, with the sole exception of those which are not delegable pursuant to the provisions of article 141, part 1 of the Public Corporations Act.

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

According to articles 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.
- Approval of interim dividends.
- Supervision of delegated committees.

Article 40, part 1 of the Regulations of the Board establishes that the Board may permanently delegate all of the powers of the Board in the Executive Committee with the exception of those which are not delegable under the law, the Articles of Association or these Regulations. Unless otherwise stipulated in the contents of the delegation conferred by the Board, the Executive Committee will have the power to decide on investments, disinvestments, credits, loans, guarantees, bonds and other financial facilities for unitary amounts less than eighteen million euros.

Audit and control committee

This Committee is regulated in article 41 of the Board of Directors Regulations and article 38 of the Articles of Association.

This Committee supports the Board of Directors in its surveillance efforts by periodically reviewing the procedures for preparing economic-financial information, internal controls ensuring the independence of the external auditors.

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

- Serving as a channel of communication between the Board of Directors and the external auditors and evaluating the results of each audit.
- Issuing reports and proposals as requested by the Board of Directors or the Chairman of the Board and those it deems appropriate for the best performance of its functions.

Appointments and Remunerations Committee

This committee is regulated in article 42 of the Regulations of the Board. Its responsibilities include reporting to the Board of Directors on the appointment, re-election, resignation and remuneration of Directors as well as the company's general remuneration policies and incentive plans.

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

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

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

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

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

Strategy Committee

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

Article 43 of the Regulations of the Board establishes 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 transactions which, due to their relevance and in the opinion of the Board could have an effect on the Group's strategy. It will also report to the Board on any other matters placed before it by the Board and not falling under the jurisdiction of any other Board committee.

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

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

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

On 2 February 2006, the Board of Directors met to evaluate the performance of the Board and its committees in 2005, as established in article 38.5 of the Regulations of the Board: "The Board will devote the first of its annual sessions to evaluating its own performance during the previous fiscal year, assessing the quality of its work and the effectiveness of its regulations and changing any aspects that are found not be working properly".

This evaluation may be considered very satisfactory from two different perspectives: first of all, in terms of the quality of its operations, in other words, because the Board's work has been organised in compliance with all established procedures; through the ongoing evaluation of its different committees; through the commitment of the Board itself to continuously improving its administrative functions; and secondly, because the regulations have been fulfilled entirely, which means that the regulations are very effective for the internal governance of this listed company.

The different committees supported the launch of numerous projects which are in line with the Group's new strategy, which has rendered the Board more effective and more transparent in the fulfilment of its principal objective: protecting the company's interests.

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

According to the Regulations of the Board, it is possible for the Board to permanently delegate in the Executive Committee all of the Board's powers, with the exception of those which are not delegable under the law, the Articles of Association of the Regulations of the Board (article 40.1).

Notwithstanding the above, there are a number of powers which cannot be delegated and which may only be exercised by the Board. Article 7, "Powers of the Board of Directors - List of Undelegable Powers" of the Regulations of the Board states that the following may only be decided by the Board of Directors by adopting the pertinent agreements in each case as mandated by law or by the Articles of Association:

a) Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., 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 transactions, without limit, and to exercise any and all functions conferred by the Articles of Associations and the Public Corporations Act on the Board of Directors, with the sole exception of those which may not be delegated according to part 1 of article 141 of the Public Corporations Act.

In addition, the Board of Directors controls and supervises the actions of the Executive Committee. At each one of its sessions, the Board is informed of the resolutions passed by the Executive Committee.

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

YES NO

If not, explain the composition of the Executive Committee

The composition of the Executive Committee is 80% external directors and 20% executive directors, while the composition of the Board of Directors is 82.35% external directors and 17.65 % executive directors.

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

YES NO

Note: Two of the six members of the Appointments and Remunerations Committee are executive directors. Nonetheless, the terms of article 42.1 of the Board of Directors Regulations are met since a majority of the Committee members are external directors.



C

Linked transactions

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

Name or company name of significant shareholder	Name or company name of the Group company	Type of relationship	Type of transaction	Amount (thousands of euros)
B 1998, S.L.	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of services	16

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

Name or company name of the director or administrator	Name or company name of the Group company	Type of relationship	Type of transaction	Amount (thousands of euros)
B 1998, S.L.	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of services	16
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Provision of services	8
Dominum Desga, S.A.	Falcon Contratas y Seguridad, S.A.	Contractual	Provision of services	390

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

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

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

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

The 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 members of the Board of Directors do not own stockholdings in other companies with business activities that are identical, similar or complementary to those of Fomento de Construcciones y Contratas, S.A.

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

With regard to the members of the Board of Directors of FCC who occupy administrative positions or sit on the boards of other companies of the Group, please see part B.1.6.

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

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

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

Part 5.7 of the Internal Code of Conduct establishes that anyone subject to the Code, which includes directors and administrators, among others, must notify the Chairman of the Surveillance Committee of any possible conflicts of interest with any company of the FCC Group by reason of family relationships or any other circumstance, by writing to the Chairman explaining such conflicts of interest in detail.

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

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

D

Risk control systems

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

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

The main risks covered by the system are listed below.

1. Market risks.
2. Operating Risks.
 - 2.1. Contracting Risks.
 - 2.2. Production Process Risks.
 - 2.3. Environmental Risks.
3. Organisational Risks.
 - 3.1. Labour Risks.
 - 3.2. Information System Risks.
4. Financial Management Risks.
 - 4.1. Exchange Rate Risks.
 - 4.2. Interest Rate Risks.
 - 4.3. Risks associated with the reliability of economic-financial information.
 - 4.4. Industrial and Shareholding Risks.

D.2. Indicate the control systems in place for evaluating, mitigating or reducing the principal risks to the company and its Group**1. Management of Market Risks**

The FCC Group faces diverse risks of a regulatory and structural nature inherent to the products and the environment in which it operates.

The Board of Directors, aided by the Strategy Committee, is responsible for defining the strategy of the FCC Group, assigning the available resources and for setting the general policies to be applied and informing the different areas of them.

Strategic planning within the FCC Group is a process in which the objectives to be achieved in each activity are identified based on the improvements to be introduced, market opportunities and the level of risk that is considered acceptable. This process is the basis for the drafting of operating plans that specify the goals to be achieved each year.

The goals established during the planning process are reviewed periodically to analyse the deviations at different levels of responsibility and take the appropriate corrective action.

The General Regulations of organisation and operation provide the framework for all members of the organisation, the authority delegated at different hierarchical levels and the basic principles to be observed in operating processes. These principles are the basis of the specific rules governing these processes.

To mitigate the market risks faced by each business line, the Group has also adopted a strategy of diversification in complementary business lines such as the provision of diverse services to government agencies, concessions or cement, among others.

2. Management of Operating Risks

2.1. Management of Contracting Risks

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

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

2.2. Management of Production Risks

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

- a) Quality systems.
The different activities of the FCC Group are subject to formal quality control systems that are well-rooted within the organisation which have enabled it to obtain ISO 9000 certification and to pass the periodic evaluations by external professionals.

Based on general principles and basic criteria, the quality control systems are founded upon the assignment of responsibilities, the definition and documentation of processes and guidelines for detecting and correcting deviations.

The quality committees are the maximum executive bodies in this area and are responsible for establishing guidelines, monitoring compliance and system review. One of the responsibilities of the quality assurance departments is to conduct quality assurance audits of the different operating units.

- b) Ongoing personnel training.
The FCC Group has a training program in place based on specific training plans which offer both basic training and recycling, as well as training programs to cover specific needs as they arise. The quality assurance committees are responsible for establishing training plans, approving the implementation of training plans and ensuring that they are properly applied.
- c) Ongoing support of operating units by technical departments with highly qualified staff.
- d) The design and documentation of purchasing and subcontracting processes which guarantee the quality of the supplies and the efficacy and efficiency of the contracting system.
- e) Economic and budget control systems for each operating unit that serve as the basis for economic planning: measuring, recording and evaluating production costs; analysing and monitoring deviations and quantifying and controlling the resources invested.

2.3. Management of Environmental Risks

The FCC Group has an 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. As an exception to this general policy, in the case of long-term transactions the Group closes its interest rate hedging transactions when the financial structure of the project so requires, referencing the debt 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.
- c) An economic and financial information review system and compliance with internal control systems through internal and external audits.

4.4. Management of Financial and Industrial Risks

To protect the FCC Group's balance sheet, the company adheres to an active Risk Management policy to manage the risks that have a direct effect on the company's assets, either as a result of their destruction or the generation of obligations to third parties.

The process of analysing the risks to which the company is exposed is an ongoing one. The potential losses are quantified and the appropriate measures taken to eliminate and/or reduce them, transferring those which remain to the insurance sector by taking out the pertinent insurance policies, optimising them in economic terms and choosing the most suitable financing mechanisms for retained risks, all with the ultimate goal of maintaining or guaranteeing the company's net worth and thus generating value for shareholders.

D.3. If any risks affecting the company and/or Group have materialised, please indicate the circumstances under which this occurred and whether the established control systems were effective

The policies and procedures for preventing and externalising risks in 2005 were satisfactory since no risks materialised which had a significant effect on the company's net worth or on the normal conduct of its business.

D.4. Indicate whether there a committee or other governing body in charge of establishing and supervising these control mechanisms and describe its functions

There is a delegated committee of the company's supreme governing body, the Audit and Control Committee, which is responsible for establishing and supervising the company's control systems (See B.1.28).

Risk management is part of the Group's overall management framework and involves all members of the organisation, accompanied by preventive, supervisory and control policies. There are different people responsible for designing the processes at different levels of the organisation and committees or bodies in charge of ensuring that the established controls work properly.

D.5. Identification and description of the processes for ensuring compliance with the regulations affecting the company and/or Group

The FCC Group has procedures in place to guarantee compliance with the regulations governing each one of the Group's economic activities, with different departments specialising in the regulations applicable to each company and the Group (business, labour, tax, environmental laws, etc.). These departments are in charge of:

- a) Staying fully abreast of and up to date on the different regulations.
- b) Overseeing regulatory compliance.
- c) Drafting the standards needed to unify the Group's criteria.
- d) Advising operating units.

E

General Meeting

E.1. List the quorums needed to hold the General Meeting as set forth in the Articles of Association. Describe how they differ from the minimums found in the Public Corporations Act (LSA)

The Ordinary and Extraordinary General Meeting will be validly convened:

- On the first meeting date, when the shareholders present or represented possess at least fifty percent of the paid up share capital with voting rights. On the second meeting date, the General Meeting will be validly convened when the shareholders present or represented possess at least forty-five percent of the paid up share capital with voting rights.
- In order for the General Meeting of Shareholders to validly decide on debenture issues, capital increases or decreases, transformations, mergers and spin-offs and in general any amendment to the Articles of Association, shareholders possessing at least fifty percent of the paid up share capital with voting rights must be present or represented at the meeting on the first announced date. On the second announced meeting date, shareholders possessing forty-five percent of the share capital will suffice.

When the shareholders in attendance or represented on second call account for less than fifty percent of the subscribed capital with voting right, resolutions may only be validly passed with the favourable vote of two-thirds of the share capital present or represented at the Meeting.

The differences between the Articles of Association and the general system foreseen in the Public Corporations Act are that:

Regarding ordinary matters:

- On first call, the quorum of 25% found in the Public Corporations Act has been raised to 50% in the Articles.
- On second call, the quorum is 45%, while the Public Corporations Act establishes no quorum at all on second call.

Regarding special matters:

- On first call there is no difference between the two.
- On second call, the Public Corporations Act sets an attendance limit of 25%, while the Articles of Association raise the attendance limit to 45%. In those cases where less than one-half of the share capital with voting rights is in attendance, there is no difference compared to the Public Corporations Act.

E.2. Explain the system for passing resolutions. Describe how it is different than the system contained in the Public Corporations Act.

There are no differences with respect to the method contained in the Public Corporations Act.

E.3. List the shareholders' rights with regard to General Meetings that differ from those established in the Public Corporations Act

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

- Attendance Rights: Shareholders possessing at least two thousand shares registered in their name at least five days in advance of the Meeting date are entitled to attend the General Meeting.

Following the recommendations of the Olivencia Code and the Aldama Report for enabling more shareholders to participate in General Meetings, the Group has cut the number of shares required to attend the meeting by half. On 21 June 2005, the General Meeting of Shareholders approved the amendment of article 9.1 of the General Meeting Regulations, reducing the number of shares required to attend the general meeting to two thousand and passing a resolution to amend the Articles of Association accordingly (article 18 – Legitimation for attending General Meetings).

Article 18. Legitimation for attending General Meetings.

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

Directors, managers, technical personnel and others responsible for the management of the company may also attend the General Meeting upon request. Company directors shall be obliged to attend. For any matter not specifically addressed in this article with regard to the right to attend General Meetings, the provisions of the Public Corporations Act shall apply.

Article 9. Attendance Rights and Responsibilities.

1. Shareholders possessing at least two thousand shares registered in their name at least five days in advance of the Meeting date are entitled to attend the General Meeting.

Shareholders possessing fewer than two 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. The formation of a group must be accredited in a written document signed by all of the shareholders involved, with a separate document for each General Meeting. Otherwise, any one of them may delegate another shareholder who is entitled to attend the General Meeting as their representative, according to the terms of the law and the Articles of Association, thereby grouping their shares together with those of the chosen representative.

– Grouping Rights: Shareholders possessing fewer than two 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

The General Assembly Regulations includes a series of measures intended to foster shareholder participation in the General Meeting. These measures are defined in the shareholders' information rights regulated in the following articles:

Article 6. Information available once the meeting is announced

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

- The full text of the meeting announcement.*
- The text of the resolutions proposed by the Board of Directors in relation to the agenda items.*
- 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.*
- 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 Securities Market 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 the General Meeting Regulations (article 10.2), the General Meeting is chaired by the Chairman or Vice Presidents of the Board. If there is no pre-established order, the order will be determined by the number of years in office. In the absence of the Vice Presidents as well, the Meeting will be chaired by the oldest director.

Measures to guarantee the independence and smooth transaction of the General Meeting:

The Regulations of the Meeting of shareholders of Fomento de Construcciones y Contratas, S.A. contain a detailed set of measures to guarantee the independence and smooth operation of the General Meeting which can be consulted on the company's website.

Among other measures, Article 7, "Information prior to the General Meeting" of the Regulations of the General Meeting states that 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 Securities Market 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.

According to Article 23 of the Articles of Association, shareholders may request, either in writing or using other electronic or telematic modes of communications prior to the meeting or verbally during the meeting, copies of the reports or clarifications they deem necessary regarding to items contained on the meeting agenda. The Directors shall be obliged to provide such information, except in those instances where, in the Chairman's opinion, the publication of such information could be harmful to the company's interests. This exception shall not apply when the request is supported by shareholders representing at least one-fourth of the share capital.

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

The following amendments were approved at the General Meeting held on 21 June 2005, after which there were no subsequent amendments:

Article 9. Attendance Rights and Responsibilities

"1. Shareholders possessing at least two thousand shares registered in their name at least five days in advance of the Meeting date are entitled to attend the General Meeting.

Shareholders possessing fewer than two 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. The formation of a group must be accredited in a written document signed by all of the shareholders involved, with a separate document for each General Meeting. Otherwise, any one of them may delegate another shareholder who is entitled to attend the General Meeting as their representative, according to the terms of the law and the Articles of Association, thereby grouping their shares together with those of the chosen representative.

Justification: Adaptation of the General Meeting Regulations to the previously adopted resolution to amend the Articles of Association to reduce the number of shares required to attend General Meetings to two thousand and redrafting Article 18 accordingly.

Article 10, part 3. General Meeting Committee
The following text is added to the end of part 3:

“The Chairman of the Meeting will be assisted in the performance of his functions by the Secretary.”

Justification:

Since the offices of Chairman of the Board and Chief Operating Officer are no longer occupied by the same person, it is fitting to clarify that one of the functions of the Secretary of the General Meeting is to assist the Chairman in any legal or material aspects as may be required during the General Meeting.

Article 14. Part 2. Information

“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.”

Justification:

Adaptation of the General Meeting Regulations to the changes in the composition of the Board of Directors following the appointment of the Managing Director on 26 October 2004. The figure of the Managing Director is included for the purposes of assisting the Chairman when the latter determines that it is necessary to provide the information requested by shareholders.

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 %
21/06/05	60.59	39.41	0	100

Note: The exact details of General Meeting attendance are as follows:

Meeting date: 21-06-2005.

Shareholders physically in attendance as a percentage of total share capital: 52.87%.

% represented: 7.71%.

% distance votes: 0.

Total attendance at General Meeting as a percentage of total share capital: 60.58%.

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 2005 there was one General Meeting held on 21 June in which the following resolutions were passed:

1.1. Information to shareholders not subject to vote (first agenda item):

The General Meeting was informed of the changes made by the Board to the Board of Directors Regulations at its sessions held on 26 October and 22 December 2004. Said modifications consisted of a sweeping revision of the Regulations to adapt them to the new structure of the company's governing bodies.

1.2. Results of the votes on the resolutions passed:

2º Examination and approval of the 2004 financial statements (balance sheets, profit and loss statements and notes to the financial statements) and directors' reports of Fomento de Construcciones y Contratas, S.A. and the consolidated group, as well as the Board of Directors' performance. (Second agenda item)

The 2004 balance sheet, profit and loss account, notes to the financial statements and directors' report for Fomento de Construcciones y Contratas, S.A. and its Consolidated Group were approved. These documents were verified by the company's auditors.

The performance of the Board of Directors during fiscal year 2004 was approved along with the financial statements of the company and its Consolidated Group.

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	0	165,267	78,944,229

3° Examination and approval of the proposed application of fiscal year profits (losses) (third agenda item):

Total available for distribution: 196,627,787.05 euros

Interim dividend	Complementary dividend	Voluntary reserves
88,490,549.48 euros	88,490,549.48 euros	19,646,688.09 euros

The remuneration paid to the Board of Directors in fiscal year 2004 was approved in the amount of 1,548,117.00 euros, a figure equivalent to 0.4% of the earnings shown on the consolidated annual income statements for Fomento de Construcciones y Contratas, S.A.:

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	0	6,500	79,102,996

4° Amendment of the Articles of Association: articles 2 (Business Object), 18 (Legitimation for Attending the General Meeting), 29 (Requirements and Term of Office), 32 (Deliberations, Resolutions and Meeting Minutes), 35 (Executive Committee and Managing Director), 36 (Transaction of the newly created Executive Committee), 37 and 38 (Audit Committee) and 39 (Advisory Board). (Fourth agenda item).

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	0	59,197	79,050,299

5° Modification of the "Regulations of the General Meeting of Shareholders of Fomento de Construcciones y Contratas, S.A.". articles 9 (Attendance Rights and Responsibilities), 10 (General Meeting Committee) and 14 (Information). (Fourth agenda item):

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	0	59,197	79,050,299

6° Ratification, Appointment and Re-election of Directors. (Sixth agenda item):

Ratification of the Directors appointed by the Board of Directors by co-optation at the following meetings:

15 September 2004:

- Cartera Deva, S.A. (nominee director).
- Fernando Falcó y Fernández de Córdoba (nominee director).
- Felipe Bernabé García Pérez (executive director).
- Ibersuizas Alfa, S.L. (nominee director).
- Ibersuizas Holdings, S.L. (nominee director).
- Robert Peugeot (nominee director).

26 October 2004:

- Dominum Dirección y Gestión, S.A. (nominee director).

13 January 2005:

- Larranza XXI, S.L. (nominee director).

30 March 2005:

- Antonio Pérez Colmenero (executive director),

all of whose mandates ended on 21 June 2005.

In order to fill the vacancies on the Board, as indicated above, and to fill three other vacancies occurring on 21 June 2005 when the mandates of the directors Marcelino Oreja Aguirre, Gonzalo Anes y Álvarez de Castrillón and Juan Castells Masana expire, and on the recommendation of the Appointments and Remunerations Committee, the following members of the Board of Directors were re-elected for five-year terms:

- Gonzalo Anes y Álvarez de Castrillón (independent director).
- Juan Castells Masana (nominee director).
- Marcelino Oreja Aguirre (nominee director).
- Cartera Deva, S.A. (nominee director).
- Fernando Falcó y Fernández de Córdova (nominee director).
- Ibersuizas Alfa, S.L. (nominee director).
- Ibersuizas Holdings, S.L. (nominee director).
- Robert Peugeot (nominee director).
- Dominum Dirección y Gestión, S.A. (nominee director).
- Larranza XXI, S.L. (nominee director).
- Felipe Bernabé García Pérez (executive director).
- Antonio Pérez Colmenero (executive director).

Total votes	Votes against	Abstentions	Votes in favour
70,874,430**	93,823	59,197	70,721,410

** In tallying the votes, those corresponding to the shares represented by the Chairman of the Board, Marcelino Oreja Aguirre, were not taken into account, pursuant to the terms of article 114 of the Stock Market Act.

- 7° Authorisation of the Board to increase the share capital within five years, including by means of the issue of non-voting shares, and revocation of the previous authorisation. (Seventh agenda item).

In accordance with the report prepared by the Directors, the Board of Directors was authorised to increase the share capital one or more times within a period of five years starting from the date of this resolution without having to consult the General Meeting in advance.

The total amount of the capital increases may not exceed the sum of sixty-five million, two hundred and eighty-three thousand, seven hundred and forty-one euros (65,283,741€), i.e., half of the share capital, and must be carried out in the form of cash investments and issues of ordinary or non-voting shares, with or without additional paid-in capital.

The Board was authorised to set, for each capital increase carried out under this delegation, the amount of the additional paid in capital in each case and the general conditions of the transaction, all subject to the terms of article 153.1 b) of the Public Corporations Act:

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	94,122	13,590	79,001,784

- 8° Authorisation to issue debentures or other fixed income securities within a term of five years. (Eighth agenda item).

Based on the report drafted on the subject by the Directors, the Board of Directors is empowered to create and issue, one or more times, and at the times deemed most convenient for the company's interests but within five years of 21 June 2005, debentures, bonds or other fixed income securities of any kind, except for those convertible to shares, which recognise or create a debt, up to an amount which may not exceed, along with those of prior issues still in force, a figure equivalent to that of the capital and reserves of the company at the time of issue, either simple, mortgage or a combination of the two, but under no circumstances may the total issue exceed the maximum authorised amount:

Total votes	Votes against	Abstentions	Votes in favour
79.109.496	9.434	6.500	79.093.562

- 9° 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. (Ninth agenda item).

Fomento de Construcciones y Contratas, S.A. and the companies of the Group meeting any of the circumstances contained in article 42, parts 1 and 2 of the Commerce Code are authorised to acquire treasury stock by purchasing such stock on any stock exchange where the stock is traded, at the market price on the date of purchase, which must be between the minimum and maximum values indicated below:

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

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	299	6,500	79,102,697

10° Re-election of the Auditors of the company and the Consolidated Group. (Tenth agenda item).

The auditing firm Deloitte, S.L. was re-elected as the auditor of the Consolidated Group for fiscal year 2006:

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	2,344	6,500	79,100,652

11° Authorisation of directors to develop, notarise, register, correct and execute the resolutions passed. (Eleventh agenda item).

Total votes	Votes against	Abstentions	Votes in favour
79,109,496	0	6,500	79,102,996

12° Approval of the meeting minutes:

This agenda item was not put out to vote since the minutes were notarised at the Meeting.

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

Following the recommendations of the Olivencia Code and the Aldama Report for enabling more shareholders to participate in General Meetings, the Group has cut the number of shares required to attend the meeting in half. On 21 June 2005, the General Meeting approved the modification of Article 18 of the Articles of Association on the legitimation for attending the General Meeting:

Article 18. Legitimation for attending General Meetings

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

Directors, managers, technical personnel and others responsible for the management of the company may also attend the General Meeting upon request. Company directors shall be obliged to attend. For any matter not specifically addressed in this article with regard to the right to attend General Meetings, the provisions of the Public Corporations Act shall apply.

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

Note: The institutional investors have not, to date, stated their intention to participate in the company's decisions.

E.12. Indicate the address of the corporate website and how the corporate governance contents can be accessed on the site

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there is a section on the home page entitled "Information for Shareholders and Investors" which includes the information required by Law 26/2003 of 18 July, the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the Spanish Securities Market Commission, Order EHA/3050/2004 of 15 December and Royal Decree 1333/2005 of 11 November.

This page is just two clicks away from the home pages. The contents are structured and prioritised under rapid access titles. All pages are printable.

The page includes a link to the data notified by Fomento de Construcciones y Contratas, S.A. to the website of the Spanish Securities Market Commission.



F

Level of compliance with corporate governance recommendations

Indicate the company's level of compliance with the existing corporate governance recommendations or its non-compliance with them.

In those cases where the company does not comply with the recommendations, explain the recommendations, standards, practices or criteria applied by the company.

Inasmuch as the document referred to in the ORDER ECO/3722/2003, of 26 December is not available, the recommendations contained in the Olivencia Report and the Aldama Report should be used as a reference for completing this section. 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 non-delegable responsibilities of both the Board as a governing body and its individual members.

In any event, the Board of Directors, through the passage of resolutions which must be approved in each case as stipulated by law and the Articles of Association, shall be obliged to address the following issues constitute the formal list of issues that may only be addressed by the Board (Article 7 of the Regulations of the Board) which are as follows:

- a) Appointing and removing the Chairman, Vice Presidents, Managing Directors, Secretary and Assistant Secretary of the Board of Directors and proposing the respective Boards of Directors the appointment and revocation of the Chairmen and Managing Directors of the tier one specialised subsidiaries (FCC Construcción, S.A., FCC Medio Ambiente, S.A., Cementos Portland Valderrivas, S.A., 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 Remunerations 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 (11.76%), all of whom meet the general requirements of competency, experience, solvency and honour referred to in the Olivencia code and the Aldama Report and are not prohibited from sitting on the board due to any type of incompatibility. The different professional backgrounds of the independent directors enrich the Board with different points of view and the contribution of pluralistic experiences outside of the business world.

3. Composition of the Board of Directors

Recommendation 3

In the composition of the Board of Directors there should be an ample majority of external directors (both nominee directors and independent directors) over executive directors, and the ratio between nominee directors and independent directors should be established taking into consideration the ratio between share capital corresponding to major shareholders and other share capital.

This recommendation was updated by the Aldama Report in the sense that there should be an ample majority of external directors and within them a very significant level of participation by independent directors, bearing in mind the stockholder structure and the capital represented on the Board.

The company complies fully with this recommendation, given that 70.59% of the Board members are external nominee directors and the remaining 11.76% 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 31.12.05 there were seventeen 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 Remunerations Committee and the Strategy Committee.

5. Chairman of the Board of Directors

Recommendation 5

"In the event of the Board opting for the formula whereby its Chairman is also the company's chief executive, it should adopt the necessary precautions to reduce the risks arising from the concentration of power in a single person."

The office of Chairman and Chief Executive Officer are not held by the same person.

6. Secretary of the Board of Directors

Recommendation 6

"Greater importance should be attached to the Secretary of the Board of Directors, reinforcing the Secretary's independence and stability and highlighting the Secretary's function of overseeing the formal and material legality of the conduct of the Board."

The Secretary of the Board is independent and oversees the formal and material legality of the Board's conduct.

The Secretary is a professor of mercantile law and a partner in one of Spain's most prestigious law firms, which undoubtedly guarantees that the procedures and rules of governance are respected and reviewed on a regular basis.

7. Composition of the Executive Committee

Recommendation 7

"The composition of the Executive Committee, if there is one, should reflect the same balance as exists within the Board itself between the different kinds of directors. Relations between these two bodies should be governed by the principle of transparency, in such a way that the Board is kept fully aware of the issues dealt with and decisions adopted by the Committee."

The Executive Committee is composed of five (5) Directors: one (1) executive director and four (4) external directors.

The Board of Directors is informed at each one of its sessions of the resolutions adopted by the Executive Committee.

8. Control Committees

Recommendation 8

"The Board of Directors should create internal Control Committees made up exclusively of external directors, with responsibility for information and accounting control (Audit); the selection of directors and senior management personnel (Appointments); the laying down and reviewing of remunerations policies (Remuneration); and the evaluation of the system of governance (Compliance)."

The Board of Directors of Fomento de Construcciones y Contratas, S.A. has set up the following Delegated Committees:

- The Audit and Control Committee is composed of five external directors (100%).
- 66.67% of the members of the Appointments and Remunerations Committee are external directors.
- Strategy Committee: on 30 May 2005, following the favourable report of the Appointments and Remunerations Committee, eight external directors were appointed (100%).

9. Board of Directors information

Recommendation 9

"That such measures as may be required be adopted to ensure that the directors receive in good time sufficient information, drawn up specifically and designed for the preparation of the meetings of the Board. Important or reserved information may only be excluded in exceptional circumstances."

Article 38, "Board of Directors Meetings" of the Regulations of the Board establishes that the announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman. Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration. In emergency situations, as decided by the Chairman, the minimum advance notice for the meeting will be 48 hours and in this case the meeting agenda will be limited to the urgent matters.

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

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

10. Functions of The Board of Directors

Recommendation 10

"To ensure the proper running of the Board of Directors, its meetings should be held with the frequency required to enable it to perform its duties; the Chairman should encourage the participation of all board members, endeavouring to ensure that each one is free to adopt the stance he or she considers appropriate; particular care should be taken in the wording of the minutes and an evaluation should be made at least once a year of the quality and efficacy of the Board's work."

Article 38 "Board of Directors Meetings" of the Regulations of the Board establishes that the Board of Directors will meet as often as required in the best interest of FCC and at least six times per year. The calendar of the ordinary sessions will be set by the Board at the beginning of each year. The calendar may be modified by agreement of the Board or by decision of the Chairman, who will notify the Directors of the change at least ten days in advance of the original meeting date, or the modified meeting date if it comes before the original date.

The announcement of the ordinary sessions will be sent by post, fax, or telegram and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary by order of the Chairman. Notwithstanding the provisions of Article 30 of the Articles of Association, every effort will be made to announce the meetings not less than ten days in advance. Along with the announcement of each meeting, the Directors will be provided with the meeting agenda and the pertinent documentation to enable them to form an opinion and vote on the issues placed before them for their consideration.

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

The Board, at its meeting held on 2 February 2006, devoted the first of its annual sessions to an assessment of its own transactions during the preceding year, evaluating the quality of its work, the efficacy of its rules and correcting those aspects which have been shown to be dysfunctional, if any.

The number of meetings held during the fiscal year (12) surpasses those recommended in the Board of Directors Regulations (6).

11. Selection and re-election of directors

Recommendation 11

"The involvement of the Board in the selection and re-appointment of its members should follow a formal and transparent procedure, and should be based on a reasoned proposal prepared by the Appointments Committee."

The selection and re-election of the members of the Board must adhere to the procedures established in the Board of Directors Regulations, the Articles of Association and the Public Corporations Act, with the participation of the Appointments and Remunerations Committee.

In particular, on 30 May 2005, the Appointments and Remunerations Committee reported to the Board of Directors in favour of:

- The proposed appointments of the members of the Strategy Committee.
- The proposed appointment and re-election of the Directors who had been elected and re-elected at the ordinary General Meeting.

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 Remunerations Committee or
 - when the interests of FCC could be jeopardised by the Director remaining on the Board.

13. Age of directors

Recommendation 13

"An age limit should be established for the occupation of positions on the Board. This could be between sixty-five and seventy years of age for executive directors and for the Chairman, and somewhat more flexible in the case of other Board members."

The recommendation in the Aldama Report modified the one found in the Olivencia Report. It does not set an age limit but merely states that any company that implements such a policy must state it clearly in its internal regulations.

FCC has no statutory or regulatory provision in this regard.

14. Information rights for directors

Recommendation 14

"There should be formal recognition of the right of each and every board member to gather and obtain the information and the advice required for the purposes of his supervisory duties. The channels through which this right is to be exercised -including recourse to external experts in special circumstances- should be established."

Articles 30 and 31 of the Regulations of the Board establish the information and inspection authority and the right of Directors to be assisted by experts.

Article 30. Information and Inspection Authority

1. In order to perform their duties, Directors may inform themselves of any aspect of FCC and its subsidiaries and associated companies, domestic or foreign. To this end, they may examine documentation, talk to the directors of the departments in question and visit the company's facilities.
2. So as not to disturb the ordinary transactions of the FCC Group, the exercise of these information rights shall be channelled through the Chairman who will respond to the Directors' requests by either providing the information directly or offering the appropriate interlocutors at the pertinent organisational level.
3. If such a request for information is denied, delayed or deficiently handled, the requesting Director may repeat his petition to the Audit and Control Committee, which shall listen to the versions of the Chairman and requesting Director and then decide how to proceed.
4. The requested information may only be denied when, in the opinion of the Chairman or the Audit and Control Committee, it is unnecessary or could be harmful to the company's interests. Information requests shall not be denied when the request is supported by a majority of the Board members.

Article 31. Expert Assistance.

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

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

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

15. Director remuneration

Recommendation 15

"The policy as regards the remuneration of directors -which should be proposed, evaluated and reviewed by the Remuneration Committee- should be based on principles of moderation, should bear a relation to the company's income and should be disclosed in the form of a detailed breakdown by individual cases."

The remuneration of directors is based on principles of moderation and bears a relation to the company's income. Global information is provided in the annual report as provided for in article 200 of the Public Corporations Act and part B.1.8. of this report. The actual remuneration of the members of the Board of Directors is lower than the limit allowed in the Articles of Association. The principles for Director remuneration are established in article 32 of the Regulations:

Article 32. Remuneration of Directors

1. The Board, following the proposal of the Appointments and Remunerations 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 Remunerations Committee.
2. The remuneration paid to Directors will be stated in the Directors' Report. The remuneration paid to the executive Directors for the performance of their functions shall be part of the information included in the Annual Corporate Governance Report regarding the remuneration and cost FCC Group executives.
3. The remuneration referred to in this Article is compatible with and separate from the salaries, remunerations, indemnities, pensions, stock options or any other kind of compensation established in general or specifically for those members of the Board of Directors who perform executive functions, regardless of the type of contractual relationship with the company, whether it be an employment relationship - common or special for executives - mercantile or service provision, which relationships shall be compatible with sitting on the Board of Directors.
4. The company will take out liability insurance for its Directors.

16. General obligations of directors and conflicts of interest

Recommendation 16

"The company's internal regulations should detail the obligations arising from the general duties of diligence and loyalty incumbent upon the directors, envisaging, in particular, situations of conflict of interest, their duty of confidentiality, the exploitation of business opportunities, and the use of corporate assets."

The Regulations of the Board discuss the obligations of Directors in Chapter V "Obligations of Directors" (articles 22 to 29), addressing the following issues:

- General obligations of directors.
- Confidentiality.
- Non-competition.
- Conflicts of interest.
- The use of FCC information.
- Business opportunities and the use of company assets.
- Indirect transactions.
- Information obligations of directors.

17. Transactions with significant shareholders

Recommendation 17

"The Board of Directors should seek the adoption of appropriate measures designed to extend the duty of loyalty to major shareholders, establishing, in particular, precautions in respect of transactions between such shareholders and the company."

This report provides detailed information on the relevant transactions with significant shareholders in fiscal year 2005.

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 a person to whom the Director is related by consanguinity or affinity up to and including the 4th degree or
- b) a company in which the Director holds a significant interest. An interest is considered to be significant when the Director, by himself or in union with relatives of the type mentioned in a. above, owns more than 15% of the political and economic rights or, even without this percentage, may appoint at least one member to the company's Board of Directors.

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 Remunerations 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 decided upon to make the procedure for the delegation of votes more transparent and to increase the level of communication between the company and its shareholders, in particular institutional investors."

The formal publication of the announcement of the General Meeting by the company (in 8-10 national daily newspapers) goes well beyond the legal requirements (publication in one daily newspaper, stock market gazettes and the BORME). The Stock Market and Investor Relations Department also provides shareholders with information on the agenda and the resolutions to be submitted to the shareholders for their approval. All of this means that shareholders who cannot personally attend the General Meeting can delegate a proxy to vote for them on each agenda item.

The purpose of the Regulations of the General Meeting is threefold: first of all, to reinforce the transparency which should preside over the company's governing bodies by making the procedures for preparing and holding the General Meetings public. Secondly, to specify the different ways in which shareholders can exercise their political rights in relation to General Meetings. And thirdly, to unify in a single text all of the rules governing the General Meeting of Shareholders, thus favouring the knowledge of shareholders with regard to the transaction of the company's supreme governing body.

The Regulations contain a series of measures relative to shareholders' information rights, proxies and electronic voting intended to encourage shareholder participation at general meetings.

On the Fomento de Construcciones y Contratas, S.A. website, www.fcc.es, there is a section on the home page entitled "Information for Shareholders and Investors" which includes the information required by Law 26/2003 of 18 July the Order ECO/3722/2003 of 26 December and the Circular 1/2004 of 17 March of the Spanish Securities Market Commission. That information consists of economic-financial information and information relative to each general meeting of shareholders, the announcement and agenda, the proposed resolutions, voting by proxy and electronic voting.

19. Market transparency

Recommendation 19

"The Board of Directors, beyond the requirements imposed by current legislation, should be responsible for supplying the markets with speedy, accurate and reliable information, particularly in relation to the structure of its body of shareholders, substantial modifications to its rules of governance, transactions of particular relevance with related parties, or treasury stock."

The financial information is supplied to the markets in a timely manner and in the appropriate format. The market is also informed in a timely manner of any significant events, particularly in relation to the structure of its body of shareholders, substantial modifications to its rules of governance, transactions of particular relevance with related parties, or treasury stock.

Furthermore, pursuant to article 116 of the Stock Market Act on the rights of investors to key information on the decision-making processes in listed companies and the most important aspects of their corporate governance, the Board of Directors Regulations establish that, in addition to that mentioned above, the Board must prepare and publish an annual corporate governance report as mandated by law.

20. Financial information

Recommendation 20

"All periodic financial information which, in addition to the annual information, is offered to the markets should be drawn up in accordance with the same principles and professional practices as apply in the preparation of the annual accounts and should be verified by the Audit Committee prior to publication."

All periodic financial information is drawn up in accordance with the same principles and professional practices as apply in the preparation of the annual accounts

According to the Board of Directors Regulations, all information made available to the markets is prepared according to the same professional principles, practices and criteria as those used to prepare the annual accounts and is just as reliable. To this end, the information is reviewed before being distributed by the Audit and Control Committee, one of whose functions is to ensure that the same principles and practices as those used to prepare the annual accounts are employed.

21. External auditors

Recommendation 21

"The Board of Directors and the Audit Committee should monitor situations which may jeopardise the independent status of the company's external auditors and, specifically, should verify the percentage represented by fees paid by the company to the audit firm, in all respects, in terms of such firm's total income. Information should be issued publicly on fees paid corresponding to professional services other than audit services provided by the audit firm."

The Board's relations with the external auditors of FCC are channelled through the Audit and Control Committee as provided for in the Articles of Association.

The percentage of the fees paid by the Group in proportion to the auditor's total income in Spain is 1.2%.

22. Auditors' reservations

Recommendation 22

"The Board of Directors should endeavour to ensure that the accounts which it draws up are submitted to the General Meeting without reservations and qualifications in the audit report. When this is not possible, both the Board and the Auditors should explain clearly to both shareholders and the markets the nature and scope of the discrepancies."

In compliance.

23. Annual Corporate Governance Report

Recommendation 23

"The Board of Directors should include in its annual public report information on its rules of governance, explaining any aspects in which these Regulations fail to conform to the recommendations of this Code."

The company, as established in article 116 of the Stock Market Act, publishes an Annual Corporate Governance Report which is approved by the Board of Directors, forwarded to the Spanish Securities Market Commission and made available to all shareholders and investors on the company's website. This report is provided to shareholders as a Schedule to the Annual Report at the Ordinary General Meeting of Shareholders.



G

Other information of interest

If you believe there are any relevant principles or aspects relative to the corporate governance practices of your company which have not been addressed in this report, please explain them below.

You may include any additional information or clarification of previous sections of the report, to the extent that they are relevant and not repetitive.

More specifically, please indicate whether the company is subject to any laws other than the laws of Spain inasmuch as corporate governance is concerned and, if so, include any information the company is obliged to provide other than that requested in this report.

The Directors who have drafted this report wish to make it known that in fiscal year 2005 the company achieved a high level of compliance with the recommendations of the Olivencia Code and the Aldama Report.

Explanatory annex: Other information of interest

On 15 December 2005, the company reported to the Spanish Securities Market Commission as Significant Event the rejection of the appeal filed by Acciona, S.A. against the ruling of the Court of First Instance number 2 of Barcelona which found in favour of Fomento de Construcciones y Contratas, S.A. in the dispute between the two companies with regard to Acciona's pretension of having three representatives on the Board of Directors of FCC.

The full contents of the ruling are available on the company's website, www.fcc.es, under the press/news section.

This Annual Corporate Governance Report was approved by the Board of Directors at its session held on 31.03.06.





Financial statements
Management reports
Auditor's reports

FINANCIAL STATEMENTS - MANAGEMENT REPORTS - AUDITOR'S REPORTS

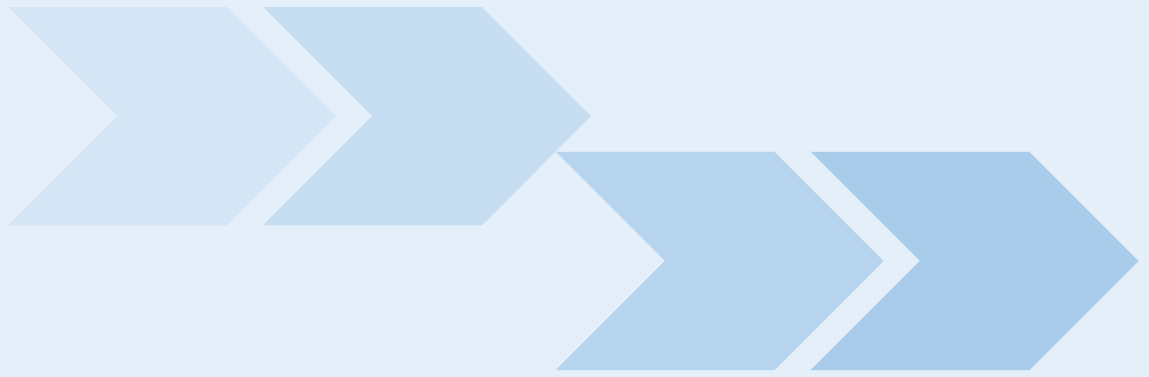
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CONSOLIDATED GROUP



FINANCIAL STATEMENTS

CONSOLIDATED GROUP

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CONSOLIDATED BALANCE SHEETS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP)

ASSETS	12.31.2005	12.31.2004
NON-CURRENT ASSETS	4,200,860	3,506,196
Property, plant and equipment (note 6)	2,181,635	1,929,176
Investment property	68,192	69,868
Buildings, plant and equipment	1,780,885	1,403,321
Other items of property, plant and equipment	332,558	455,987
Intangible assets (note 7)	955,805	653,844
Concessions (note 8)	355,109	255,855
Goodwill	461,449	266,642
Other intangible assets	139,247	131,347
Investments in associates (note 9)	511,688	471,841
Non-current financial assets (note 11)	184,371	154,691
Other non-current assets	367,361	296,644
Deferred tax assets (note 19)	363,538	283,176
Other non-current assets (note 12)	3,823	13,468
CURRENT ASSETS	4,738,683	3,957,627
Inventories (note 13)	509,085	372,417
Trade and other receivables	3,120,598	2,715,258
Accounts receivable (note 14)	2,974,403	2,587,786
Tax receivables (note 19)	130,015	110,098
Other receivables	16,180	17,374
	67,384	121,001
Other current financial assets (note 11)		
Cash and cash equivalents (note 15)	1,041,616	748,951
TOTAL ASSETS	8,939,543	7,463,823

The accompanying notes 1 to 29 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2005.

AS OF DECEMBER 31, 2005 AND 2004

Thousands of euros

EQUITY AND LIABILITIES	12.31.2005	12.31.2004
EQUITY (note 16)	2,608,354	2,446,963
Equity attributable to shareholders of the parent	2,232,117	2,031,231
Share capital	130,567	130,567
Retained earnings and other reserves	1,779,834	1,626,676
Profit for the year	421,398	362,479
Interim dividend paid	(99,682)	(88,491)
Minority interests	376,237	415,732
NON-CURRENT LIABILITIES	1,546,700	1,017,173
Bank borrowings and other non-current financial liabilities (note 17)	810,978	493,476
Non-current bank borrowings	680,742	383,572
Debt instruments and other held-for-trading liabilities	50,077	43,274
Other non-current financial liabilities	80,159	66,630
Long-term provisions (note 18)	414,805	330,991
Other non-current liabilities	320,917	192,706
Deferred tax liabilities (note 19)	286,038	188,168
Other non-current liabilities (note 17)	34,879	4,538
CURRENT LIABILITIES	4,784,489	3,999,687
Bank borrowings and other current financial liabilities (note 17)	831,575	761,469
Current bank borrowings	715,585	640,151
Debt instruments and other held-for-trading liabilities	114	136
Other current financial liabilities	115,876	121,182
Trade and other payables	3,922,226	3,210,864
Trade payables	3,251,795	2,636,766
Tax payables (note 19)	455,110	350,461
Other current liabilities (note 17)	215,321	223,637
Short-term provisions (note 18)	30,688	27,354
TOTAL EQUITY AND LIABILITIES	8,939,543	7,463,823

The accompanying notes 1 to 29 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2005.

CONSOLIDATED INCOME STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP)

AS OF DECEMBER 31, 2005 AND 2004

Thousands of euros

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP)

AS OF DECEMBER 31, 2005 AND 2004

Thousands of euros

	Share capital (note 16.a)	Reserves of the Parent (note 16.b.1)	Treasury shares (note 16.b.2)	Consolidation reserves (note 16.b.3)
Equity attributable at January 1, 2004	130,567	821,162		948,113
Profit for the year				
Distribution of profit-dividends		(138,852)		338
Capital increases and reductions				
Changes in the scope of consolidation				
Other changes in equity				1,830
Equity attributable at December 31, 2004	130,567	682,310		950,281
First-time application of IASs 32 and 39 and IFRS 4			(10,539)	7,893
Profit for the year				
Distribution of profit				
- Retained earnings		196,628		165,851
- Dividends		(176,982)		720
Changes in the fair value of financial instruments				
Capital increases and reductions				
Treasury share transactions			(16,335)	
Changes in the scope of consolidation				(502)
Other changes in equity				(2,510)
Equity attributable at December 31, 2005	130,567	701,956	(26,874)	1,121,733

	12.31.2005	12.31.2004
OPERATING INCOME	7,154,441	6,411,172
Revenue (note 22 y 23)	7,089,787	6,348,763
Other income	64,654	62,409
OPERATING EXPENSES	(6,498,263)	(5,846,035)
Changes in inventories of finished goods and work in progress inventories	44,173	(21,237)
Procurements and other external expenses (note 22)	(4,346,096)	(3,832,031)
Staff costs (note 22)	(1,863,615)	(1,715,824)
Depreciation and amortisation charge (notes 6 and 7)	(318,768)	(272,093)
(Charge to)/Reversal of operating allowances	(13,957)	(4,850)
PROFIT FROM OPERATIONS	656,178	565,137
Finance income (note 22)	41,204	48,117
Finance costs (note 22)	(80,881)	(70,356)
Exchange differences	6,040	(5,152)
Income from changes in value of financial instruments	5,378	(1,624)
FINANCIAL LOSS	(28,259)	(29,015)
Share of results of associates (note 9)	78,364	71,665
Recognition (Reversal) of impairment losses on property plant and equipment and intangible assets (notes 6 and 7)	(11,885)	(21,290)
Other gains or losses (note 22)	2,051	4,028
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	696,449	590,525
Income tax (note 19)	(217,159)	(166,857)
Minority interests (note 16)	(57,892)	(61,189)
PROFIT ATTRIBUTABLE TO THE PARENT	421,398	362,479
Earnings per share (note 16)		
Basic	3.25 €	2.79 €
Diluted	3.25 €	2.79 €

The accompanying notes 1 to 29 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2005.

Valuation Adjustments (note 16.b.4)	Exchange differences (nota 16.b.5)	Profit for the year	Interim dividend (note 16.d)	Equity attributable to Shareholders of the Parent	Minority interests (note 16)	Equity
			(48,049)	1,851,793	379,458	2,231,251
		362,479		362,479	61,189	423,668
			(40,442)	(178,956)	(25,873)	(204,829)
					452	452
					6,621	6,621
	(5,915)			(4,085)	(6,115)	(10,200)
	(5,915)	362,479	(88,491)	2,031,231	415,732	2,446,963
(14,063)				(16,709)		(16,709)
		421,398		421,398	57,892	479,290
		(362,479)				
			(11,191)	(187,453)	(30,668)	(218,121)
(16,544)				(16,544)	186	(16,358)
					3,428	3,428
				(16,335)		(16,335)
				(502)	(76,267)	(76,769)
	19,541			17,031	5,934	22,965
(30,607)	13,626	421,398	(99,682)	2,232,117	3760,237	2,608,354

The accompanying notes 1 to 29 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2005.

CONSOLIDATED CASH FLOW STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP)

AS OF DECEMBER 31, 2005 AND 2004

Thousands of euros

	12.31.2005	12.31.2004
Cash flows from operating activities (before interest and tax)	978,099	844,981
Profit from operations	656,178	565,137
Depreciation and amortisation charge	318,768	272,093
Adjustments due to other income	3,153	7,751
Income taxes paid in the year	(214,552)	(129,420)
(Increase) decrease in operating working capital	218,663	73,446
(Increase) decrease in inventories and trade and other	(517,914)	(137,892)
Increase (Decrease) in trade and other payables	736,577	211,338
Other collections (payments) in operating activities	(1,138)	4,941
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	981,072	793,948
Investments	(942,953)	(624,612)
Property, plant and equipment	(393,625)	(326,085)
Intangible assets	(60,584)	(120,855)
Investments and other financial assets	(488,744)	(177,672)
Dividends received	37,272	36,177
Disposals	85,008	146,764
Property, plant and equipment and intangible assets	35,426	42,822
Investments and other financial assets	49,582	103,942
Other collections (payments) in investing activities	(19,458)	(3,883)
Change in cash and cash equivalents due to changes in the scope of consolidation	5,760	8,707
Other	(25,218)	(12,590)
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES	(840,131)	(445,554)
Collections of shareholders' contributions	3,428	—
Collections (payments) in treasury share transactions	(16,288)	—
Dividends paid	(206,998)	(163,828)
Increase (decrease) in bank borrowings and other financial liabilities	297,598	(100,710)
Non-current	276,481	(55,658)
Current	21,117	(45,052)
Net interest	(21,735)	(19,515)
Collected	23,805	22,527
Paid	(45,540)	(42,042)
Other collections (payments) in financing activities and relating to current financial assets	86,241	19,600
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES	142,246	(264,453)
TOTAL NET CASH FLOWS FOR THE YEAR	283,187	83,941
Cash and cash equivalents at beginning of year	748,951	669,547
Exchange differences on cash and cash equivalents in foreign currency	9,478	(4,537)
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,041,616	748,951

The accompanying notes 1 to 29 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2005.

NOTES

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP) AS OF DECEMBER 31, 2005 AND 2004

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1. THE FCC GROUP

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a number of Spanish and foreign investees which carry on various business activities in three strategic areas:

- **Services**, this unit groups together the areas specialising in **environmental Services**, i.e. services related to urban cleaning, industrial waste treatment and the integral water cycle, and includes **Versia** which provides various services such as logistics, street furniture, passenger transport, vehicle roadworthiness tests, vehicle car parks, ground aircraft and passenger handling, street maintenance and traffic systems, etc.
- **Construction**, this area specialises in infrastructure construction projects, building construction and related activities, such as motorways and other 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 infrastructure concession-holder companies (motorways, tunnels, marinas, railways, tramways and multiuse buildings).
- **Cement**, this unit engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related prefabricated products and the production of concrete.

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

Foreign operations, which represent approximately 10% of the FCC Group's revenue, are carried on mainly in European Union, US and Latin American markets.

2. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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 International Financial Reporting Standards (IFRSs), adopted by the European Union.

In conformity with IFRS 1 (First-time Adoption of International Financial Reporting Standards) for comparison purposes it is necessary to include in the 2005 consolidated financial statements, the figures for 2004, also prepared in accordance with IFRSs, as adopted by the European Union and accordingly, the date of transition to IFRSs is January 1, 2004.

However, in 2004 the consolidated financial statements were prepared in accordance with the accounting principles and measurement basis in the Spanish National Chart of Accounts (Spanish GAAP) and the Rules for the Preparation of Consolidated Financial Statements contained in Royal Decree 1815/1991. The 2004 consolidated financial statements of the FCC Group prepared in accordance with Spanish GAAP were approved by the shareholders at the Annual General Meeting on June 21, 2005. Those consolidated financial statements were adapted to comply with International Financial Reporting Standards.

In the adaptation process, the Group opted to apply the following criteria from among the alternatives offered by IFRSs:

- a) Translation differences at January 1, 2004 were recognised net of the related tax effect as opening reserves.
- b) It was decided to maintain the cost model for both assets for own use and investment property.
- c) Business combinations that occurred before the date of transition were not re-calculated and goodwill existing at December 31, 2003, was maintained, after verifying its value through the appropriate impairment tests, except in relation to the intangible assets that were previously subsumed within goodwill, which were recognised under the corresponding headings in the accompanying consolidated balance sheet, as established by IFRS 1 (First-Time Adoption of International Financial Reporting Standards).
- d) International Accounting Standards (IASs) 32 (Financial Instruments: Disclosure and Presentation) and 39 (Financial Instruments: Recognition and Measurement) were applied from January 1, 2005. Accordingly, in 2004 the financial instruments were measured in accordance with Spanish GAAP. IFRS 4 (Insurance Contracts) was also applied from January 1, 2005.

In accordance with IFRS 1, following are a reconciliation of equity reported under Spanish GAAP to equity under IFRSs and an explanation of the adjustments made at the transition date, i.e. at January 1, 2004, and at December 31, 2004.

The reconciliation of equity reported under Spanish GAAP to equity under IFRSs at the transition date, i.e. January 1, 2004, is as follows:

	Share capital and reserves	Minority interests
Balance under Spanish GAAP at 01/01/04	1,845,506	387,774
Translation differences on goodwill (1)	(8,417)	(5,892)
Derecognition of borrowing costs capitalised at concession-holders (2)	(10,073)	(3,124)
Derecognition of start-up costs, R&D expenditure and computer software (3)	(7,901)	(11)
Coverage of pension plan shortfall (4)	(2,992)	(2,094)
Deferred taxes (5)	18,444	777
Changes in the scope of consolidation (6)	13,762	—
Revaluation of assets due to business combinations (7)	—	3,085
Other	3,464	(1,057)
Spanish GAAP-IFRS differences at 01/01/04	6,287	(8,316)
Balance under IFRSs at 01/01/04	1,851,793	379,458

The reconciliation of the equity and the profit for the year reported under Spanish GAAP to those under IFRSs at December 31, 2004, is as follows:

	Share capital and reserves	Profit for the year	Equity of the parent	Minority interests
Balance under Spanish GAAP at 12/31/04	1,651,962	388,297	2,040,259	411,763
Non-amortisation of goodwill (8)	—	10,428	10,428	5,240
Deferred tax assets and liabilities (5)	18,444	(15,230)	3,214	—
Derecognition of borrowing costs capitalised at concession-holders (2)	(10,073)	(749)	(10,822)	(3,412)
Derecognition of start-up costs, R&D expenditure and computer software (3)	(7,901)	(522)	(8,423)	(5)
Coverage of pension plan shortfall (4)	(2,992)	—	(2,992)	(2,032)
Changes in the scope of consolidation (6)	13,762	(13,961)	(199)	—
Other	5,550	(5,784)	(234)	4,178
Spanish GAAP-IFRS differences at 12/31/04	16,790	(25,818)	(9,028)	3,969
Balance under IFRSs at 12/31/04	1,668,752	362,479	2,031,231	415,732

Explanatory notes:

The adjustments presented in the foregoing tables were calculated discounting the tax effect and, accordingly, their impact on equity is after taxes. The assets and liabilities in the accompanying consolidated balance sheet include the deferred tax assets and liabilities, respectively, relating to this tax effect.

- (1) Translation differences on goodwill: goodwill relating to the US subsidiary Giant Cement Holding, Inc., which in the consolidated financial statements at December 31, 2003, prepared in accordance with Spanish GAAP, was recognised at the historical exchange rate, was translated to euros at the year-end exchange rate in the consolidated balance sheet at the transition date prepared in accordance with IFRSs. In the consolidated balance sheet at December 31, 2004, prepared in accordance with Spanish GAAP the impairment loss caused by translation differences on this goodwill was recognised and, therefore, it was not necessary to make any adjustment in this connection at December 31, 2004.

- (2) Derecognition of borrowing costs capitalised at concession-holders: the Group no longer capitalises the borrowing costs accrued subsequent to the date the water and motorway concessions come into operation.
- (3) Derecognition of start-up costs, R&D expenditure and computer software: the amounts capitalised in the consolidated balance sheet that did not qualify for recognition as assets under IFRSs were derecognised.
- (4) Coverage of pension plan shortfall: the obligations under pension plans were recognised at their actuarial value at the transition date, reduced by the amount of the plan assets.
- (5) Deferred tax assets and liabilities: tax loss and tax credit carryforwards were recognised in the consolidated balance sheet since their recovery was considered to be probable, and deferred taxes whose reversal was highly improbable were written off.
- (6) Changes in the scope of consolidation: Law 62/2003 on Tax, Administrative, Labour 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 constituted grounds for the exclusion of a subsidiary from the scope of consolidation. Consequently, in the 2004 consolidated financial statements prepared in accordance with Spanish GAAP, Abies Re Anstalt and Fir Re Société Anonyme, which engage in reinsurance and had therefore been excluded from consolidation in prior years, were included as consolidable companies.

Under IFRSs, these companies were already in the scope of consolidation on the transition date and, accordingly, their retained earnings were transferred to reserves. Consequently, there was no impact on equity at December 31, 2004, of the adjustment arising from changes in the scope of consolidation, since reserves increased and profit for the year decreased by the same amount.

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.
- (7) Revaluation of assets due to business combinations: in accordance with IFRS 1, the intangible assets acquired through business combinations that occurred before the date of transition were recognised, and the related adjustments to minority interests and deferred taxes were made.
- (8) Non-amortisation of goodwill: the amortisation of goodwill was eliminated from the consolidated income statement and impairment losses were recognised.

3. REFERENCE TO LOCAL ACCOUNTING LEGISLATION

As indicated in note 2, the accompanying consolidated financial statements are expressed in accordance with IFRSs, as adopted by the European Union.

However, Spanish accounting legislation, as regards the accounting regulations applicable to the individual companies, is based on Royal Decree 1643/1990, of December 20, approving the Spanish National Chart of Accounts and on the industry charts of accounts implementing it applicable to certain business activities, such as the rules adapting the Spanish National Chart of Accounts for construction and real estate companies and companies in the water supply and treatment industry.

The corporation tax expense is determined, pursuant to current tax legislation, on the basis of the profit calculated in accordance with Spanish GAAP, adjusted by certain measurement bases applicable for the sole purpose of obtaining the taxable profit for corporation tax purposes. The FCC Group files consolidated corporation tax returns in tax group 18/89 with all the companies that meet the requirements established by tax legislation. The consolidated financial statements of this tax group are prepared in accordance with current tax legislation.

4. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS, BASIS OF CONSOLIDATION AND ACCOUNTING POLICIES

a) Basis of presentation

The 2005 and 2004 consolidated financial statements were prepared from the accounting records at December 31, 2005 and 2004, respectively, of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, determined in accordance with local standards, as described in note 3 above, were adapted to IFRSs by each of the Group companies, based on the operating procedures and systems established which enable the performance and support of the consolidation process in accordance with IFRS requirements.

The 2005 consolidated financial statements of the FCC Group were prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. in accordance with IFRSs and will be submitted for the approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement.

These Notes are an integral part of the accompanying consolidated financial statements and, together with the latter, they form the 2005 annual consolidated statements.

The figures in the consolidated financial statements are expressed in thousands of euros since this is the principle currency in the area in which the Group operates.

b) Basis of consolidation

The subsidiaries listed in Appendix I whose financial and operating policies are controlled by Fomento de Construcciones y Contratas, S.A., either directly or through other companies controlled by it, were fully consolidated.

The interest of minority shareholders in the equity and profit or loss of the consolidated companies is presented under the heading "Minority Interests" on the liability side of the accompanying consolidated balance sheet and in the accompanying consolidated income statement, respectively.

Goodwill is determined as indicated in note 7 below.

The Group carries on jointly-managed businesses, as described in note 10 below, through investments in companies controlled jointly by one or more FCC Group company with other non-Group companies, and interests Spanish UTEs (unincorporated joint ventures), joint property entities and economic interest groupings, which were included in the accompanying consolidated financial statements in proportion to the Group's ownership interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income, expenses and profits or losses not realised with third parties.

Appendix II lists the companies which were proportionately consolidated and Appendix V lists the joint ventures with non-Group third parties through contractual arrangements such as unincorporated joint ventures, joint property entities, economic interest groupings or other entities of similar legal characteristics.

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does exercise significant influence, are accounted for using the equity method in the accompanying consolidated balance sheet under the heading "Investments in Associates". The share of these companies' net profit or loss for the year is included under the heading "Share of Results of Associates" in the accompanying consolidated income statement.

Profits or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised with third parties outside the Group. Intra-Group results on Group work on non-current assets, which is recognised at production cost, are eliminated on consolidation, except in the case of the construction of assets for concession operators, as described in note 8 below. Inter-subsiary receivables and payables were eliminated from the consolidated financial statements and those between the subsidiaries and the joint ventures and intra-Group income and expenses were also eliminated in proportion to the related ownership interests.

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

Appendix IV shows the changes in 2005 in the fully and proportionately consolidated companies and companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their exclusion therefrom, where material, are shown in the related notes to the consolidated financial statements under "Changes in the Scope of Consolidation".

c) Accounting policies

The accounting policies applied in the FCC Group's consolidated financial statements are described in the related notes to these consolidated financial statements; however, there are certain common accounting policies applicable to various headings in these consolidated financial statements which are described below:

Estimates made

In the Group's consolidated financial statements for 2005 and 2004, estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The impairment losses on certain assets (see notes 6 and 7).
- The useful life of the property, plant and equipment and intangible assets (notes 6 and 7).
- The measurement of goodwill (note 7).
- The amount of certain provisions (note 18).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (see notes 18 and 20).

The FCC Group's consolidated financial statements were prepared so that they present fairly the Group's consolidated equity and financial position at December 31, 2005 and 2004, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in those years.

Impairment testing of property, plant and equipment and intangible assets

Intangibles assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired in order to bring their net carrying amount into line with their value in use, if lower.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under the heading "Recognition (Reversal) of Impairment Losses on Property, Plant and Equipment and Intangible Assets".

To determine the recoverable amount of the assets tested for impairment, an estimate was made of the present value of the net cash flows arising from the cash-generating units to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate was applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

Flows from cash-generating units located abroad were calculated in the functional currency of these cash-generating units and were discounted using discount rates that take into consideration the risk premiums relating to these currencies. The present value of the net flows thus obtained was translated to euros at the year-end exchange rate applicable to the currency concerned.

Translation differences

The financial statements of foreign operations expressed in currencies other than the euro were generally translated to euros at the year-end exchange rates, except for:

- Share capital and reserves, which were translated at historical exchange rates.
- The income statement items of the fully and proportionately consolidated foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign operations which applied the year-end exchange rate method are included net of taxes in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

Exchange differences

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

5. DISTRIBUTION OF PROFIT OF THE PARENT

On December 21, 2005, it was resolved to distribute to the shareholders of Fomento de Construcciones y Contratas, S.A. an interim dividend out of the profit for the year equivalent to 76.6% gross of the par value of the shares, i.e. EUR 0.766 per share. The total amount of this dividend, which will be paid on outstanding shares carrying dividend rights on or after January 9, 2006, is EUR 99,682 thousand.

In addition, to complete the dividend out of the 2005 profit of EUR 421,398 thousand attributable to the Parent of the FCC Group, Fomento de Construcciones y Contratas S.A., this Company will propose for the approval of the shareholders at the Annual General Meeting the distribution of a final dividend of EUR 0.766 per share which, together with the interim dividend, gives a total dividend of EUR 1,532 per share.

At the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. held on June 21, 2005, the shareholders approved the distribution of the profit for 2004 through the distribution of a total dividend of EUR 1.36 gross per share, which amounted to a total payment of EUR 176,982 thousand to the Parent's shareholders.

6. PROPERTY, PLANT AND EQUIPMENT

Accounting principles and policies

- a) Property, plant and equipment are stated at cost, except in the case of certain subsidiaries operating in the cement business, which revalued their property, plant and equipment pursuant to Royal Decree-Law 7/1996, Navarra Regulation 23/1966 and Vizcaya Regulation 6/1996. The effect of these revaluations on the consolidated income statement is not material.
- b) Investment property is measured at the lower of acquisition cost or market value.
- c) Group work on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price (see note 8).
- d) Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised as expenses in the year in which they are incurred.
- e) When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

The borrowing costs capitalised during the year amounted to EUR 2,171 thousand (EUR 4,726 thousand in 2004) and the accumulated capitalised borrowing costs amount to EUR 19,667 thousand (EUR 17,496 thousand in 2004).

- f) Finance charges in respect of finance leases are allocated to the consolidated profit for the year using the effective interest method over the lease payment schedule. In 2004, in which IAS 39 (Financial Instruments: Recognition and Measurement) was not applied, in accordance with the Spanish National Chart of Accounts, the unaccrued interest, which amounted to EUR 2,929 thousand, was included on the asset side of the accompanying consolidated balance sheet under the heading "Other Non-Current Assets" and on the liability side of the accompanying consolidated balance sheet under the headings "Non-Current Bank Borrowings" and "Current Bank Borrowings", which relate to the repayment value of the obligations under finance leases.
- g) In the accompanying consolidated balance sheet, grants received are deducted in arriving at the carrying amount of the related asset. Most of these grants relate to assets included under the heading "Plant" and they are recognised as income over the useful life of the related assets by way of a reduced depreciation charge.
- h) Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

Natural properties and buildings	25 – 50
Torre Picasso building	75
Plant, machinery and transport equipment	5 – 15
Furniture and tools	7 – 12
Computer hardware	4
Other items of property, plant and equipment	5 – 10

Property, plant and equipment assigned exclusively to a specific contract are depreciated on a straight-line basis over the shorter of the years of useful life indicated above or the contract term.

- i) The residual value, useful life and depreciation method applied to the Company's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the assets are received.
- j) At least at every balance sheet date the companies determine whether there is any indication that an item or group of items of property, plant and equipment has suffered an impairment loss so that, as indicated in note 4 c), and impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.
- k) The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of their return.

Details of the consolidated balance sheet headings

The detail of the carrying amount of the property, plant and equipment at December 31, 2005 and 2004, is as follows:

	Cost	Accumulated depreciation	Grants	Impairment losses	Carrying amount
2005					
Investment property	112,584	(44,392)	—	—	68,192
Buildings, plant and equipment	3,600,024	(1,702,184)	(50,688)	(66,267)	1,780,885
Land and natural properties	300,382	(36,109)	(334)	(35,815)	228,124
Buildings for own use	460,956	(128,479)	(5,640)	—	326,837
Plant	1,569,475	(774,163)	(44,432)	(332)	750,548
Machinery and transport equipment	1,269,211	(763,433)	(282)	(30,120)	475,376
Other items of property, plant and equipment	700,553	(367,818)	(177)	—	332,558
Property, plant and equipment in the course of construction	98,142	—	—	—	98,142
Other items of property, plant and equipment	602,411	(367,818)	(177)	—	234,416
	4,413,161	(2,114,394)	(50,865)	(66,267)	2,181,635
2004					
Investment property	111,738	(41,870)	—	—	69,868
Buildings, plant and equipment	2,975,139	(1,478,739)	(41,439)	(51,640)	1,403,321
Land and natural properties	257,336	(25,469)	(218)	(30,975)	200,674
Buildings for own use	413,907	(111,643)	(5,361)	—	296,903
Plant	1,197,759	(682,024)	(35,636)	(329)	479,770
Machinery and transport equipment	1,106,137	(659,603)	(224)	(20,336)	425,974
Other items of property, plant and equipment	779,445	(313,713)	(9,745)	—	455,987
Property, plant and equipment in the course of construction	248,734	—	—	—	248,734
Other items of property, plant and equipment	530,711	(313,713)	(9,745)	—	207,253
	3,866,322	(1,834,322)	(51,184)	(51,640)	1,929,176

The changes in 2004 and 2005 in property, plant and equipment accounts were as follows:

	Investment property	Land and natural properties	Buildings for own use	Plant	Machinery and transport equipment	Buildings, plant and equipment	Property, plant and equipment course of construction	Other Items of property plant and equipment	Other Items of property, plant and equipment	Accumulated depreciation	Grants	Impairment losses
Balance at 01.01.04	108,596	248,498	353,272	1,160,643	984,943	2,747,356	241,520	457,047	698,567	(1,641,273)	(38,762)	(57,698)
Additions or charges	3,142	8,180	9,520	21,654	89,382	128,736	201,953	43,654	245,607	(250,302)	(15,187)	(863)
Disposals, derecognitions or reversals	—	(4,594)	(3,396)	(47,801)	(32,885)	(88,676)	(3,760)	(19,566)	(23,326)	66,620	2,765	—
Translation differences, changes in the scope of consolidation and other changes	—	4,201	(8,733)	(17,935)	39,540	17,073	(3,288)	34,923	31,635	(9,367)	—	6,921
Transfers	—	1,051	63,244	81,198	25,157	170,650	(187,691)	14,653	(173,038)	—	—	—
Balance at 12.31.04	111,738	257,336	413,907	1,197,759	1,106,137	2,975,139	248,734	530,711	779,445	(1,834,322)	(51,184)	(51,640)
Additions or charges	853	10,673	7,455	27,967	136,052	182,147	154,955	55,670	210,625	(288,863)	(3,109)	(10,026)
Disposals, derecognitions or reversals	(7)	(1,858)	(4,777)	(23,109)	(63,969)	(93,713)	(711)	(20,747)	(21,458)	91,547	3,993	42
Translation differences, changes in the scope of consolidation and other changes	—	29,473	31,443	89,765	69,964	220,645	13,874	34,040	47,914	(82,958)	(565)	(4,643)
Transfers	—	4,758	12,928	277,093	21,027	315,806	(318,710)	2,737	(315,973)	202	—	—
Balance at 12.31.05	112,584	300,382	460,956	1,569,475	1,269,211	3,600,024	98,142	602,411	700,553	(2,114,394)	(50,865)	(66,267)

The period depreciation charge for 2005 and 2004 is included under the heading "Depreciation and Amortisation Charge" in the accompanying consolidated income statement. This account includes EUR 284,870 thousand relating to the depreciation of property, plant and equipment (EUR 247,537 thousand in 2004), after deducting the grants allocated to income, which amount to EUR 3,993 thousand (EUR 2,765 thousand in 2004).

The changes in impairment losses in 2005 relate mainly to the loss recognised on the non-current assets of the environmental services area in Egypt amounting to EUR 9,738 thousand, and to the exchange losses of EUR 4,540 thousand (exchanges gains of EUR 2,304 thousand in 2004) on the impairment recognised by the cement company Giant Cement Holding Inc., due to the US dollar exchange rate.

The "Disposals, Derecognitions or Reversals" relating to the heading "Buildings, Plant and Equipment" amount to EUR 93,713 thousand (EUR 88,676 thousand at December 31, 2004), relating mainly to the disposal of inventories and assets which, in general, had been depreciated practically in full since they had reached the end of their useful lives.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject.

The property, plant and equipment located outside Spain amounted to EUR 886,424 thousand in 2005 (EUR 675,285 thousand in 2004) and the related accumulated depreciation amounted to EUR 332,905 thousand (EUR 204,379 thousand in 2004).

Fully depreciated property, plant and equipment which, being in good working order, are used in production, amount to EUR 941,563 thousand (EUR 827,395 thousand at December 31, 2004).

Investment property

The investment property relates in full to 80% of the Torre Picasso building in which office space, commercial premises and parking spaces are leased. The investment is managed through an owners' association.

This property is recognised at acquisition cost and its fair value at December 31, 2005, was estimated at EUR 340,000 thousand, based on the office property market price/m² for the Azca area in Madrid in which the building is located, and on the present value of the estimated net cash flows, considering occupancy levels of approximately 90%, in accordance with expectations in this market. The property rental income and profit are presented below:

	2005	2004
Rental income	18,053	17,096
Transfer of costs to tenants	6,601	5,501
Profit net of taxes	9,524	7,656

The minimum future lease payments receivable by the lessors under current leases amount to EUR 85,009 thousand (EUR 60,177 thousand at December 31, 2004), which fall due as follows:

	2005	2004
Within one year	20,662	18,700
Between one and five years	44,188	41,477
After five years	20,159	—
	85,009	60,177

In 2005 the average term of the leases increased.

At December 31, 2005, there were no restrictions on the realisability of investment property. Similarly, there were no obligations to purchase, construct or develop new investment property.

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet at December 31, 2005, there are restrictions on title to assets amounting to EUR 750,165 thousand (EUR 649,559 thousand at December 31, 2004), either because they were held under finance leases, or because they were revertible assets assigned to the operation of concessions and other contracts, mainly in the environmental service business line, the detail being as follows:

	Cost	Accumulated depreciation	Carrying amount
2005			
Buildings, plant and equipment	1,225,594	(565,235)	660,359
Other items of property, plant and equipment	268,485	(178,679)	89,806
	1,94,079	(743,914)	750,165
2004			
Buildings, plant and equipment	1,062,480	(514,004)	548,476
Other items of property, plant and equipment	224,409	(123,326)	101,083
	1,286,889	(637,330)	649,559

The Group companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure the delivery of the assets that have to be returned to the concession provider in good working order at the end of the concession periods and that, therefore, no significant expenses will arise as a result of their return.

Assets held for sale

At December 31, 2005 and 2004, the Group did not own, and had not sold in the years then ended, any non-current assets or disposal groups held for sale within the meaning defined by IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) and, accordingly, no amount was reflected in this connection in the accompanying consolidated financial statements.

Non-current asset purchase commitments

In the course of their business activities, the Group's subsidiaries and joint ventures had formalised property, plant and equipment purchase commitments amounting to EUR 482,665 thousand at December 31, 2005 (EUR 271,705 thousand at December 31, 2004), the detail being as follows:

	2005	2004
Buildings for own use	78,691	25,413
Plant	78,918	90,566
Machinery and transport equipment	257,887	154,989
Other items of property, plant and equipment	67,169	737
	482,665	271,705

The property, plant and equipment investment commitments that will be fulfilled in future years in accordance with the contractual terms and conditions of the concessions operated by the Group companies are disclosed in note 8.

Finance leases

The detail of the finance leases at the end of 2005 and 2004 and of the related cash flows is as follows:

	Movable property	Real estate	Total
2005			
Original cost of the assets	175,219	1,559	176,778
Value of purchase options	1,782	90	1,872
Contract term (years)	2 to 5	10	
Lease payments paid in the year	53,244	94	53,338
Lease payments paid in prior years	46,232	831	47,063
Lease payments outstanding, including purchase option	79,209	800	80,009
2004			
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

On expiry of the leases the Group companies exercise the purchase option and there are no restrictions imposed by the lease arrangements concerning exercise of this option.

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2005 no expense was incurred in connection with contingent rent.

7. INTANGIBLE ASSETS

The detail of the intangible assets and of the related accumulated amortisation at December 31, 2005 and 2004, is as follows:

	Cost	Accumulated amortisation	Allowances	Impairment Losses	Carrying amount
2005					
Concessions	465,723	(109,407)	(1,207)	—	355,109
Goodwill	482,642	—	—	(21,193)	461,449
Other intangible assets	197,559	(58,312)	—	—	139,247
	1,145,924	(167,719)	(1,207)	(21,193)	955,805
2004					
Concessions	348,472	(92,555)	(62)	—	255,855
Goodwill	287,069	—	—	(20,427)	266,642
Other intangible assets	170,448	(39,101)	—	—	131,347
	805,989	(131,656)	(62)	(20,427)	653,844

Intangible assets are measured at acquisition cost less any accumulated amortisation and any accumulated impairment losses.

None of the intangible assets recognised were generated internally and, except for goodwill, all have a finite useful life and, accordingly, are amortised on a straight-line basis over their useful lives, i.e. the period over which it is estimated they will generate income.

The amortisation charge for 2005 and 2004 is recognised in the accompanying consolidated income statement under the heading "Depreciation and Amortisation Charge".

At December 31, 2005 and 2004, there were no noteworthy intangible assets title to which was restricted.

Concessions and other intangible assets

The changes in these headings in the consolidated balance sheet in 2005 and 2004 were as follows:

	Concessions	Other intangible assets	Accumulated amortisation	Allowances
Balance at 01.01.04	328,502	144,391	(114,557)	(1,274)
Additions or charge for the year	38,867	28,299	(24,556)	—
Disposals, derecognitions or reversals	(5,387)	(807)	937	—
Translation differences, changes in the scope of consolidation and other changes	(11,884)	(1,610)	7,224	1,212
Transfers	(1,626)	175	(704)	—
Balance at 12.31.04	348,472	170,448	(131,656)	(62)
Additions or charge for the year	50,601	9,983	(33,898)	(1,137)
Disposals, derecognitions or reversals	(5,418)	(154)	2,759	—
Translation differences, changes in the scope of consolidation and other changes	72,001	16,658	(4,866)	(8)
Transfers	67	624	(58)	—
Balance at 12.31.05	465,723	197,559	(167,719)	(1,207)

The heading "Concessions" includes most notably the amounts paid to obtain the concessions held by the Group to carry on its business activities: water supply services, operation of landfills and quarries, etc. (see note 8).

In 2005 the most significant changes in this heading related to the acquisition of the Lloret de Mar water service concession for EUR 21,000 thousand and to the inclusion in the scope of consolidation of the water treatment and distribution company, Entemanser, S.A., the effect of which amounted to EUR 53,388 thousand.

Concessions are amortised on a straight-line basis over the concession term, which ranges on average from 25 to 50 years.

"Other Intangible Assets" include the investment made to obtain operating contracts and licences, mainly in the environmental service and Versia areas, and customer lists, future income from backlogs and contracts acquired through business combinations.

Goodwill

Goodwill is calculated as the difference between the carrying amount of the Parent's direct or indirect investment in a subsidiary and the proportional amount of the equity of the subsidiary based on the percentage of ownership at the acquisition date, after adjustment, for the sole purposes of consolidation for the recognition at fair value of the subsidiary's property plant and equipment and intangible assets that qualify for recognition as assets the market value of which differs significantly from the carrying amount. This process may be carried out or modified during a period of one year from the purchase date.

Goodwill is not amortised; however, as indicated in note 4-c). It is tested for impairment at least at each balance sheet date in order to recognise it at the lower of fair value, estimated on the basis of expected cash flows, or acquisition cost, calculated as described in the foregoing paragraph, less any accumulated impairment losses.

The changes in goodwill in the accompanying consolidated balance sheet in 2005 and 2004 were as follows:

Balance at 01.01.04		274,428
Additions:		
Limpiezas Industriales Alfus, S.A.	7,779	
Corporación M&S Internacional C.A., S.A.	6,299	18,039
Other	3,961	
Translation differences		(5,398)
Impairment losses on assets		
Grupo Ekonor	(8,996)	
Grupo Azuser	(1,345)	
Grucyca, S.A.	(7,521)	
Other	(2,565)	(20,427)
Balance at 12.31.04		266,642
Additions:		
FCC Logística, S.A. Unipersonal	89,936	
Cementos Portland Valderrivas, S.A.	76,843	
Grupo Marepa	15,308	
Grupo Papeles Hernández e Hijos	5,023	
Convery Services, S.A.	4,149	
Resto	6,411	197,670
Allocation to assets of Corporación M&S Internacional C.A., S.A.		(6,299)
Translation differences		4,202
Impairment losses on assets		(766)
Balance at 12.31.05		461,449

FCC Logística, S.A., Sole-Shareholder Company, is the post-merger company resulting from the merger in 2005 of Grupo Logístico Santos, S.A., Sole-Shareholder Company, and the logistics business companies for the purpose of restructuring the logistics business within the Group.

The addition relating to Cementos Portland Valderrivas, S.A. was due to the purchase of an additional ownership interest of 8.5% in 2005 and was calculated as the difference between the acquisition cost of this additional interest and the carrying amount of the related minority interests (see note 16) since, in accordance with IFRS 3 (Business Combinations) because control was already exercised by the Parent over Cementos Portland Valderrivas, S.A., this difference could not be allocated to the latter company's assets. This acquisition increased the FCC Group's total ownership interest in this cement company to 67.34%.

Except as indicated in the preceding paragraph, the period additions relate to the goodwill remaining after adjustments, net of taxes, had been made to the equity of the companies acquired due to the recognition at fair value of their assets in the accompanying consolidated balance sheet. It should be noted in relation to FCC Logística, S.A., Sole-Shareholder Company, that the value of the goodwill recognised as a result of the acquisition of Grupo Logístico Santos, S.A. is provisional because this company's assets are currently being measured, within the period established in IFRS 3 (Business Combinations), to determine the definitive value of the goodwill.

The detail of the calculation of the goodwill that arose in the acquisitions made in 2005 and of the portions assigned to goodwill and to asset revaluations is as follows:

Amount of acquisition	417,027
Underlying carrying amount of the equity attributable to shareholders of the Parent	(142,027)
Goodwill	275,000
Recognised as goodwill	197,670
Allocated to asset revaluations	77,330

The detail of the amount of the acquisition cost allocated to assets, of the related tax effect and of the portion attributed to minority interests, of the business combinations occurring in 2005 is as follows:

	Asset revaluation	Deferred taxes	Minority interests
Concessions	66,939	23,429	2,426
Other intangible assets	9,885	2,201	—
Buildings, plant and equipment	46,566	16,297	1,707
	123,390	41,927	4,133

The goodwill that arose in 2004 due to the acquisition of Corporación M&S Internacional C.A., S.A., considered provisionally as goodwill, was allocated in 2005 to this company's mines and quarries, which are included under the heading "Buildings, Plant and Equipment" in the accompanying consolidated balance sheet.

The breakdown of goodwill at December 31, 2005 and 2004, in the accompanying consolidated balance sheet is as follows:

	2005	2004
Cementos Portland Valderrivas, S.A.	190,351	113,508
FCC Logística, S.A. Unipersonal	91,696	1,760
Ekonor Group	35,361	35,361
Giant Cement Holding, Inc.	30,145	26,187
Marepa Group	15,308	—
Jaime Franquesa, S.A.	14,806	15,677
Tratamientos y Recuperaciones Industriales, S.A.	9,860	9,860
Limpiezas Industriales Alfus, S.A.	7,779	7,779
Corporación M&S Internacional C.A., S.A.	—	6,299
Belgian Ground Services, S.A.	5,503	5,503
Montajes Gavisa, S.A.	5,531	5,415
Papeles Hernández e Hijos Group	5,023	—
Canteras de Aláiz, S.A.	4,332	4,332
Convery Service, S.A.	4,149	—
Áridos y Premezclados, S.A. Sole-Shareholder Company	3,704	3,704
Cementos Alfa, S.A.	3,712	3,712
Other	34,189	27,545
	461,449	266,642

8. INVESTMENTS IN CONCESSIONS

The investments in concession businesses result in the existence of certain assets which are included under the various headings in the consolidated balance sheet and, accordingly, they are discussed in other Notes. This Note presents an overview of all the Group's investments in these businesses.

These investments include the concession right (see note 7), investments made in the property, plant and equipment (see note 6) required to operate the service provided under the concession and investments in concessions accounted for using the equity method (see note 9).

The concession contracts consist of agreements between the concession provider (generally a public agency) and FCC Group companies to provide public services such as water distribution, wastewater filtering and treatment, the operation of landfills and quarries, motorways and tunnels, etc., through the operation of the property, plant and equipment items required to provide the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which, in general, the assets assigned to the concession required to provide the service are returned to the concession provider. Also, concession contracts usually provide for the obligation to purchase or construct, fully or in part, these non-current assets and to maintain them.

The income from the service provided may be received directly from the users or, sometimes, through the concession provider. Under certain concessions, the prices for providing the service are regulated by the concession provider.

Accounting principles and policies

The accounting treatment of concessions is currently being discussed by the International Financial Reporting Interpretations Committee (IFRIC), which has issued draft interpretations on this subject. The FCC Group has applied the following most relevant aspects of the accounting principles and policies contained in these drafts, except with regard to the classification of assets as intangible or non-current financial assets, for which it is waiting for the final wording of the IFRIC interpretation to be adopted.

- a) When a substantial period of time is required for the construction and start-up of the assets assigned to the concession, the related borrowing costs accrued during the period are capitalised.
- b) When the assets come into service, the accrued borrowing costs are allocated to the income statement.
- c) Property, plant and equipment and intangible assets assigned to the concessions are depreciated and amortised, respectively, on a straight-line basis over the shorter of the concession term or the useful life of the assets concerned.
- d) When the concession assets are constructed by Group companies, the income and expenses arising from the construction work are recognised by reference to the stage of completion in accordance with the accounting policies described in note 22.

Detail of concessions

The detail of the Group companies' total investments in concessions at December 31, 2005, is as follows:

	Concession	Property, plant and equipment	Concession operator associates	Total investments
Quarries	25,465	231,840	—	257,305
Water services	386,361	342,775	1,194	730,330
Motorways and tunnels	—	51,029	83,291	134,320
Other	53,897	524,667	27,023	605,587
	465,723	1,150,311	111,508	1,727,542
Depreciation and amortisation	(109,407)	(311,892)	—	(421,299)
Impairment losses	(1,207)	—	—	(1,207)
	355,109	838,419	111,508	1,305,036

Under the concession contracts, the concession operators controlled by the Group are obliged to purchase or construct property, plant and equipment items assigned to the concessions amounting to EUR 150,524 thousand.

9. INVESTMENTS IN ASSOCIATES

This heading includes the value of the investments in companies accounted for using the equity method, which includes both the equity interest and the non-current loans granted to these companies.

The investment is initially recognised at acquisition cost and is subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These changes include most notably translation differences and, in 2005, in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) the adjustments to reserves arising from changes in the fair value of the cash flow hedges arranged by the associates.

In the years ended December 31, 2005 and 2004, there were no impairment losses, since the market value was equal to or higher than the values obtained by applying the method described in the preceding paragraph.

In the case of associates which engage in the operation of infrastructure concessions, when the infrastructure is fully or partly constructed by Group companies, in accordance with the IFRIC's draft interpretations (see note 8), the income and expenses arising from such construction work are recognised by reference to the stage of completion, as indicated in note 22.

The detail, by company, of this heading is disclosed in Appendix III, which lists the associates. The changes in 2005 and 2004 were as follows:

	Purchases and expenditure	Profit (Loss) for the year	Dividends paid	Changes in the fair value of financial instruments recognised in reserves	Sales	Changes in the consolidation method and transfers	Translation differences and other changes	Value of the investment	Loans granted	Total
Balance at 01.01.04								396,767	15,987	412,754
Realia Business Group		52,043	(27,637)					24,406	50	24,456
Cementos Leona Group		8,284	(744)				(5,534)	2,006		2,006
Autovía del Camino, S.A.	14,280	(1,092)						13,188	12,452	25,640
Autopista de la Costa Cálida C.E.A., S.A.	10,349	(100)						10,249		10,249
Metro de Málaga, S.A.	5,137							5,137		5,137
Grubar Hoteles Group					(34,093)			(34,093)		(34,093)
Eumex Group		1,712				10,921	(438)	12,195		12,195
Terminal Polivalente de Castellón, S.A.	4,005	(301)					(589)	3,115		3,115
Tramvia Metropolitana del Besós, S.A.	2,827	676					(403)	3,100		3,100
Other	2,961	10,443	(4,240)		(347)	(3,289)	1,136	6,664	618	7,282
Total 2004	39,559	71,665	(32,621)	N/A	(34,440)	7,632	(5,828)	45,967	13,120	59,087
Balance at 12.31.04								442,734	29,107	471,841
Realia Business Group		67,489	(33,273)	(401)			(51)	33,764	28	33,792
Cementos Leona Group		6,016	(1,871)				187	4,332		4,332
Tacel Group	12,528	(520)		591		4,051		16,650		16,650
Autopista de la Costa Cálida C.E.A., S.A.	14,175	39		471				14,685		14,685
Metro de Málaga, S.A.	10,273	(121)						10,152		10,152
Torres Porta Fira, S.A.	8,332	16						8,348		8,348
Urbs Iudex et Causidicus, S.A.	2,820	(136)		(16,172)				(13,488)		(13,488)
Autovía del Camino, S.A.		(83)		(11,419)				(11,502)		(11,502)
Domino Holdings, S.A.						(20,631)		(20,631)		(20,631)
Eumex Group						(13,499)	1,304	(12,195)		(12,195)
Concesiones de Madrid, S.A.	10,000	1,108	(819)	(1,662)				8,627		8,627
Tramvia Metropolitana, S.A.		676		(1,944)			(349)	(1,617)		(1,617)
Tramvia Metropolitana del Besós, S.A.	481	(213)		(1,397)			(194)	(1,323)		(1,323)
Autopistas del Valle, S.A.	2,670						39	2,709		2,709
Ibisan, Sociedad Concesionaria, S.A.	2,613	(72)						2,541		2,541
Other	6,153	4,165	(2,253)	(3,203)	(3,081)	(3,140)	(1,047)	(2,406)	1,173	(1,233)
Total 2005	70,045	78,364	(38,216)	(35,136)	(3,081)	(33,219)	(111)	38,646	1,201	39,847
Balance at 12.31.05								481,380	30,308	511,688

In 2005 the Tacel Group was accounted for using the equity method, due to the increase in the Group's ownership interest in this Group to 44.64%.

Also, the Eumex Group and Domino Holdings, S.A. were transferred to available-for-sale financial assets, since in 2005 the Group was no longer in a position to exercise significant influence over these companies.

In 2004 the 50% ownership interest 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 EUR 23,264 thousand, which is included under the heading "Other Gains or Losses" in the accompanying 2004 consolidated income statement.

The detail of the assets, liabilities, revenue and profit for 2005 and 2004 of the associates, in proportion to the ownership interest in each company, is as follows:

2005	Realia Business Group	Other
ASSETS		
Non-current assets	379,822	781,197
Leased buildings	307,755	
Other non-current assets	72,067	781,197
Current assets	621,921	204,538
Inventories	573,040	31,969
Other current assets	48,881	172,569
Total Assets	1,001,743	985,735
EQUITY AND LIABILITIES		
Equity	353,656	193,693
Non-current liabilities	378,679	518,170
Non-current bank borrowings	153,377	353,682
Other non-current liabilities	225,302	164,488
Current liabilities	269,408	273,872
Current bank borrowings	15,643	128,513
Other current liabilities	253,765	145,359
Total Liabilities	1,001,743	985,735
Income statement		
Revenue	293,575	144,993
Profit from operations	105,930	26,539
Profit before tax	109,559	15,346
Profit attributable to the parent	67,489	10,875
2004		
	Realia Business Group	Other
ASSETS		
Non-current assets	364,217	462,577
Leased buildings	310,379	
Other non-current assets	53,838	462,577
Current assets	542,132	184,245
Inventories	485,372	32,237
Other current assets	56,760	152,008
Total Assets	906,349	646,822
EQUITY AND LIABILITIES		
Equity	310,956	199,669
Non-current liabilities	319,995	278,431
Non-current bank borrowings	150,567	243,579
Other non-current liabilities	169,428	34,852
Current liabilities	275,398	168,722
Current bank borrowings	18,122	54,529
Other current liabilities	257,276	114,193
Total Liabilities	906,349	646,822
Income statement		
Revenue	277,867	157,420
Profit from operations	94,617	25,522
Profit before tax	87,536	23,781
Profit attributable to the parent	52,043	19,622

The Realia Business Group, in which the Group has an ownership interest of 49.17%, engages mainly in property development and operation, and its non-current assets include more than 40 emblematic buildings leased out with an area of over 500,000 m² in the best locations in Spain and Portugal. The market value at December 31, 2005, of the leased buildings amounted to EUR 1,450,420 thousand (EUR 1,240,500 thousand at December 31, 2004) which represented gains of EUR 824,520 thousand (EUR 609,263 thousand at December 31, 2004) with respect to the carrying amount. These values were determined on the basis of market information provided by external independent experts.

The column "Other" refers to associates which are mostly Group companies that engage in the operation of concessions such as water services, motorways, tunnels and passenger transport. These companies are generally near the commencement of the concession term, as evidenced by the proportion of their debt with respect to their equity.

10. JOINT VENTURES

The Group companies undertake certain of their business activities through interests in ventures in which the FCC Group exercises joint control with other non-Group venturers. These joint ventures were proportionately consolidated, as indicated in note 4 above. Joint control over these ventures is established through interests in entities with different legal forms.

The main aggregates of the joint ventures at December 31, 2005 and 2004, were as follows:

	Unincorporated joint ventures, economic interest groupings and joint property entities	Companies	Total
2005			
Revenue	1,293,341	319,608	1,612,949
Gross profit from operations	108,580	61,684	170,264
Net profit from operations	80,859	33,331	114,190
Non-current assets	118,803	344,017	462,820
Current assets	1,137,345	170,068	1,307,413
Non-current liabilities	24,097	159,552	183,649
Current liabilities	1,026,061	181,080	1,207,141
2004			
Revenue	1,222,757	247,351	1,470,108
Gross profit from operations	112,340	33,516	145,856
Net profit from operations	81,845	12,716	94,561
Non-current assets	74,611	292,796	367,407
Current assets	1,005,676	146,166	1,151,842
Non-current liabilities	17,610	120,786	138,396
Current liabilities	761,663	141,470	903,133

At 2005 year-end the Group companies had commitments to acquire property, plant and equipment for contribution to joint ventures amounting to EUR 54,545 thousand. Also, property, plant and equipment purchase commitments made directly by the joint ventures in 2005 amounted to EUR 98,107 thousand, based on the percentage interest held by the Group companies.

The businesses managed through unincorporated joint ventures, joint property entities, silent participation agreements, economic interest groupings and other entities of a similar legal nature require the venturers to share joint and several liability for the business activity carried on. Conversely, in joint ventures set up as corporations, limited liability companies or the like, the liability of the venturers is limited to their percentage interest in these companies.

Guarantees amounting to EUR 789,665 thousand were provided, mostly to government agencies and private customers, for joint ventures managed jointly with non-Group third parties, as security for the performance of construction projects and urban cleaning contracts.

11. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

Financial assets are recognised initially at acquisition cost.

All acquisitions and sales of assets are recognised at the date of the transaction.

The financial assets held by the Group companies are classified as:

- Held-for-trading financial assets are assets acquired with the intention of generating a profit from short-term fluctuations in their prices. These assets, which are expected to mature within 12 months, are included under the heading "Other Current Financial Assets" in the accompanying consolidated balance sheet.
- Held-for-trading financial assets which are expected to be realised or to mature within three months or less and whose realisation is not expected to give rise to significant costs are included in the accompanying consolidated balance sheet under the heading "Cash and Cash Equivalents".
- Held-to-maturity financial assets are assets with fixed or determinable payments and fixed maturity. Those maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.
- Loans maturing within no more than 12 months are classified as current loans and those maturing within more than 12 months as non-current loans. They are measured at the amount delivered plus the unmaturing accrued interest at the balance sheet date. The appropriate valuation adjustments are made by recognising allowances for doubtful debts.
- Available-for-sale financial assets are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

As indicated in note 2, the Group decided to apply IAS 39 from January 1, 2005. Accordingly, in 2005, after the date of their acquisition, the held-for-trading and available-for-sale financial assets were measured at their fair value at the balance sheet date.

The fair value of a financial instrument is taken to be the amount for which it can be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction, i.e. fair value is the estimated market value.

In the case of held-for-trading financial assets, the gains or losses arising from changes in fair value are recognised in profit or loss for the year. In the case of available-for-sale financial assets, the gains or losses arising from changes in fair value are recognised directly in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in the net profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been written off, the loss is recognised in the consolidated income statement.

Held-to-maturity investments and originated loans and receivables are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, or market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life.

The most significant balances under the headings "Non-Current Financial Assets" and "Other Current Financial Assets" in the accompanying consolidated balance sheets are as follows:

a) Non-current financial assets

The breakdown of the non-current financial assets is as follows:

	2005	2004
Available-for-sale financial assets	67,410	62,063
Non-current loans	114,320	92,628
Held-to-maturity investments	2,641	—
	184,371	154,691

Available-for-sale financial assets

Breakdown of the balance at December 31, 2005:

	Effective percentage of ownership	Fair value
2005		
Ownership interests of 5% or more:		
Domino Holdings, S.A.	15.00	20,631
Eumex Group	50.00	13,499
World Trade Center Barcelona, S.A.	16.52	9,987
Xfera Móviles, S.A.	7.76	—
Transportes Ferroviarios de Madrid, S.A.	12.19	3,786
SCL Terminal Aéreo de Santiago, S.A.	14.77	2,423
Artscapital Investment, S.A.	10.83	—
Scutvias-Autoestradas Da Beira Interior, S.A.	13.33	4,098
Vertederos de Residuos, S.A.	16.03	3,590
Shopnet Brokers, S.A.	15.54	—
Build2Edifica, S.A.	15.45	796
WTC Almeda Park, S.A.	12.50	1,283
Other		3,134
Ownership interests of less than 5%		
Parque Temático de Madrid, S.A.	1.75	1,758
Auna Operadores de Telecomunicaciones, S.A.	0.01	—
Other		2,425
		67,410

Most of these securities correspond to concession operators in relation to which the Group companies were awarded the contracts to perform the construction projects forming the subject matter of the related concessions.

In 2004 the financial assets, except derivatives, were measured at the lower of historical cost or market value. As a result, all the losses existing at December 31, 2004, were recognised, whereas unrealised gains on the securities, except for those disclosed at the time of the acquisition and still existing at the 2004 balance sheet date, were not recognised.

Breakdown of the balance at December 31, 2004:

	Effective percentage of ownership	Cost	Allowances	Carrying amount
2004				
Ownership interests 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
SCL Terminal Aéreo de Santiago, S.A.	14.77	5,048	(2,625)	2,423
Tacel Group	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		4,994	(1,227)	3,767
Ownership interests of less than 5%				
Parque Temático de Madrid, S.A.	1.75	3,516	(1,758)	1,758
Auna Operadores de Telecomunicaciones, S.A.	0.01	1,909	—	1,909
Other		1,562	(1,447)	115
		88,915	(26,852)	62,063

It should be noted that the Group has had a direct or indirect ownership interest in Xfera Móviles, S.A., the holder of a UMTS wireless telephony licence, since 2000, initially through an indirect ownership interest of 17.23% in Venditelecom España, S.L., which in turn held a 29.49% stake in Xfera Móviles, S.A., giving the FCC Group an effective ownership interest of 5.08% in Xfera Móviles, S.A. In 2003 the Vivendi Group decided

to cease to hold any ownership interest in Xfera Móviles, S.A. and, as part of this change of shareholder structure, Venditecom España, S.L. sold all its shares of Xfera Móviles, S.A. to certain of the latter's other shareholders, which included Fomento de Construcciones y Contratas, S.A. As a result, Fomento de Construcciones y Contratas, S.A. had a direct ownership interest of 7.47% in Xfera Móviles, S.A. as a result of the acquisitions made from Venditecom España, S.L. and Vivendi Telecom Internacional, S.A. for a price of EUR 0.24. Until that date, the FCC Group's investment in Xfera Móviles, S.A. through Venditecom España, S.L. amounted to EUR 26,776 thousand, which had been provisioned in full with a charge to income in 2002 and 2003.

In 2004 there were further changes in the shareholder structure and various share capital transactions at Xfera Móviles, S.A., which increased the FCC Group's direct ownership interest to 8.26% and entailed an additional investment of EUR 5,413 thousand, which was also provisioned in full. Of this investment of EUR 5,413 thousand, EUR 3,264 thousand relate to the amount FCC had to acquire, as a result of an arbitral award, when Vodafone ceased to be a shareholder of Xfera Móviles, S.A. Also, in 2004 Venditecom España, S.L. was liquidated.

In 2005 the FCC Group's direct ownership interest in Xfera Móviles, S.A. was 7.76%, since it did not subscribe the capital increase carried out at the latter in that year.

At December 31, 2005, the Parent had provided guarantees for Xfera Móviles, S.A. amounting to EUR 31,607 thousand (EUR 28,625 thousand in 2004).

In September 2005 the Board of Directors of Xfera Móviles, S.A. resolved to take all the measures required to prepare the commercial launch in 2006 and, consequently, to reactivate all the necessary investment commitments to carry out the launch.

The changes in the available-for-sale financial assets in 2005 and 2004 were as follows:

Available-for-sale financial assets	Cost	Impairment losses	Disposals and reductions	Transfers to/from associates	Translation differences, changes in the scope of consolidation and other changes	Carrying amount	Changes in fair value	Fair value
Balance at 01.01.04						65,931		N/A
Xfera Móviles, S.A.	5,413	(5,413)						
Alazor Inversiones, S.A.	1,340	(991)						
Vertederos de Residuos, S.A.	1,107							
(Safei) Group			(3,547)					
Other	985	(2,762)						
Total 2004	8,845	(9,166)	(3,547)			(3,868)	N/A	
Balance at 12.31.04						62,063		N/A
Domino Holdings, S.A.				20,631				
Eumex Group				13,499				
Tacel Group				(4,051)				
Alazor Inversiones, S.A.	2,078		(32,431)					
Auna Operadores de Telecomunicaciones, S.A.		(1,909)						
World Trade Center Barcelona, S.A.							3,370	
Vertederos de Residuos, S.A.							2,483	
Other	821	(4)	(527)		690		697	
Total 2005	2,899	(1,913)	(32,958)	30,079	690	(1,203)	6,550	
Balance at 12.31.05						60,860	6,550	67,410

In 2005 the FCC Group began to restructure and concentrate its investments in infrastructure concession operators. In the framework of this process, in 2005 the Group's ownership interest in Alazor Inversiones, S.A. was sold for EUR 33,862 thousand giving rise to a gain of EUR 1,431 thousand, which is recognised under the heading "Income from Changes in Value of Financial Instruments" in the accompanying consolidated income statement. Also, in 2005, as indicated in note 9, the Tacel Group was deemed to be an associate because the Group's ownership interest in it increased to 44.64%. Additionally, as indicated in note 28, in January 2006 a further stake of 10% was purchased for EUR 13,500 thousand, bringing the total ownership interest in this company to 54.64%.

A significant change in 2004 was the transfer of 10% of Inversiones y Estudios Financieros, S.A. (Safei) under the terms and conditions established in the put option held by the FCC Group, giving rise to a gain of EUR 21,738 thousand, which is recognised under the heading "Other Gains or Losses" in the 2004 consolidated income statement.

Non-current loans

The non-current loans granted by Group companies to third parties mature as follows:

	2007	2008	2009	2010	2011 and subsequent years	Total
Non-trade loans	15,106	9,136	11,992	10,390	48,417	95,041
Deposits and guarantees	3,439	138	567	208	17,756	22,108
Allowances	—	—	—	—	—	(2,829)
	18,545	9,274	12,559	10,598	66,173	114,320

The non-trade loans include mainly the amounts granted to government agencies for the financing of infrastructures and refinancing of debt in the water service and urban cleaning businesses.

The deposits and guarantees relate mainly to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease guarantee deposits, etc.

In 2005 there were no events that raised doubts concerning the recovery of these loans.

b) Other current financial assets

The breakdown of the balance at December 31, 2005 and 2004, is as follows:

	2005	2004
Held-for-trading financial assets	7,526	35,278
Government debt securities	2,481	1,924
Equity mutual funds	2,402	801
Fixed-income mutual funds	1,918	2,378
Commercial promissory notes and other	725	30,175
Other loans	48,410	83,274
Loans to non-Group third parties	26,477	35,075
Deposits at banks	5,284	36,750
Other	16,649	11,449
Deposits and guarantees given	14,955	5,831
Allowances	(3,507)	(3,382)
	67,384	121,001

This heading in the accompanying consolidated balance sheet includes investments in held-for-trading financial assets and other loans with a term of over three months for the placement of cash surpluses.

The average rate of return obtained in 2005 in this connection was 2.1%.

These assets are unrestricted as to their use, except for the amounts under the heading "Deposits and Guarantees Given", which relate to amounts paid to secure certain contracts which will be recovered once the contracts expire.

12. OTHER NON-CURRENT ASSETS

As indicated in note 2 above, in accordance with the options provided by IFRS 1 (First-Time Adoption of International Financial Reporting Standards), IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) were applied from January 1, 2005, and, accordingly, in 2004 treasury shares and deferred interest on non-trade payables, which, in accordance with Spanish GAAP, had been recognised at repayment value, are recognised as assets in the accompanying consolidated balance sheet, also in accordance with Spanish GAAP. Consequently, at December 31, 2004, in addition to the capitalised deferred tax liabilities, which are discussed in note 19 (Tax Matters), the shares of Fomento de Construcciones y Contratas, S.A. held by it or by other subsidiaries and the deferred charges under finance leases relating to property, plant and equipment were included under the heading "Other Non-Current Assets" in the consolidated balance sheet.

In 2005 the treasury shares were deducted from equity (see note 16) and the deferred interest on non-trade payables were deducted from bank borrowings (see note 17).

a) Treasury shares at December 31, 2004

The shares of the Parent were measured at their average acquisition price, which approximates their underlying carrying amount at 2004 year-end.

At December 31, 2004, the Parent held 434,322 treasury shares representing 0.33% of its share capital, with a carrying amount of EUR 9,422 thousand.

Also, the subsidiaries Compañía Auxiliar de Agencia y Mediación, S.A. and Grucycsa, S.A. held 316,008 and 475 shares of the Parent, respectively, which represented 0.25% of the latter's share capital and are reflected in these Group companies' accounting records at a net value of EUR 1,117 thousand.

Under the Corporations Law, of the total reserves for the year EUR 10,539 thousand are considered to be restricted until such time as the treasury shares held by Fomento de Construcciones y Contratas, S.A. and the latter's shares held by the Group companies are disposed of or retired. This amount coincides with the amount at which these shares are carried on the asset side of the accompanying consolidated balance sheet at December 31, 2004, and which, for the purpose of determining the carrying amount of the "Equity Attributable to Shareholders of the Parent", must be deducted from the balance of EUR 2,031,231 thousand under this heading on the liability side of the consolidated balance sheet.

In 2004 there were no transactions involving treasury shares.

b) Deferred charges at December 31, 2004

In 2004 under Spanish GAAP, when obligations under finance leases for property, plant and equipment represented in practice financing for the acquisition of these assets, they had to be recognised on the liability side of the balance sheet at their repayment value. The difference between the repayment value at the date the lease was arranged and the cost of the assets acquired was treated as a deferred charge in assets and was recognised in the consolidated income statement on a time proportion basis, based on the outstanding amount and repayment period of the principal.

The consolidated balance sheet at December 31, 2004, includes capitalised deferred charges in this connection amounting to EUR 2,929 thousand.

13. INVENTORIES

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans are measured at the lowest of the following three values: the amount at which the loan relating to the asset is recognised, production cost or net realisable value.

The breakdown of the inventories at December 31, 2005 and 2004, is as follows:

	2005	2004
Properties	188,729	118,003
Raw materials and other procurements	288,518	226,209
Construction	155,552	108,468
Cement	74,393	65,065
Versia	29,092	28,617
Environmental services	23,642	20,041
Other business activities	5,839	4,018
Finished goods	27,552	20,399
Advances	11,251	14,133
Allowances	(6,965)	(6,327)
	509,085	372,417

"Properties" includes land intended for sale, acquired by the FCC Construcción Group mainly in exchange for completed construction work, which at December 31, 2005, included most notably:

- in the Madrid Autonomous Community: Ensanche Vallecas amounting to EUR 50,262 thousand acquired in 2005, Las Tablas amounting to EUR 11,631 thousand and Monte Carmelo amounting to EUR 7,155 thousand; and
- in the province of Barcelona: land located in Sant Joan Despí amounting to EUR 45,580 thousand and in Badalona amounting to EUR 24,200 thousand.

This heading includes a balance of EUR 29,824 thousand (EUR 21,028 thousand in 2004) relating to properties in the course of construction, on which there are sale commitments representing a final value on delivery to customers of EUR 91,276 thousand (EUR 94,635 thousand in 2004).

The raw materials and other procurements include the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, spare parts, fuel and other materials required to carry on the business activities.

14. ACCOUNTS RECEIVABLE

This heading in the accompanying consolidated balance sheet includes the present value of the uncollected amounts of revenue, valued as indicated in note 22 (Revenue and Expense Recognition), contributed by the Group's various lines of business and which form the basis of the profit from operations.

The detail of the balance of accounts receivable from non-Group companies at December 31, 2005 and 2004, is as follows:

	2005	2004
Construction certificates receivable and trade receivables for sales	2,295,863	1,958,343
Completed production pending certification	718,464	674,295
Retentions	47,137	38,445
Production billed to associates not yet collected	104,901	61,834
Allowances for doubtful debts	(191,962)	(145,131)
Accounts receivable	2,974,403	2,587,786
Advances received on orders	(603,694)	(417,130)
Total net account receivables	2,370,709	2,170,656

The foregoing total is the net balance of trade receivables after taking into consideration the adjustments for the risk of doubtful debts and after deducting the balance of the heading "Trade Payables - Advances Received on Orders" on the liability side of the accompanying consolidated balance sheet, which also includes the collected and uncollected certificate prebillings for various items.

The heading "Construction Certificates Receivable and Trade Receivables for Sales" reflects the amount of the certificate billings to customers for completed work and services provided pending collection at the consolidated balance sheet date. Of the total balance, EUR 11,848 thousand of notes receivable had been discounted (EUR 15,194 thousand in 2004) and the related bank borrowings are shown on the liability side of the consolidated balance sheet.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured in accordance with the bases set forth in note 22 (Revenue and Expense Recognition) and the amount of the certificates issued through the date of the consolidated financial statements is included under the heading "Accounts Receivable – Completed Production Pending Certification".

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The balance of accounts receivable was reduced by EUR 235,794 thousand in this connection at December 31, 2005 (EUR 284,887 thousand at December 31, 2004). These transactions bear interest under normal market conditions. The Group companies continue to manage collection. Also, future collection rights arising from construction project contracts awarded under the full payment of price method were sold for EUR 73,470 thousand (EUR 116,784 thousand at December 31, 2004). This amount was deducted from the balance of the heading "Completed Production Pending Certification".

Substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred through the sale and assignment of the receivables, since no repurchase agreements have been entered into between the Group companies and the credit institutions that have acquired the assets, and the credit institutions may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognised from the consolidated balance sheet.

The balance of trade receivables for construction activities at December 31, 2005, was EUR 1,159,035 thousand (EUR 1,135,793 thousand at December 31, 2004), after deduction of the collection rights assigned and advances received on orders, of which EUR 110,275 thousand related to customers abroad (EUR 106,342 thousand at December 31, 2004). The detail at December 31, 2005 and 2004, of the accounts receivable from Spanish customers for construction activities, distinguishing between the public and private sectors, is as follows:

Entities	2005	2004
Central government	139,586	152,272
Autonomous Community governments	173,854	172,783
Municipal councils	44,236	62,477
Autonomous agencies and state-owned companies	241,709	243,440
Public sector	599,385	630,972
Private sector	449,375	398,479
	1,048,760	1,029,451

15. CASH AND CASH EQUIVALENTS

The principal aims of the administrative management of its cash by the Group is to optimise the cash position, controlling liquidity and cash needs, endeavouring, through efficient cash management, to ensure that the balance in the Group's bank accounts is as low as possible, and, when the cash position is negative, to use financing lines at the lowest possible cost for the Group.

The cash of the subsidiaries directly or indirectly wholly-owned by Fomento de Construcciones y Contratas, S.A. is managed on a centralised basis. The liquidity positions of these investees flow towards the head of the Group, which ultimately transfers these surpluses to Asesoría Financiera y de Gestión, S.A., the Group company responsible for achieving a return on these cash surpluses by making investments under the best possible terms, bearing in mind liquidity and safety limits at all times.

In order to cover the liquidity requirements of the Group companies with cash deficits, financing lines are provided to them by financial institutions (see note 17).

The financial assets relate basically to very short-term, highly liquid investments with a high turnover whose immediate realisation would not give rise to significant costs.

The detail of this balance at December 31, 2005 and 2004, is as follows:

	2005	2004
Cash	381,144	255,482
Deposits and guarantees maturing within no more than three months	9,502	7,590
Financial assets maturing within more than three months	650,970	485,879
	1,041,616	748,951

16. EQUITY

The consolidated statements of changes in equity at December 31, 2005 and 2004, show the changes in equity attributable to the shareholders of the Parent and to the minority interests in those years. The amounts at the transition date, January 1, 2004, relate to the equity included in the opening balance sheet prepared in accordance with IFRSs, as adopted by the European Union, and with the options and bases set forth in note 2 to these consolidated financial statements.

I. Equity attributable to shareholders of the parent

a) Share capital

The share capital of Fomento de Construcciones y Contratas, S.A. consists of 130,567,483 ordinary bearer shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are included in the selective Ibex 35 index and are publicly listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are traded through the Spanish computerised trading system (Continuous Market).

With regard to the investments of 10% or more owned directly or indirectly (through subsidiaries) by other companies, as required by current legislation B 1998, S.L. has informed us that it has a direct and indirect ownership interest of 52.483% in the share capital. Also, per the data recorded at the Spanish National Securities Market Commission (CNMV), Acciona, S.A. has an ownership interest of 15.055%.

The aforementioned company, B 1998, S.L., in which Esther Koplowitz Romero de Juseu, Ibersuizas Holdings, S.L., Simante, S.L., Larranza XXI, S.L. and Cartera Deva, S.A. have ownership interests of 73.375%, 10.552%, 5.726%, 5.339% and 5.008%, respectively, has certain commitments to its shareholders, recorded and published by the CNMV, including most notably that relating to the distribution of dividends, which determines that FCC'S pay-out will be a minimum of 50%.

At the Annual General Meeting held on June 21, 2005, the shareholders of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to increase share capital, including through the issuance of shares carrying no voting rights, under Article 153.1 b) of the Corporations Law. Under this authorisation, these increases may not exceed an aggregate amount of EUR 65,283 thousand, i.e. one-half of the Parent's share capital.

b) Retained earnings and other reserves

The breakdown of the balance of this heading in the accompanying consolidated balance sheets at December 31, 2005 and 2004, is as follows:

	2005	2004
Reserves of the Parent	701,956	682,310
Treasury shares	(26,874)	—
Consolidation reserves	1,121,733	950,281
Valuation adjustments	(30,607)	—
Translation differences	13,626	(5,915)
	1,779,834	1,626,676

b.1) Reserves of the Parent

This heading relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, which originate mainly from retained earnings, and which were set up in accordance, where appropriate, with the applicable legislation.

The detail at December 31, 2005 and 2004, is as follows:

	2005	2004
Share premium	242,133	242,133
Legal reserve	26,113	26,113
Reserve for treasury shares	9,422	9,422
Reserve for retired shares	2,770	2,770
Voluntary reserves	421,518	401,872
	701,956	682,310

Share premium

The consolidated Corporations Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

Under the consolidated Corporations Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At December 31, 2005, the Parent's legal reserve had reached the stipulated level.

Reserve for treasury shares

There were no changes in this heading in 2005 and 2004.

The Parent holds 434,322 treasury shares of EUR 1 par value each, representing 0.33% of its share capital, with a carrying amount of EUR 9,422 thousand.

In compliance with the obligation provided for under Article 79.3 of the Corporations Law, the Company recognised with a charge to voluntary reserves the reserve for treasury shares amounting to EUR 9,422 thousand. This reserve is restricted until the shares are disposed of or retired.

Reserve for retired shares

This reserve includes the par value of the treasury shares retired in 2002 with a charge to unrestricted reserves, in accordance with Article 167.3 of the Corporations Law. The reserve for retired capital is restricted, unless the same requirements as those stipulated for capital reductions are met.

Voluntary reserves

No limitations or restrictions exist with respect to the use of these reserves, which are recognised on a voluntary basis using profit of the Parent following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

b.2) Treasury shares

In accordance with IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement), at December 31, 2005, the Group's treasury shares were deducted from equity, whereas in 2004 they were classified as an asset (see note 12).

The shares of the Parent are measured at average acquisition cost.

On June 21, 2005, the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. resolved to authorise the Board of Directors to derivatively acquire treasury shares and to authorise the subsidiaries to acquire shares of the Parent, all within the limits and in accordance with the requirements of Article 75 et seq. of the Corporations Law.

The changes in treasury shares in 2005 were as follows:

	Number of shares	Carrying amount
Balance at December 31, 2004 (note 12)		
Fomento de Construcciones y Contratas, S.A.	434,322	9,422
Compañía Auxiliar de Agencia y Mediación, S.A.	316,008	1,107
Grucycsa, S.A.	475	10
Acquisitions in 2005		
Asesoría Financiera y de Gestión, S.A.	343,922	16,345
Compañía Auxiliar de Agencia y Mediación, S.A.	90	—
Sales in 2005		
Grucycsa, S.A.	(475)	(10)
Balance at December 31, 2005	1,094,342	26,874

At December 31, 2005, the shares of the Parent owned by it or by its subsidiaries represented 0.84% of the share capital.

b.3) Consolidation reserves

This heading in the accompanying consolidated balance sheet includes the reserves at fully and proportionately consolidated companies and at companies accounted for using the equity method generated from the date on which the companies were acquired. The detail of amounts included under this heading for each of the most significant companies at December 31, 2005 and 2004, including, where appropriate, the Group's subsidiaries, is as follows:

	2005	2004
Cementos Portland Valderrivas Group	320,849	284,667
Afigesa Group	247,929	236,853
FCC Construcción Group	121,868	89,446
Corporación Financiera Hispánica, S.A.	102,633	102,110
FCC Medio Ambiente, S.A.	58,425	40,115
Realía Business Group	54,672	36,153
FCC Versia, S.A.	50,036	43,643
Alfonso Benítez, S.A.	22,053	20,381
Fedemés, S.L.	13,030	13,004
Other and consolidation adjustments	130,238	83,909
	1,121,733	950,281

The percentage corresponding to the Parent of the reserve arising from the revaluation made at certain subsidiaries belonging to the cement line of business pursuant to Royal Decree-Law 7/1996 (as indicated in note 6) at December 31, 2005, amounted to EUR 23,084 thousand (EUR 20,164 thousand at December 31, 2004).

b.4) Valuation adjustments

The changes, net of taxes, in the fair value of available-for-sale financial assets (see note 11) and of the cash flow hedges (see note 25) taken to reserves in accordance with IAS 39 (Financial Instruments: Recognition and Measurement), applied since January 1, 2005, are included under the heading "Changes in the Fair Value of Financial Instruments" in the accompanying consolidated statement of changes in equity.

The detail of the changes in the fair value of the financial instruments taken to equity at December 31, 2005, is as follows:

	Financial derivatives	Available-for-sale financial assets	Total
First-time application of IAS 39 at January 1, 2005	(23,492)	9,429	(14,063)
Changes in 2005	(12,485)	(4,059)	(16,544)
Balance at December 31, 2005	(35,977)	5,370	(30,607)

b.5) Translation differences

As indicated in note 2, the translation differences at January 1, 2004, were recognised, net of the tax effect, as opening reserves and, consequently, the amount included in the Group's consolidated balance sheet at December 31, 2004, is exclusively the amount generated in that year, while the amount included at December 31, 2005, is the cumulative amount generated from the date of transition to IASs until that date.

These differences are measured as the difference between the closing exchange rate for the reporting year and that for the immediately preceding year (date of transition to the IASs for 2004) for the assets and liabilities denominated in currencies other than the euro, and at the average exchange rates for the income statements of the foreign companies operating in currencies other than the euro.

The detail of this heading for each of the most significant companies at December 31, 2005 and 2004, is as follows:

	2005		2004	
USA:				
Giant Cement Holding, Inc.	4,380		(3,858)	
CDN-USA Inc.	1,045		(819)	
Cementos Lemona Group	783		(2,590)	
Other	227	6,435	110	(7,157)
Latin America:				
Proactiva Group	3,005		168	
Cemusa Group	1,711		(102)	
Corporación M&S Internacional C.A., S.A.	237		(226)	
Other	999	5,952	(601)	(761)
Egypt:				
Egypt Environmental Services, S.A.E.	1,052		1,007	
Giza Environmental Services, S.A.E.	733	1,785	1,021	2,028
European Union:				
Dragon Alfa Cement Limited	(237)		(11)	
Other	26	(211)	(37)	(48)
Other		(335)		23
	13,626			(5,915)

In 2005 the recovery of the US dollar and of the main Latin American currencies gave rise to exchange gains, which exceeded the exchange losses that arose in 2004.

The equity of the foreign companies accounts for approximately 14% of the FCC Group's total equity (13% in 2004). The detail, by geographical market, of this equity, after translation to euros as described in note 4-c), is as follows:

	2005	2004
USA	199,724	173,768
Latin America	121,724	114,816
Other	38,474	25,323
	359,922	313,907

Noteworthy in the U.S. market is the Giant Cement Holding, Inc. Group, whose equity amounted to EUR 149,439 thousand at December 31, 2005 (EUR 148,142 thousand at December 31, 2004).

c) Earnings per share

Earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

The amount of the numerator does not include the results from discontinued operations or the amount of preference shares: At the FCC Group it relates to the profit attributable to the Parent. The denominator is the average number of ordinary shares outstanding during the year.

At the Group, the basic earnings per share and the diluted earnings per share are the same, since there are no options, warrants or equivalent or any other type of instrument convertible into ordinary shares or contracts that might have a dilutive effect on earnings per share.

The detail of the Group's basic and diluted earnings per share for 2005 and 2004 is as follows:

	2005	2004
Earnings per share		
Basic	3.25 €	2.79 €
Diluted	3.25 €	2.79 €

d) Interim dividend

On December 21, 2005, the Parent, Fomento de Construcciones y Contratas, S.A., resolved to distribute an interim dividend out of 2005 income equal to 76.6% gross of the par value of the shares (EUR 0.766 per share); this payment (EUR 99,682 thousand) was made on or after January 9, 2005.

II. Minority interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of equity and the profit or loss for the year after tax of the companies in which the Group's minority shareholders have ownership interests.

The detail at December 31, 2005 and 2004, of the balances relating to the main companies with minority interests is as follows:

	Equity		Profit or loss	Total
	Capital	Reserves		
2005				
Cementos Portland Valderrivas Group	13,828	278,042	59,085	350,955
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	(3,388)	(103)	3,747
Corporación M&S Internacional C.A., S.A.	6,197	(1,694)	(2,512)	1,991
Other	9,084	9,038	1,422	19,544
	36,347	281,998	57,892	376,237
2004				
Cementos Portland Valderrivas Group	17,193	317,095	59,100	393,388
Compañía Concesionaria del Túnel de Sóller, S.A.	7,238	(3,229)	(159)	3,850
Corporación M&S Internacional C.A., S.A.	4,266	(1,190)	(163)	2,913
Other	4,499	8,671	2,411	15,581
	33,196	321,347	61,189	415,732

In 2005 the main change in this heading related to the purchase by the Group of an additional ownership interest of 8.5% in Cementos Portland Valderrivas, S.A., which reduced the minority interests relating to the Cementos Portland Valderrivas Group by EUR 81,670 thousand.

The share of the minority interests of Cementos Portland Valderrivas, S.A. in the asset revaluation reserve relating to the revaluation made by the cement companies pursuant to Royal Decree-Law 7/1996, as indicated in note 6, amounted to EUR 11,197 thousand at December 31, 2005 (EUR 14,117 thousand at December 31, 2004).

17. BANK BORROWINGS AND OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The FCC Group's general policy is to provide all the Group companies with the financing structure that is best suited to the normal performance of their business activities. From the quantitative standpoint, the Group provides its subsidiaries with credit facilities covering all their budgeted financial requirements plus an additional amount of up to 30%. Also, financial risk is generally spread over various entities and in the normal course of the Group companies' activities they work with more than 30 financial institutions. The bank borrowings arranged are tied to a floating rate of interest, revised at the customary market intervals for transactions of this nature of one month and three months. However, should the financial transaction so require, the Group arranges interest rate hedging transactions on the basis of the type and structure of each transaction (see note 25).

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

These liabilities are measured at the amount of principal drawn down, plus the related unmatured accrued interest, which is taken to income on the basis of the amount of principal repayable.

a) Non-current and current bank borrowings

The detail at December 31, 2005 and 2004, is as follows:

	Non-current	Current	Total
2005			
Credit facilities	440,176	561,012	1,001,188
Loans	150,931	99,546	250,477
Amounts payable under finance leases	32,715	47,294	80,009
Limited recourse project financing loans	56,920	7,733	64,653
2004	680,742	715,585	1.396.327
Credit facilities	176,355	495,090	671,445
Loans	113,254	99,158	212,412
Amounts payable under finance leases	36,279	35,116	71,395
Limited recourse project financing loans	57,684	10,787	68,471
	383,572	640,151	1,023,723

The increase in non-current credit facilities and loans in 2005 was due to the financing of the acquisition of subsidiaries carried out within the framework of the Group's corporate growth policy in the strategic areas (see Appendix IV - Changes in the Scope of Consolidation).

The limit of the credit facilities and loans granted to the Group is EUR 3,176,808 thousand (EUR 2,679,609 thousand in 2004), against which EUR 1,936,940 thousand had not been drawn down at December 31, 2005 (EUR 1,803,802 thousand at December 31, 2004). The undrawn amounts include most notably a syndicated loan arranged by Fomento de Construcciones y Contratas, S.A. on July 30, 2003, amounting to EUR 800,000 thousand. This loan is subdivided into two tranches: tranche "A", a closed-end credit amounting to EUR 700,000 thousand, of which EUR 300,000 thousand are repayable on July 30, 2007, and the remaining EUR 400,000 thousand is repayable on July 30, 2008, and tranche "B", a revolving line of credit amounting to EUR 100,000 thousand, with final maturity on July 30, 2008. The cost of the two tranches is tied to Euribor plus a spread established on the basis of the debt-equity ratio calculated on the basis of the consolidated financial statements for each year. This spread is currently 0.275%.

The bank borrowings bear average interest basically at the rates prevailing in the various interbank markets, tied to Mibor, Euribor and Libor.

As indicated in note 14 (Accounts Receivable), certain bank loans are secured by notes receivable amounting to EUR 11,848 thousand (EUR 15,194 thousand in 2004).

The balance of the heading "Limited Recourse Project Financing Loans" relates to the amounts payable in connection with the financing of the investments made in the integral water cycle concessions of Vigo and A.I.E. Aguas y Servicios de la Costa Tropical de Granada, Compañía Concesionaria del Túnel de Sóller, S.A. and Zabalgardi, S.A., which owns an urban solid waste recovery plant in Vizcaya.

The average interest rate on the loans is tied to Euribor plus a market spread.

The main characteristics common to this financing are as follows:

- Main security for the lenders: cash flows generated by the project vehicles and their assets, accounts and contractual rights. Since these cash flows constitute the main security for the repayment of the debts, the distribution of funds to the shareholders is restricted until certain conditions have been met, which is evaluated annually. In addition, reserve accounts are set up and maintained over the term of the credit facilities, generally relating to the subsequent six-month debt-servicing period, which are restricted for the company concerned and whose purpose is to meet the debt servicing obligations should the cash flows generated by the company be insufficient. These funds are included under the heading “Other Current Financial Assets” in the accompanying consolidated balance sheet.
- Limited recourse against the shareholders: debt servicing obligations are covered by the income arising from operation of the related services and, provided that the contractual terms and conditions are met, the Group companies do not have any liability if the funds obtained during the term of the debt do not cover the full amount of the principal plus interest.
- Long financing period.

The detail, by currency, of the bank borrowings drawn down at December 31, 2005 and 2004, is as follows:

	Euros	U.S. Dollars	Brazilian Real	Other	Total
2005					
Credit facilities	842,217	112,161	3,737	43,073	1,001,188
Loans	168,250	16,577	32,472	33,178	250,477
Amounts payable under finance leases	78,180	—	393	1,436	80,009
Limited recourse loans	64,653	—	—	—	64,653
	1,153,300	128,738	36,602	77,687	1,396,327
2004					
Credit facilities	566,739	38,910	8,142	57,654	671,445
Loans	148,267	28,991	13,280	21,874	212,412
Amounts payable under finance leases	70,034	—	—	1,361	71,395
Limited recourse loans	68,471	—	—	—	68,471
	853,511	67,901	21,422	80,889	1,023,723

The credit facilities and loans in US dollars were mainly arranged by the US cement companies.

The heading “Other” includes the Latin American currencies, except the Brazilian real, the pound sterling and the North African currencies.

b) Non-current and current debt instruments and other held-for-trading liabilities

These liabilities relate mainly to Giant Cement Holding Inc. as a result of the convertible debenture issue in 2003 divided into two tranches of USD 25 million and USD 30 million, maturing in 2010 and 2013 and bearing fixed interest rates at 4.95% and 5.63%, respectively.

c) Other non-current financial liabilities

This balance sheet heading includes mainly the financing for the acquisition of non-current assets. Of the total balance, EUR 57,768 thousand (EUR 49,826 thousand at December 31, 2004) bear interest at market rates.

d) Other current financial liabilities

This balance sheet heading includes various debt items which do not bear interest, including most notably that relating to the payment of the 2005 interim dividend amounting to EUR 99,682 thousand (EUR 88,491 thousand at December 31, 2004).

e) Repayment schedule

The repayment schedule for the bank borrowings and other non-current financial liabilities is as follows:

	2007	2008	2009	2010	2011 and subsequent years	Total
Non-current bank borrowings	219,730	126,855	61,164	109,430	163,563	680,742
Non-current debt instruments and other held-for-trading liabilities	740	2,220	493	21,193	25,431	50,077
Other non-current financial liabilities	3,452	1,592	885	2,954	71,276	80,159
	223,922	130,667	62,542	133,577	260,270	810,978

f) Other non-current and current liabilities

These headings include nontrade payables incurred by the Group in the course of its business activities. Such liabilities include mainly obligations payable to employees in relation to wage accruals and accrued salaries not yet claimable, deferred accounts payable to non-current asset suppliers and payables in relation to royalties and other items which the concession operators, generally of water services, charge to the end user for the account of the concession providers.

The detail at December 31, 2005 and 2004, is as follows:

	2005	2004
Non-current		
Non-current asset suppliers	29,582	4,538
Other	5,297	—
	34,879	4,538
Current		
Remuneration payable	87,397	78,255
Non-current asset suppliers	78,620	91,300
Royalties and other items	49,304	54,082
	215,321	223,637

18. PROVISIONS

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as finance costs in the consolidated income statement.

Provisions are classified at short or long term in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and long-term provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

The detail of the provisions at December 31, 2005 and 2004, is as follows:

	2005		2004	
Non-current:				
Provisions for pensions and similar obligations	20,424		14,631	
Provisions for litigation	189,627		118,769	
Reinsurance provisions	3,450		16,484	
Environmental provisions	35,964		14,181	
Provisions for contractual and legal guarantees and obligations	46,818		51,205	
Provisions for other contingencies and expenses	118,522	414,805	115,721	330,991
Current:				
Provisions for construction contract settlement and project losses	24,556		21,230	
Provisions for termination benefits to site personnel	6,132	30,688	6,124	27,354

The changes in the heading "Provisions" in 2005 were as follows:

	Long-Term provisions	Short-Term provisions
Balance at 12.31.2004	330,991	27,354
Environmental expenses for the withdrawal or dismantling of assets	19,044	—
Provisions recognised/(reversed)	7,915	1,875
Transfers	66,028	938
Effects of applying IFRS 4 (Insurance Contracts)	(12,143)	—
Translation differences and other changes	2,970	521
Balance at 12.31.2005	414,805	30,688

The transfers relate mainly to liabilities that in 2004 had been classified under the heading "Trade Payables" in the accompanying consolidated balance sheet.

The timing of the expected outflows of economic benefits at December 31, 2005, arising from the obligations covered by long-term provisions is as follows:

	Up to five years	Over five years	Total
Provisions for pensions and similar obligations	9,619	10,805	20,424
Provisions for litigation	13,657	175,970	189,627
Reinsurance provisions	3,442	8	3,450
Environmental provisions	3,802	32,162	35,964
Provisions for contractual and legal guarantees and obligations	40,046	6,772	46,818
Provisions for other contingencies and expenses	60,046	58,476	118,522
	130,612	284,193	414,805

Provisions for pensions and similar obligations

The heading "Long-Term Provisions" in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in note 20.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them.

Reinsurance provisions

As indicated in note 2 to these consolidated financial statements, the Group opted to apply the option established in IFRS 4 (Insurance Contracts) from January 1, 2005, which led to the reversal of equalisation provisions amounting to EUR 12,143 thousand, with a credit to reserves, net of the related tax effect.

In 2004 the reinsurance provisions were measured in accordance with Spanish GAAP, and the related equalisation provisions and the provisions for outstanding risks to cover the Group's reinsurance risk were retained in the accompanying consolidated balance sheet.

Environmental provisions

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities 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 operating 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 non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally efficient process management.

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.

FCC Group management considers that the Group companies' contingencies relating to environmental protection and improvement at December 31, 2005, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 24 to these consolidated financial statements (Information on the Environment) supplements the information set forth with respect to environmental provisions, which relate mainly to landfill clearance and sealing expenses.

Provisions for contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from the obligations relating to non-environmental contractual and legal commitments such as the withdrawals of facilities on completion of certain contracts and expenses incurred in guaranteeing service quality.

Provisions for other contingencies and expenses

This heading includes the items not classified in the foregoing accounts, comprising most notably the provisions to cover risks arising from international businesses, mainly in Latin America and North Africa.

Provisions for construction contract settlements

These provisions are recognised for budgeted losses on construction projects in accordance with the measurement bases set forth in note 22, and for expenses arising from such projects from the date of their completion through the date of their definitive settlement.

Provisions for termination benefits to site personnel

The Group companies recognise provisions for the termination of permanent site personnel in accordance with the consolidated Workers' Statute for contracts of this type. The impact of these provisions on the consolidated income statement is not material.

19. TAX MATTERS

This Note describes the headings in the accompanying consolidated balance sheet and income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

Under authorisation 18/89, the FCC Group is taxed on a consolidated basis for income tax purposes with all the other Group companies that meet the relevant requirements provided for by tax legislation.

a) Deferred tax assets and liabilities

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed.

The Fomento de Construcciones y Contratas Group has capitalised the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

The deferred tax assets arise mainly as a result of the differences between the depreciation and amortisation charges and impairment losses that will become tax deductible from the income tax base in future years. In general, each year the Group companies take the tax credits provided for under tax legislation and, therefore, the deferred tax assets do not include any material tax credit carryforwards.

The tax losses of the subsidiaries were generally offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies, mainly foreign cement companies, recognised deferred tax assets relating to tax losses amounting to EUR 36,163 thousand, since they considered that there are no doubts as to their recoverability.

Deferred tax liabilities arose mainly as a result of:

- The difference between the tax base and the carrying amount of the assets acquired through business combinations, which are recognised in the balance sheet at their fair value at the acquisition date, including most notably various non-current assets, such as concessions, landfills, water distribution facilities, etc. relating to environmental services business amounting to EUR 56,361 thousand (EUR 23,687 thousand in 2004) and certain items belonging to Giant Cement Holding Inc. amounting to EUR 33,420 thousand (EUR 29,364 thousand at December 31, 2004).
- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, including most notably EUR 12,501 thousand (EUR 12,559 thousand at December 31, 2004) relating to 35% of the cost depreciated on an accelerated basis of the Torre Picasso building, which qualifies for the tax benefits provided for in Royal Decree-Law 2/1985 and Royal Decree-Law 3/1993.
- The profit of joint ventures that will be included in the income tax base for the following year.

In 2005 deferred tax assets and liabilities amounting to EUR 1,442 thousand and EUR 8,920 thousand, respectively, were recognised directly under the heading "Retained Earnings and Other Reserves" in the accompanying consolidated balance sheet, due mainly to the impact of the first-time application of IFRS 4 (Insurance Contracts) and translation differences.

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

	2006	2007	2008	2009	2010 and subsequent years	Total
Deferred tax assets	36,114	21,280	5,002	6,352	294,790	363,538
Deferred tax liabilities	67,633	20,885	16,268	16,873	164,379	286,038

b) Tax receivables and payables

The detail at December 31, 2005 and 2004, of the current assets and liabilities included under the headings "Tax Receivables" and "Tax Payables", respectively, is as follows:

Current assets

	2005	2004
VAT refundable	99,684	91,989
Refund of taxes and other items	30,331	18,109
	130,015	110,098

Current liabilities

	2005	2004
Personal and income tax withholdings (from salary income and income from movable capital)	27,819	24,262
Income tax payable	138,569	84,709
VAT payable	176,403	146,626
Levies on construction certificates, services and other items	72,313	59,841
Accrued social security taxes payable	40,006	35,023
	455,110	350,461

c) Income tax expense

The expense for income tax included in the accompanying consolidated income statement is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The applicable tax rate based on the legislation applicable to each company is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date is added to or deducted from the resulting tax charge.

The income tax expense incurred in 2005 amounts to EUR 217,159 thousand (EUR 166,857 thousand in 2004), as shown in the accompanying income statement. Following is the reconciliation of the expense to the tax charge payable:

	2005		2004			
Consolidated accounting profit for the year before tax		696,449		590,525		
	Increase	Decrease	Increase	Decrease		
Consolidation adjustments and eliminations		(59,418)	(59,418)	—	(2,974)	(2,974)
Permanent differences	15,275	(9,286)	5,989	18,646	(26,384)	(7,738)
Adjusted consolidated accounting profit		643,020		579,813		
Temporary differences:						
Arising in the year	274,265	(231,140)	43,125	277,870	(170,348)	107,522
Arising in prior years	128,133	(67,328)	60,805	133,798	(105,669)	28,129
Consolidated taxable profit		746,950		715,464		
					2005	2004
Adjusted consolidated accounting profit					643,020	579,813
Income tax charge (35%)					225,057	202,935
Tax credits and tax relief					(15,070)	(26,915)
Other adjustments					7,172	(9,163)
Income tax payable					217,159	166,857

The tax credits and tax relief include those relating to environmental protection, foreign investments, R&D and the reinvestment of gains on the sale of non-current assets.

Fomento de Construcciones y Contratas, S.A., the subsidiaries composing the FCC Group and the joint ventures have all the years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. In relation to the years which have been reviewed, in certain cases the criteria applied by the tax authorities gave rise to tax assessments, which are currently being appealed against by the related Group companies. However, the Parent's directors consider that the resulting liabilities, relating both to the years open for review and to the assessments issued, will not significantly affect the Group's equity.

20. PENSION PLANS AND SIMILAR OBLIGATIONS

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees.

In addition, following the authorisation by the Executive Committee, in the past an insurance policy was arranged and the premium paid to cover the payment of benefits relating to death, permanent disability, retirement bonuses and pensions and other situations for, among other employees, executive directors and senior executives. In particular, the contingencies giving rise to termination benefits relate to employee terminations for the following reasons:

- a) Unilateral decision of the Company.
- b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal incapacity.
- e) Substantial change in professional terms and conditions.
- f) Retirement of the executive when he reaches 60 years of age at the request of the executive and with the consent of the company.
- g) Retirement of the executive when he reaches 65 years of age by unilateral decision of the executive.

The accompanying consolidated income statement includes premium payments in relation to this insurance policy amounting to EUR 3,810 thousand (EUR 1,109 thousand in 2004) and income from rebates on the premiums paid amounting to EUR 1,281 thousand (EUR 543 thousand in 2004). At December 31, 2005, following payment of the aforementioned net amounts, the fair value of the premiums contributed covered all the actuarial obligations assumed.

In relation to post-employment benefit obligations to former senior executives, the liability side of the accompanying consolidated balance sheet includes the present value of a liability, totalling EUR 3,267 thousand (EUR 3,308 thousand in 2004). Also, remuneration amounting to EUR 221 thousand in both 2005 and 2004, was paid with a charge to this provision.

The cement company Giant Cement Holding Inc., resident in the USA, is obliged to supplement its employees' retirement pension benefits. The related plan assets and obligations were valued by independent actuaries using the "projected unit credit method", based on an average actuarial rate of 6% (6.75% at December 31, 2004). At December 31, 2005, the fair value of the plan assets amounted to EUR 48,430 thousand (EUR 41,456 thousand at 2004 year-end) and the actuarial value of the accrued obligations totalled EUR 50,116 thousand (EUR 39,298 thousand at 2004 year-end). The net difference is a liability of EUR 1,686 thousand (an asset of EUR 2,158 thousand in 2004), which was not included in the accompanying consolidated balance sheet since, as permitted by IAS 19 (Employee Benefits), the Group opted to defer recognition of actuarial gains and losses.

In addition, Giant Cement Holding, Inc. has undertaken to maintain the medical and life insurance of certain of its employees after they have left the company's employ. The accrued obligations, which amounted to EUR 14,978 thousand in 2005 (EUR 12,238 thousand in 2004), were recognised under the heading "Long-Term Provisions – Provisions for Pensions and Similar Obligations". The heading "(Charge to)/Reversal of Operating Provisions" in the accompanying consolidated income statement includes EUR 848 thousand relating to period provisions recognised in 2005 (EUR 735 thousand in 2004) in relation to both provisions for pensions and provisions for medical and life insurance.

21. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At December 31, 2005, the Group had provided EUR 2,510,746 thousand (EUR 2,031,191 thousand at December 31, 2004) 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.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see note 18). Accordingly, the resulting liabilities would not have a significant effect on the Group's equity.

In relation to the Group companies, interests in joint ventures in the form of unincorporated joint ventures, joint property entities, silent participation agreements, economic interest groupings and other entities of a similar legal nature, the venturers share joint and several liability with respect to the activity carried on (see note 10).

There are non-cancellable future payment obligations amounting to EUR 183,138 thousand (EUR 81,370 thousand in 2004) in relation to operating leases on buildings and structures entered into mainly by the companies engaging in the logistics business, which are recognised in the income statement on an accrual basis.

22. REVENUE AND EXPENSE RECOGNITION

In construction activities, the Group recognises results by reference to the stage of completion, determined through the measurement of construction projects performed in the year and the contract costs which are recognised on an accrual basis, and the related revenue is recognised at the selling price of the construction work performed, as specified in the principal contract entered into with the owners, or in amendments thereto approved by the owners, or with respect to which there is reasonable certainty regarding its recovery, since contract revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Budgeted losses are allocated to income.

The revenues and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. The performance and operating costs include the interest accrued at market rates during the customary payment period in the construction and services industries.

Operating income

The companies classify operating income under the heading "Revenue", except for that arising from Group work on non-current assets, grants related to income and expenses chargeable to tenants in the property business, which is recognised as "Other Income" in the consolidated income statement.

Note 23 (Segment Reporting) shows the contribution of the business lines to consolidated revenue.

The detail of "Other Income" is as follows:

	2005	2004
Group work on non-current assets	40,569	45,203
Grants related to income	17,484	11,705
Chargeable expenses of the property business	6,601	5,501
	64,654	62,409

Procurements and other external expenses

The detail of the balance of "Procurements and other External Expenses" is as follows:

	2005	2004
Work performed by subcontractors and other companies	2,080,214	1,821,779
Purchases and procurements	1,196,837	1,048,240
Other external expenses	1,069,045	962,012
	4,346,096	3,832,031

Staff costs

The detail of staff costs is as follows:

	2005	2004
Wages and salaries	1,402,833	1,295,419
Social security costs	393,324	359,389
Other staff costs	67,458	61,016
	1,863,615	1,715,824

The average number of employees at the Group, by professional category, was as follows:

	2005	2004
Managers and university graduates	3,443	2,781
Other qualified line personnel	3,450	3,115
Clerical and similar staff	5,471	5,542
Other salaried employees	55,052	51,990
	67,416	63,428

Finance income and costs

Both finance income and finance costs are recorded in the accompanying consolidated income statement on an accrual basis.

The detail of "Finance Income" is as follows:

	2005	2004
Income from financial assets	29,766	31,317
Interest on "full payment of price" construction projects	6,694	12,921
Other finance income	4,744	3,879
	41,204	48,117

The detail of "Finance Costs" is as follows:

	2005	2004
Interest on payables to third parties	49,239	40,838
Interest on the assignment of accounts receivable and on "full payment of price" construction projects	14,739	17,730
Cash discount and other finance costs	16,903	11,788
	80,881	70,356

Other gains or losses

In 2005 the heading "Other Gains or Losses" included mainly gains on the sale of land adjacent to factories in the cement area not used in production and expenses incurred in the modernisation of production systems at the factories of Giant Cement Holding Inc.

In 2004 this heading included mainly the gains and losses arising on the sale of investments of/in consolidated companies provided that such sales did not lead to discontinued activities or give rise to non-recurring income and costs.

2005	
Changes in the production process at Giant Cement Holding Inc.	(10,163)
Sales of property, plant and equipment of the cement business	7,580
Other items	4,634
	2,051
2004	
Sale of Inversiones y Estudios Financieros, S.A. (Safei) (note 11)	21,738
Partial liquidation of reinsurance activity (note 2)	38,833
Period provision for risks associated with international business (note 18)	(30,000)
Sale of the Grubar Hoteles Group (note 9)	(23,264)
Other items	(3,279)
	4,028

23. SEGMENT REPORTING

a) Business segments

The business segments presented coincide with the strategic business areas, as stated in note 1. The segment reporting, reflected in the following tables, was performed in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Other Activities" column includes the financial activity arising from the Group's centralised cash management, the property business, which is carried on through the operation of Torre Picasso under a community association regime, as explained in note 6, the investment in the Realia Business Group (see note 9), and, lastly, the companies that do not belong to any of the Group's strategic business lines.

Income statement by segment

In particular, the information shown in the following tables includes as the segment result for 2005 and 2004 the following items:

- All operating income and expenses of the subsidiaries and joint ventures relating to the business carried on by the segment.
- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial assets of the segment.
- The share in the results of associates accounted for using the equity method.
- Impairment losses on property, plant and equipment and intangible assets and other gains and losses (see note 22) included under the heading "Other Results".
- The income tax expense relating to the transactions performed by each segment.
- The "Other Activities" column includes, in addition to the aforementioned items, the eliminations due to financial or other transactions between Group segments.
- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown as a contribution to the FCC Group's profit.

	Total Group	Services				Other businesses
		Environment	Versia	Construction	Cement	
2005						
Revenue from non-Group customers	7,089,787	2,078,008	721,509	3,346,724	978,380	(34,834)
Gross profit from operations	988,903	342,761	110,690	191,397	312,309	31,746
Percentage of revenue	13.95%	16.49%	15.34%	5.72%	31.92%	—
Depreciation and amortisation charge	(318,768)	(131,189)	(51,285)	(35,184)	(96,941)	(4,169)
(Charge to)/Reversal of operating allowances	(13,957)	(10,213)	(3,149)	(48)	(265)	(282)
Net profit from operations	656,178	201,359	56,256	156,165	215,103	27,295
Percentage of revenue	9.26%	9.69%	7.80%	4.67%	21.99%	—
Financial profit (loss)	(28,259)	(30,605)	(11,689)	4,942	(13,525)	22,618
Share in results of associates	78,364	1,938	95	(396)	9,238	67,489
Other results	(9,834)	(10,892)	(1,172)	1,694	704	(168)
Profit before tax from continuing operations	696,449	161,800	43,490	162,405	211,520	117,234
Income tax	(217,159)	(58,502)	(15,632)	(54,960)	(68,880)	(19,185)
Minority interests	(57,892)	(1,711)	415	2,491	(5,537)	(53,550)
Profit attributable to the Parent	421,398	101,587	28,273	109,936	137,103	44,499
Contribution to the FCC Group's profit	421,398	101,587	28,273	109,936	83,556	98,046
2004						
Revenue from non-Group customers	6,348,763	1,827,516	519,356	3,123,044	886,758	(7,911)
Gross profit from operations	842,080	285,040	91,083	177,849	267,965	20,143
Percentage of revenue	13.26%	15.60%	17.54%	5.69%	30.22%	—
Depreciation and amortisation charge	(272,093)	(111,855)	(39,405)	(31,987)	(83,580)	(5,266)
(Charge to)/Reversal of operating allowances	(4,850)	(11,305)	(132)	(2,132)	5,077	3,642
Net profit from operations	565,137	161,880	51,546	143,730	189,462	18,519
Percentage of revenue	8.90%	8.86%	9.92%	4.60%	21.37%	—
Financial profit (loss)	(29,015)	(28,516)	(8,919)	(2,691)	(9,343)	20,454
Share in results of associates	71,665	4,644	1,835	558	9,238	55,390
Other results	(17,262)	(13,376)	196	(353)	(1,842)	(1,887)
Profit before tax from continuing operations	590,525	124,632	44,658	141,244	187,515	92,476
Income tax	(166,857)	(42,757)	(14,597)	(46,486)	(55,442)	(7,575)
Minority interests	(61,189)	(1,825)	138	(129)	(5,923)	(53,450)
Profit attributable to the Parent	362,479	80,050	30,199	94,629	126,150	31,451
Contribution to the FCC Group's profit	362,479	80,050	30,199	94,629	74,259	83,342

The detail of the contribution after taxes to the FCC Group's profit of the other items included under the heading "Other Businesses" in 2005 and 2004 is as follows:

	2005	2004
Share of results of the Realia Business Group (note 9)	67,489	52,043
Torre Picasso (note 6)	9,524	7,656
Financial management	12,934	12,415
Partial liquidation of reinsurance business (note 2)	—	25,241
Disposal of investment in Inversiones y Estudios Financieros, S.A. (Safei) (note 11)	—	18,477
Disposal of investment in the Grubar Hoteles Group (note 9)	—	(15,122)
Period provision for risks associated with international business (note 18)	—	(19,500)
Other items	8,099	2,132
	98,046	83,342

Balance sheets by segment

	Total Group	Services				
		Environment	Versia	Construction	Cement	Other businesses
2005						
ASSETS						
Non-current assets	4,200,860	1,489,532	495,156	698,160	1,117,225	400,787
Property, plant and equipment	2,181,635	820,554	284,096	238,489	781,119	57,377
Intangible assets	955,805	461,725	168,800	69,139	216,971	39,170
Investments in associates	511,688	23,645	1,947	160,578	68,363	257,155
Non-current financial assets	184,371	118,280	19,257	33,424	9,191	4,219
Other non-current assets	367,361	65,328	21,056	196,530	41,581	42,866
Current assets	4,738,683	1,068,454	319,626	3,051,837	370,028	(71,262)
Inventories	509,085	34,347	30,482	342,514	96,673	5,069
Trade and other receivables	3,120,598	886,391	246,386	1,785,069	204,312	(1,560)
Other current financial assets	67,384	37,127	879	27,375	3,969	(1,966)
Cash and cash equivalents	1,041,616	110,589	41,879	896,879	65,074	(72,805)
Total assets	8,939,543	2,557,986	814,782	3,749,997	1,487,253	329,525
EQUITY AND LIABILITIES						
Equity	2,608,354	574,773	156,162	375,808	1,001,921	499,690
Non-current liabilities	1,546,700	612,349	253,684	217,590	282,169	180,908
Bank borrowings and other non-current financial liabilities	810,978	408,840	208,233	20,266	176,258	(2,619)
Long-term provisions	414,805	109,801	32,659	124,789	18,633	128,923
Other non-current liabilities	320,917	93,708	12,792	72,535	87,278	54,604
Current liabilities	4,784,489	1,370,864	404,936	3,156,599	203,163	(351,073)
Bank borrowings and other current financial liabilities	831,575	667,790	206,214	135,040	25,936	(203,405)
Trade payables and other current liabilities	3,922,226	701,176	198,713	2,993,176	177,227	(148,066)
Short-term provisions	30,688	1,898	9	28,383	—	398
Total equity and liabilities	8,939,543	2,557,986	814,782	3,749,997	1,487,253	329,525
2004						
ASSETS						
Non-current assets	3,506,196	1,225,592	359,657	599,215	1,021,320	300,412
Property, plant and equipment	1,929,176	700,021	258,375	189,107	719,801	61,872
Intangible assets	653,844	348,512	69,871	74,296	198,820	(37,655)
Investments in associates	471,841	42,127	14,414	123,429	68,505	223,366
Non-current financial assets	154,691	75,032	2,398	63,734	9,400	4,127
Other non-current assets	296,644	59,900	14,599	148,649	24,794	48,702
Current assets	3,957,627	900,801	222,240	2,500,541	285,383	48,662
Inventories	372,417	26,437	31,850	225,301	82,965	5,864
Trade and other receivables	2,715,258	767,311	144,984	1,623,960	165,628	13,375
Other current financial assets	121,001	34,533	3,561	69,562	16,554	(3,209)
Cash and cash equivalents	748,951	72,520	41,845	581,718	20,236	32,632
Total assets	7,463,823	2,126,393	581,897	3,099,756	1,306,703	349,074
EQUITY AND LIABILITIES						
Equity	2,446,963	548,282	143,715	361,363	899,702	493,901
Non-current liabilities	1,017,173	357,229	137,496	116,914	223,111	182,423
Bank borrowings and other non-current financial liabilities	493,476	235,341	97,436	18,362	145,733	(3,396)
Long-term provisions	330,991	85,181	30,013	54,859	16,973	143,965
Other non-current liabilities	192,706	36,707	10,047	43,693	60,405	41,854
Current liabilities	3,999,687	1,220,882	300,686	2,621,479	183,890	(327,250)
Bank borrowings and other current financial liabilities	761,469	635,678	132,866	123,622	37,997	(168,694)
Trade payables and other current liabilities	3,210,864	581,271	167,818	2,474,754	145,893	(158,872)
Short-term provisions	27,354	3,933	2	23,103	—	316
Total equity and liabilities	7,463,823	2,126,393	581,897	3,099,756	1,306,703	349,074

Cash flows by segment

	Total Group	Services			Cement	Other businesses
		Environment	Versia	Construction		
2005						
From operating activities	981,072	273,967	59,714	426,748	202,952	17,691
From investing activities	(840,131)	(344,385)	(172,246)	(109,053)	(95,153)	(119,294)
Total cash flows from operating and investing activities	140,941	(70,418)	(112,532)	317,695	107,799	(101,603)
From financing activities	142,246	107,334	111,154	(2,043)	(64,615)	(9,584)
Total net cash flows for the year	283,187	36,916	(1,378)	315,652	43,184	(111,187)
2004						
From operating activities	793,948	242,899	91,000	187,837	206,771	65,441
From investing activities	(445,554)	(179,346)	(84,838)	(136,655)	(138,654)	93,939
Total cash flows from operating and investing activities	348,394	63,553	6,162	51,182	68,117	159,380
From financing activities	(264,453)	(69,176)	1,817	(89,350)	(69,848)	(37,896)
Total net cash flows for the year	83,941	(5,623)	7,979	(38,168)	(1,731)	121,484

b) Activities and investments by geographical market

Approximately 10% of the Group's business is conducted abroad.

The breakdown, by market, of the revenue earned abroad by the Group companies in 2005 and 2004 is as follows:

	Total	Services			Cement	Other businesses
		Environment	Versia	Construction		
2005						
European Union	328,475	78,583	147,284	91,591	11,017	—
United States	199,451	—	2,063	—	197,388	—
Latin America	146,914	114,190	17,608	15,116	—	—
Other	28,372	6,603	394	20,957	179	239
	703,212	199,376	167,349	127,664	208,584	239
2004						
European Union	315,158	73,910	133,410	100,397	7,441	—
United States	193,204	—	948	—	192,256	—
Latin America	129,714	84,348	13,940	31,426	—	—
Other	12,699	5,072	623	6,411	212	381
	650,775	163,330	148,921	138,234	199,909	381

The detail of the Group's assets and liabilities and the cost of the investments made in property, plant and equipment and intangible assets in 2005 and 2004, by geographical area, is as follows:

	Total Group	Spain	Other European Union Countries	United States	Latin America	Other
2005						
ASSETS						
Non-current assets	4,200,860	3,432,000	130,080	438,097	166,169	34,514
Property, plant and equipment	2,181,635	1,628,116	79,403	340,329	110,564	23,223
Intangible assets	955,805	855,542	38,009	52,709	9,545	—
Investments in associates	511,688	487,466	—	—	16,809	7,413
Non-current financial assets	184,371	143,310	10,554	6,894	23,613	—
Other non-current assets	367,361	317,566	2,114	38,165	5,638	3,878
Current assets	4,738,683	4,343,704	215,636	64,067	111,704	3,572
Inventories	509,085	457,152	6,057	38,137	6,739	1,000
Trade and other receivables	3,120,598	2,909,958	106,072	24,779	77,621	2,168
Other current financial assets	67,384	58,792	1,571	160	6,841	20
Cash and cash equivalents	1,041,616	917,802	101,936	991	20,503	384
Total assets	8,939,543	7,775,704	345,716	502,164	277,873	38,086
LIABILITIES AND EQUITY						
Non-current liabilities	1,546,700	1,153,453	50,647	258,334	59,667	24,599
Bank borrowings and other non-current financial liabilities	810,978	555,511	25,163	177,427	28,305	24,572
Long-term provisions	414,805	365,274	13,701	18,340	17,490	—
Other non-current liabilities	320,917	232,668	11,783	62,567	13,872	27
Current liabilities	4,784,489	4,508,316	132,377	44,106	96,482	3,208
Bank borrowings and other current financial liabilities	831,575	711,042	31,235	16,159	72,207	932
Trade payables and other current liabilities	3,922,226	3,770,650	98,775	27,947	22,637	2,217
Short-term provisions	30,688	26,624	2,367	—	1,638	59
Total	6,331,189	5,661,769	183,024	302,440	156,149	27,807
Equity	2,608,354	2,113,935	162,692	199,724	121,724	10,279
Total liabilities and equity	8,939,543	7,775,704	345,716	502,164	277,873	38,086
Investments in property, plant and equipment and intangible assets	454,209	375,876	15,714	43,582	18,618	419
2004						
ASSETS						
Non-current assets	3,506,196	2,843,148	119,396	367,779	145,492	30,381
Property, plant and equipment	1,929,176	1,458,270	73,227	282,594	89,076	26,009
Intangible assets	653,844	560,631	32,121	46,440	14,651	1
Investments in associates	471,841	431,446	2,769	—	33,265	4,361
Non-current financial assets	154,691	125,505	10,336	17,238	1,608	4
Other non-current assets	296,644	267,296	943	21,507	6,892	6
Current assets	3,957,627	3,591,463	206,369	58,147	96,891	4,757
Inventories	372,417	332,088	7,035	27,020	5,540	734
Trade and other receivables	2,715,258	2,536,168	98,350	21,652	56,318	2,770
Other current financial assets	121,001	110,262	3,068	3,435	4,121	115
Cash and cash equivalents	748,951	612,945	97,916	6,040	30,912	1,138
Total assets	7,463,823	6,434,611	325,765	425,926	242,383	35,138
LIABILITIES AND EQUITY						
Non-current liabilities	1,017,173	697,302	49,225	221,318	28,026	21,302
Bank borrowings and other non-current financial liabilities	493,476	295,186	25,795	144,037	8,316	20,142
Long-term provisions	330,991	265,560	20,541	28,623	15,114	1,153
Other non-current liabilities	192,706	136,556	2,889	48,658	4,596	7
Current liabilities	3,999,687	3,714,504	151,062	30,840	99,541	3,740
Bank borrowings and other current financial liabilities	761,469	660,316	29,752	3,782	66,863	756
Trade payables and other current liabilities	3,210,864	3,032,149	120,360	27,036	28,681	2,638
Short-term provisions	27,354	22,039	950	22	3,997	346
Total	5,016,860	4,411,806	200,287	252,158	127,567	25,042
Equity	2,446,963	2,022,805	125,478	173,768	114,816	10,096
Total liabilities and equity	7,463,823	6,434,611	325,765	425,926	242,383	35,138
Investments in property, plant and equipment and intangible assets	446,940	345,611	9,683	78,404	11,393	1,849

c) Headcount

The average number of employees in 2005 and 2004, by business area, was as follows:

	2005	2004
Services	53,263	48,438
Construction	10,147	10,561
Cement	2,674	2,708
Other businesses	1,332	1,721
	67,416	63,428

24. INFORMATION ON THE ENVIRONMENT

The FCC Group's environmental policy is based not only on strict compliance with current legislation in the area of environmental improvement and protection, but rather goes further through the establishment of preventive planning and an environmental analysis of the various activities performed by the Group in order to minimise their impact on the environment. The implementation of quality management and environmental management systems and follow-up audits are illustrative of the measures taken by the FCC Group in this area. With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

- Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.
- Decrease in environmental impact through adequate planning.
- Ongoing analysis of risks and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

- Identification of environmental issues and of applicable legislation.
- Impact evaluation criteria.
- Measures to be adopted.
- A system for measuring the objectives achieved.

The non-current assets used in environmental conservation activities are classified under the heading "Property, Plant and Equipment" and are depreciated over their useful lives. Also, in accordance with current accounting legislation, the companies recognise the expenses and provisions arising from their environmental commitments.

By their very nature, the environmental services area activities are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, waste water treatment, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the environmental services area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At December 31, 2005, the acquisition cost of the non-current assets assigned to production in the services area totalled EUR 2,151,446 thousand (EUR 1,776,097 thousand at December 31, 2004), and the related accumulated depreciation amounted to EUR 869,167 thousand (EUR 727,564 thousand at December 31, 2004). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 33,578 thousand (EUR 11,987 thousand at December 31, 2004).

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At year-end the Cementos Portland Valderrivas Group had non-current assets relating to environmental conservation and protection amounting to EUR 66,681 thousand (net of depreciation) (EUR 46,733 thousand in 2004).

In relation to CO₂ emission allowances, the Ministry of the Environment resolved to assign for no consideration to the El Alto, Olazagutía, Hontoria and Alcalá de Guadaíra factories emission allowances for 2005-2007, and, specifically, in 2005 the Cementos Portland Valderrivas Group received allowances totalling EUR 5,543 thousand tonnes. The emission allowances consumed in 2005 totalled EUR 5,471 thousand tonnes. The cost of the emission allowances consumed amounted to EUR 42,951 thousand, which was classified under the heading "Procurements and Other External Expenses" in the accompanying consolidated income statement. This heading also includes the grant recognised for the rights received for no consideration and, accordingly, the impact on profit for the year was scanty material. Also, since these emission allowances are fully subsidised assets, they are not recognised in the consolidated balance sheet because their carrying amount is zero.

The construction division adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land and the development of specific training programs for the techniques involved in the environmental decision-making process. It has also implemented an "Environmental Behaviour Code" which establishes the requirements for subcontractors and suppliers in the area of environmental conservation and protection.

25. FINANCIAL RISK MANAGEMENT POLICIES

Foreign exchange risk

The FCC Group's current positioning in international markets means that the concept of foreign exchange risk in the global context of the Group has only a moderate effect. However, despite its limited materiality, the Group's policy is to reduce as far as possible the adverse effect that this risk may have on its financial statements, due both to transactions and to changes in equity. In practice, the effect of the former is reduced should the volume of transactions make it advisable, through the arrangement of the appropriate hedging instruments. As regards the effect on the latter, i.e. on balance sheet operations, when the situation so requires and provided that there is liquidity in the related financial markets and there are appropriate instruments and time horizons, the Company attempts to achieve hedging by arranging financing in the same currency as that in which the asset in question is denominated.

Interest rate risk

In view of the nature of the Group's activities, in which working capital management plays an essential role, its general policy is to use as the reference for its financial debt the rate which best reflects changes in inflation. Accordingly, the Group endeavours to ensure that both the current financial assets which, to a large extent, provide natural hedging for its current financial liabilities, and the Group's debt are tied to floating interest rates.

As an exception to this general policy, in the case of long-term transactions, the Group arranges interest rate hedges provided that markets exist and that the project's financial structure so requires. Accordingly, as detailed below, the FCC Group has arranged hedges mainly in the form of IRSs, in which the Group companies pay fixed rates and receive floating rates.

Solvency risk

At December 31, 2005, the FCC Group's net financial debt amounted to EUR 403,037 thousand (EUR 270,083 thousand at 2004 year-end), as shown in the following table, which represents 15% (11% in 2004) of equity at that date:

	2005	2004
Bank borrowings	1,396,327	1,023,723
Debt instruments and other held-for-trading liabilities	50,191	43,410
Other interest-bearing financial debt	65,519	72,902
Current financial assets	(67,384)	(121,001)
Cash and cash equivalents	(1,041,616)	(748,951)
Net financial debt	403,037	270,083

FCC's current objective is to combine the development of its strategic areas with that arising from corporate transactions. This corporate growth policy will focus exclusively on acquisitions within the strategic areas.

The Group wishes to achieve this growth, both in terms of sales and profit, without exceeding a gearing ratio of 50% and maintaining a debt/EBITDA ratio of less than 2.5, thereby ensuring the Group's financial solvency.

Liquidity risk

In view of the current stable situation of the financial markets and the low percentage of debt with respect to EBITDA (41% at December 31, 2005 as compared to 32% at December 31, 2004), all the Group's borrowing transactions can foreseeably be renewed and even extended if required and, accordingly, there are no indications that the Group will experience liquidity problems at medium term.

Financial derivatives designated as hedging instruments

A financial derivative is a financial instrument or any other type of contract that has the following characteristics:

- Its value varies on the basis of changes in certain variables, such as interest rates, the price of a financial instrument, exchange rates, credit ratings or any other type of variable which may be of a non-financial nature.
- It does not require an initial net investment.
- It will be settled on a future date.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign exchange or interest rate risks or risks associated with balances and transactions.

In order to be considered a hedge, a financial derivative must necessarily:

- Cover one of the following three risks:
 - a) Changes in the fair value of assets and liabilities.
 - b) Changes in projected cash flows relating to financial assets and liabilities.
 - c) Net investments in a foreign operation.
- Effectively eliminate the risk inherent to the hedged item or position throughout the projected term of the hedge. The hedge is considered to be effective when the changes in expected cash flows or in the fair value of the item hedged are offset in a range of 80% - 125% by those of the derivative.
- Be able to be measured reliably in terms of its effectiveness; and
- Be accompanied by formal documentation at the inception of the hedge and during the term of the hedge clearly identifying the items to be hedged, the hedge instrument and the nature of the hedged risk.

At December 31, 2005, the FCC Group had arranged hedging transactions totalling EUR 470,660 thousand (EUR 179,600 thousand at 2004 year-end), mainly in the form of IRSs in which the Group companies pay fixed interest rates and receive floating interest rates. The detail of the cash flow hedges, in which the amounts relating to joint ventures and associates is shown in proportion to the percentage of ownership, is as follows:

	Notional Amount Hedged	Maturity Date
Fully consolidated companies		
Giant Cement Holding Inc.	25,400	07.01.2008
Fomento de Construcciones y Contratas, S.A.	2,780	12.31.2006
Aqualia Gestión Integral del Agua, S.A.	2,780	12.31.2006
	30,960	
Joint ventures		
CDN-USA Group	17,000	01.17.2009
Agua y Servicios de la Costa Tropical de Granada, A.I.E.	2,900	11.04.2008
	19,900	
Associates		
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A.	176,900	12.15.2006/2012
Autovía del Camino, S.A. (*)	66,300	12.15.2024/2027
Tacel Group	60,300	07.31.2013
Cedinsa Group	52,700	05.01.2033
Hospital del Sureste, S.A.	10,800	06.30.2034
Tramvia Metropolità del Besós, S.A.	15,700	06.30.2023
Tramvia Metropolità, S.A.	15,200	10.31.2023
Urbs Iudex et Causidicus, S.A.	10,500	12.30.2033
Terminal Polivalente de Castellón, S.A.	9,400	07.28.2009
Ruta de los Pantanos, S.A.	2,000	01.02.2018
	419,800	
	470,660	

(*) The derivatives of Autovía del Camino, S.A. include a cash flow hedge tied to inflation for a notional amount of EUR 4,096 thousand.

Since January 1, 2005, as a result of the application of IAS 39 (Financial Instruments: Recognition and Measurement), the changes in the fair value of cash flow hedges are taken, net of the tax effect, to reserves (see note 16-b.4) and are recognised in income for the year to the extent that the hedged item has an impact on the income statement.

The IRSs were measured using future market rates to estimate the floating IRS payments and the zero coupon curve in order to discount to present value the fixed and variable payments on these swaps. When there are caps and floors and combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used in the swaps, although in order to introduce a component of randomness in the exercise of the options, the generally accepted Black model was used.

In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the French government bonds tied to inflation in the euro area.

The interest rate swaps outstanding at December 31, 2004, were practically all arranged to hedge the cost of floating rate financing. As indicated in note 2, in 2004 these financial derivatives were measured in accordance with the measurement bases in the Spanish National Chart of Accounts and with the implementing regulations issued by the Spanish Accounting and Audit Institute and, accordingly, the positive and negative differences arising from fluctuations in interest rates or from the settlements made were recognised in the consolidated income statement using the same timing of recognition method as that used for the positive or negative returns generated by the asset in question or by the principal transaction hedged.

Derivatives that do not qualify for hedge accounting

This heading includes the financial derivatives arranged by the Company to serve as hedges but which do not qualify for hedge accounting under IAS 39 because they do not pass the effectiveness tests under this Standard. The changes in the fair value of these derivatives are recognised under the headings "Income from Changes in Value of Financial Instruments" or "Share of Results of Associates", as appropriate.

At December 31, 2005, the FCC Group had arranged the following transactions that do not qualify for hedge accounting totalling EUR 140,700 thousand:

	Notional Amount Hedged	Maturity Date
Fully consolidated companies		
Fomento de Construcciones y Contratas, S.A.	55,800	11.30.2006/2007
Aqualia Gestión Integral del Agua, S.A.	10,300	01.02.2008
FCC Logística, S.A. Unipersonal	2,500	05.21.2007
	68,600	
Joint ventures		
Zabalgarbi, S.A.	29,900	01.26.2007/2014
	29,900	
Associates		
Concesiones de Madrid, S.A.	33,700	08.27.2008
Ruta de los Pantanos, S.A.	8,500	09.01.2009
	42,200	
	140,700	

In addition to the foregoing, there are two derivatives maturing in 2006 and 2007 that were transferred to Fomento de Construcciones y Contratas, S.A. in July 2004 as a result of the sale of the assets of Grubarges Inversión Hotelera, S.A., as indicated in note 9. These interest rate derivatives were arranged by Grubarges Inversión Hotelera, S.A. in US dollars to hedge its obligations in relation to its syndicated debt without recourse. As a result of the sale of its assets the latter repaid the syndicated debt, leaving the derivatives outstanding at the date of repayment and, accordingly, in 2004 they were classified as speculative. At that time, interest rates in the USA were at one of their lowest levels in history and in light of forecasts of successive increases in rates and in order to minimise the impact on the income statement, the Group opted not to cancel the derivatives until maturity and to assume the related payment obligations by recording a provision for their present estimated value. Accordingly, in 2005 income of EUR 1,114 thousand (a loss of EUR 4,696 thousand in 2004) was recognised under the heading "Income from Changes in Value of Financial Instruments" in the accompanying consolidated income statement.

Sensitivity test on derivatives

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, a simulation was performed which involved an increase and a decrease in rates of 100 basis points at December 31, 2005.

Following are the results obtained, distinguishing between Group companies and joint ventures and associates, together with the impact on equity and on the income statement on the basis of the related percentage of ownership.

	Group Companies and Joint Ventures		Associates	
	-100 basis points	+100 basis points	-100 basis points	+100 basis points
Impact on equity (derivatives which qualify for hedge accounting)	(1,340)	1,310	(31,770)	27,170
Impact on the income statement (derivatives which do not qualify for hedge accounting)	(1,100)	850	(730)	700

26. INFORMATION ON RELATED PARTY TRANSACTIONS

a) Transactions with significant shareholders of the parent

The detail of the significant transactions involving a transfer of resources or obligations between Group companies and significant shareholders is as follows:

Shareholder	Group Company	Type of transaction	Type of relationship	Amount
B 1998, S.L.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	16

b) Transactions with the Company's directors and senior executives

The detail of the remuneration earned by the directors of Fomento de Construcciones y Contratas, S.A. and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2005	2004
Fixed remuneration	2,205	2,785
Variable remuneration	484	474
Bylaw-stipulated directors' emoluments	2,392	2,290
Attendance fees	6	6
	5,087	5,555

The senior executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 4,258 thousand in 2005 (EUR 4,386 thousand in 2004):

2005	
Ignacio Bayón Marín	Chairman of Realia Business, S.A.
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Managing Director of Cementos P.V.
José Mayor Oreja	Chairman of FCC Construcción, S.A.
José Eugenio Trueba Gutiérrez	General Administration and Finance Manager
José Luis Vasco Hernando	General Administration Manager
José Luis de la Torre Sánchez	Chairman of FCC Servicios
Antonio Gómez Ciria	Internal Audit Manager
2004	
Ignacio Bayón Marín	Chairman of Realia Business, S.A.
José Ignacio Martínez-Ynzenga Cánovas del Castillo	Managing Director of Cementos P.V.
José Mayor Oreja	Chairman of FCC Construcción, S.A.
Antonio Pérez Colmenero	General Human Resources Manager
José Eugenio Trueba Gutiérrez	General Administration and Finance Manager
José Luis Vasco Hernando	General Administration Manager
José Luis de la Torre Sánchez	Chairman of FCC Servicios

The payments made by the Group in relation to the insurance policy taken out for, among others, the executive directors and senior executives of the Company or the Group are disclosed in note 20. In 2005 the Company's directors received EUR 3,942 thousand from the insurance policy and did not receive any amount in 2004.

Except as indicated in note 20, no other remuneration, advances, loans or guarantees were granted to the Board members.

The directors of Fomento de Construcciones y Contratas, S.A. have declared that they do not hold any ownership interests in the share capital of companies not belonging to the FCC Group that engage in any activity that is identical, similar or complementary to the activity that constitutes the corporate purpose of the Group.

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.

Certain of the directors of Fomento de Construcciones y Contratas, S.A. hold positions or discharge functions and hold ownership interests of less than 0.01% in all cases in the FCC Group companies, which are indicated in the notes to the financial statements of the Group's Parent, Fomento de Construcciones y Contratas, S.A.

In 2005 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 in the same Group, any transactions that were not part of the Company's normal business activities or were not conducted on an arm's length basis.

The detail of the significant transactions giving rise to a transfer of resources or obligations between Group companies and their executives or directors:

Name or corporate name of the directors or executives	Name or corporate name of the Group company or entity	Type of transaction	Type of relationship	Amount
B 1998, S.L.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	16
Dominum Desga, S.A.	Servicios Especiales de Limpieza, S.A.	Contractual	Rendering of services	8
Dominum Desga, S.A.	Falcon Contratas y Seguridad, S.A.	Contractual	Rendering of services	390

c) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, if they are significant, are eliminated in the preparation of the consolidated financial statements.

The revenue recognised in the accompanying consolidated income statement includes EUR 260,310 thousand (EUR 184,591 thousand in 2004) relating to Group company billings to associates.

The Group's consolidated financial statements also include purchases from associates amounting to EUR 39,420 thousand (EUR 39,741 thousand in 2004).

d) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their directors, executives and significant shareholders, as indicated in Article 25 of the Board's Regulations.

27. FEES PAID TO AUDITORS

The 2005 and 2004 fees for financial audit services and for other professional services provided to the various Group companies and joint ventures composing the FCC Group by the principal auditor and by other auditors participating in the audit of the various Group companies, and by entities related to them in both Spain and abroad, are shown in the following table:

	2005	2004
Fees for financial audit services	3,089	2,782
Principal auditor	1,830	1,813
Other auditors	1,259	969
Fees for other services	1,626	1,002
Principal auditor	791	538
Other auditors	835	464
	4,715	3,784

28. EVENTS AFTER THE BALANCE SHEET DATE

On November 17, 2005, an agreement was entered into with the EDF Group to acquire, for EUR 224,000 thousand, the ASA Abfall Service AG Group, a waste management company in Central and Eastern Europe. On March 8, 2006, the definitive purchase agreement was formalised.

The agreement is scheduled to be concluded in 2006 and, accordingly, on September 21, 2005, the New York City Council chose Cemusa as the preferred bidder in the concession for the installation of street furniture and related advertising in the city over the coming 20 years.

On December 2, 2005, the takeover bid for all the shares of Cementos Lemona, S.A. was submitted to the CNMV. This transaction was authorised by the CNMV on January 17, 2006, and the acceptance period ended on February 20, 2006.

The consideration offered was EUR 32 per share of Cementos Lemona, S.A., paid in full in cash with a charge to bank financing. The total amount of the transaction was EUR 234,191 thousand. As a result of this transaction, the subsidiary Cementos Portland, S.A. now controls 96.06% of Cementos Lemona, S.A.

The acquisition, for EUR 13,500 thousand, of 10% of the shares of Autopista Central Gallega Concesionaria Española, S.A. (Sole-Shareholder Company) owned by Iniciativas de Infraestructuras y Servicios, S.A. was completed on January 13, 2006, increasing the Group's ownership interest in this company to 54.64%.

29. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs, as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.



APPENDIX I. SUBSIDIARIES (FULLY CONSOLIDATED)

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
ENVIRONMENT				
FCC Medio Ambiente, S.A. Federico Salmón, 13. Madrid (a)	35,102 442	35,102 442	98.98 1.02	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A.
Urban cleaning				
AEBA, Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321- 3º. Buenos Aires (Argentina)	656	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	374	99.95 0.05	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Castellana de Servicios, S.A. Federico Salmón, 13. Madrid (a)	6	62	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Compañía Catalana de Servicios, S.A. Balmes, 36. Barcelona (b)	29	29	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Corporación Inmobiliaria Ibérica, S.A. Ulises, 18. Madrid	6,442	6,442	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Egypt Environmental Services, S.A.E. Cairo. Egypt (a)	— — — 80	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. Unipersonal
Empresa Comarcal de Serveis Mediambientals del Baix Penedés. ECOBP, S.L. Pza. del Centre, 3. El Vendrell (Tarragona) (e)	240	204	80.00	Fomento de Construcciones y Contratas, S.A.
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pz. Vázquez de Molina, s/n. Úbeda (Jaén)	720	—	90.00	Fomento de Construcciones y Contratas, S.A.
Focsa Services, U.K. Ltd. Brook House. Oldham Road-Middleton. Manchester (United Kingdom) (a)	1,161	1,161	100	FCC Medio Ambiente, S.A.
Focsa Serviços de Saneamento Urbano de Portugal, S.A. Rua Castilho, 75-1º. Lisbon (Portugal) (e)	641	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. Unipersonal Servicios Especiales de Limpieza, S.A.
Giza Environmental Services, S.A.E. Cairo. Egypt (a)	— — — 78	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. Unipersonal
International Services Inc., S.A. Unipersonal Arquitecto Gaudí, 4. Madrid	60	60	100	FCC Medio Ambiente, S.A.
Jaume Oro, S.L. Avda. de Les Garrigues, 15. Bellpuig (Lleida) (e)	1,014 8	840 8	99.09 0.91	Compañía Catalana de Servicios, S.A. International Services Inc., S.A. Unipersonal
Limpieza e Higiene de Cartagena, S.A. Luis Pasteur, 6. Cartagena (Murcia) (a)	270	270	90.00	FCC Medio Ambiente, S.A.
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Polígono Industrial. Manacor (Balearic Islands) (e)	5,097	5,209	99.92 0.08	Fomento de Construcciones y Contratas, S.A. International Services Inc., S.A. Unipersonal
Municipal de Serveis, S.A. Joan Torrà i Cabrosa, 7. Girona (e)	96	96	80.00	FCC Medio Ambiente, S.A.
Onyx Gibraltar, Ltd. 2º Floor, Imossi House, 1/5 Irish Town. Gibraltar (United Kingdom)	4	4	100	FCC Medio Ambiente, S.A.
Saneamiento y Servicios, S.A. Ronda Vigilancia, s/nº. Cádiz (a)	63	63	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Serveis d'Escombreries i Neteja, S.A. Pardinyes Altes, 13. Lleida (a)	21	21	99.94 0.06	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Servicios de Levante, S.A. Ctra. de Valencia, Km. 3. Castellón de la Plana (a)	63	63	99.98 0.02	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Servicios Especiales de Limpieza, S.A. Federico Salmón, 13. Madrid (a)	202	202	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Telford & Wrekin Services, Ltd. Granville House, St. Georges Road. Donnington Wood (United Kingdom) (a)	121	11	100	Focsa Services, U.K. Ltd.
Valorización y Tratamiento de Residuos, S.A. Alameda de Mazarredo, 15-4º A. Bilbao (Vizcaya) (e)	6,437	6,927	99.00 1.00	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Water treatment and distribution				
Abastecimientos y Saneamientos del Norte, S.A. Unipersonal Uruguay, 11. Vigo (Pontevedra)	601	601	100	Aqualia Gestión Integral del Agua, S.A.
Adobs Orgànics, S.L. Sant Benet, 21. Manresa (Barcelona)	22	22	60.00	Aqualia Gestión Integral del Agua, S.A.
Aguas Jaén, S.A. Plaza de los Jardinillos, 6. Jaén (a)	1,118	1,118	60.00	Aqualia Gestión Integral del Agua, S.A.
Aguas Torrelavega, S.A. La Viña, 4. Torrelavega (Cantabria) (e)	307	307	51.00	Aqualia Gestión Integral del Agua, S.A.
Aigües de l'Alt Empordà, S.A. (ADAMSA) Lluís Companys, 43. Roses (Girona)	31	31	51.40	Aqualia Gestión Integral del Agua, S.A.
Aqua Campiña, S.A. Avda. Blas Infante, 6. Écija (Seville) (e)	541	541	90.00	Aqualia Gestión Integral del Agua, S.A.
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid (c)	254,768	254,768	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Internacional Services Inc., S.A. Unipersonal
Aguas Municipais de Arteixo, S.A. Pz. Alcalde Ramón Dopico. Arteixo (La Coruña) (e)	2,040	—	51.00	Aqualia Gestión Integral del Agua, S.A.
Chemipur Químicos, S.L. Unipersonal Píncel, 25. Seville	54	—	100.00	Aqualia Gestión Integral del Agua, S.A.
Colaboración, Gestión y Asistencia, S.A. Federico Salmón, 13. Madrid	437	326	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal
Compañía Onubense de Aguas, S.A. Avda. Martín Alonso Pinzón, 8. Huelva	—	—	—	—
Conservación de Infraestructuras Urbanas, S.A. Federico Salmón, 13. Madrid (e)	300	300	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal
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.
Entemanser, S.A. Castillo, 13. Adeje (Santa Cruz de Tenerife) (e)	63,953	—	97.00	Aqualia Gestión Integral del Agua, S.A.
F.S. Colaboración y Asistencia, S.A. Ulises, 18 Edificio H. Madrid (e)	378	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) (e)	1,000	1,000	51.00	Aqualia Gestión Integral del Agua, S.A.
Graver Española, S.A. Unipersonal Epalza, 8. Bilbao (Vizcaya)	2,073	2,073	100	Aqualia Gestión Integral del Agua, S.A.
Hidrotec Tecnología del Agua, S.L. Unipersonal Píncel, 25. Seville	32	—	100	Aqualia Gestión Integral del Agua, S.A.
Instugasa, S.L. Unipersonal La Presa, 14. Adeje (Santa Cruz de Tenerife)	8,665	—	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.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Nilo Medioambiente, S.L. Unipersonal Pincel, 25. Seville (e)	2,414	—	100	Aqualia Gestión Integral del Agua, S.A.
Servicios y Procesos Ambientales, S.A. Av. General Perón, 36. Madrid (c)	6,195	1,108	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal
Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal Federico Salmón, 13. Madrid	57	57	100	Aqualia Gestión Integral del Agua, S.A.
Tratamiento Industrial de Aguas, S.A. Federico Salmón, 13. Madrid (e)	652	652	99.99 0.01	Aqualia Gestión Integral del Agua, S.A. Sociedad Ibérica del Agua, S.I.A., S.A. Unipersonal
Waste treatment				
Aecosol, S.L. Común de las Eras-Fustiñana (Navarra)	156	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)	796 1	2,383 —	99.95 0.05	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Baltecma, Gestión de Residuos Industriales, S.L. Conradors, parc. 34 P.I. Marratxí. Mallorca (Balearic Islands)	76	46	70.00	Ekonor, S.A.
Bistibieta, S.L. Trinidad, 9. Algorta (Vizcaya)	1,460 77	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)	532	551	64.00	Ekonor, S.A.
Ecoactiva de Medio Ambiente, S.A. Unipersonal Cr. Puebla Albortón a Zaragoza Km. 25. Zaragoza	2.975	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 Municipality of Athens. Prefecture of Attica (Greece)	6	—	51.00	FCC Medio Ambiente, S.A.
Ekonor, S.A. Larras de San Juan. Iruña de Oca (Álava) (b)	48,356	53,511	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Equipos de Protección Ambiental, S.L. Trinidad, 9. Algorta (Vizcaya)	31	31	99.98 0.02	Ekonor, S.A. FCC Medio ambiente, S.A.
Gamasur Campo de Gibraltar, S.L. Pz. de la Iglesia, 1. Los Barrios (Cádiz) (b)	3,006	1,853	85.00	Gestiones Medioambientales del Sur, S.L.
GEMECAN, Gestora Medioambiental y de Residuos, S.L. Josefina Mayor, 12. Telde (Las Palmas)	3,647 1	— —	99.97 0.03	FCC Medio Ambiente, S.A. T.P.A. Técnicas de Protección Ambiental, S.A.
Gestió i Recuperació de Terrenys, S.A. Paratge Vacamorta. Cruilles (Girona) (b)	15,611	15,97	100	Recuperació de Pedreres, S.L.
Gestiones Medioambientales del Sur, S.L. Polígono Industrial Las Quemadas, parc. 271. Córdoba (b)	1,733 2	1,688 —	99.98 0.02	Ekonor, S.A. International Services Inc., S.A. Unipersonal
Hidrocen, S.L. Camino del Valle, 12. Arganda del Rey (Madrid) (b)	2,019	2,019	99.99 0.01	Ekonor, S.A. FCC Medio Ambiente, S.A.
Industrias Sangar, S.A. Guadalquivir, 16. Fuenlabrada (Madrid)	989	—	100	Papeles Hernández e Hijos, S.A.
Ingetma, S.A. (*) Juan Bautista Zabala, 12. Guecho (Vizcaya)	—	170		
Innovación y Gestión Medioambiental, S.A. Camí de la Rambla, 10. Onda (Castellón de la Plana)	855	825	99.99 0.01	Ekonor, S.A. International Services Inc., S.A. Unipersonal
Integraciones Ambientales de Cantabria, S.A. Lealtad, 14. Santander (Cantabria)	180	—	90.00	FCC Medio Ambiente, S.A.
Ipodec Riscop, S.A. Unipersonal Ctra. Sabadell a Mollet, Km. 1 Moli d'en Gall. Barberà del Vallès (Barcelona) (b)	1,292	1,556	100	FCC Medio Ambiente, S.A.
Jaime Franquesa, S.A. Pol. Ind. Zona Franca Sector B Calle D49 (Barcelona)	18,515	18,515	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal
Ligete, S.L. Trinidad, 9. Algorta (Vizcaya)	379	691	99.98 0.02	Ekonor, S.A. FCC Medio Ambiente, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Limpiezas Industriales Alfus, S.A. Barrio Ibarra, 20. Bedia (Vizcaya) (e)	12,081	11,271	79.19	FCC Medio Ambiente, S.A.
Lizarreka, S.L. Bº Elbarrena. Aduna (Guipúzcoa)	4	4	99.97 0.03	Ekonor, S.A. FCC Medio Ambiente, S.A.
Manipulación y Recuperación MAREPA, S.A. Av. San Martín de Valdeiglesias, 22. Alcorcón (Madrid) (b)	26,126 52	—	82.05 4.02	FCC Medio Ambiente, S.A. Papeles Hernández e Hijos, S.A.
Papeles Hernández e Hijos, S.A. Guadalquivir, 16. Fuenlabrada (Madrid)	11,953	—	100	FCC Medio Ambiente, S.A.
Papeles Vela, S.A. Álava, 90. Barcelona	789 94 19 17	—	84.00 10.00 2.00 2.00	Papeles Hernández e Hijos, S.A. Recuperaciones Madrileñas del Papel, S.A. Industrias Sangar, S.A. Recuperados Extremeños, S.A.
Recitermia, S.A. Unipersonal Cr. Andalucía Km. 12 Políg. Indus. "Los Olivos". Getafe (Madrid)	406	1,031	100	T.P.A., Técnicas de Protección Ambiental, S.A.
Recuperació de Pedreres, S.L. Paratge Vacamorta. Cruïlles (Girona) (b)	12,534	13,162	80.00	FCC Medio Ambiente, S.A.
Recuperaciones Madrileñas del Papel, S.A. Guadalquivir, 16. Fuenlabrada (Madrid)	1,791	—	100	Papeles Hernández e Hijos, S.A.
Recuperados Extremeños, S.A. Cr. Nacional 630 Km. 543. Casar de Cáceres (Cáceres)	300	—	100	Manipulación y Recuperación MAREPA, S.A.
Técnicas de Descontaminación, S.A. Polígono Guarnizo, parcela 97. El Astillero (Cantabria) (e)	1,503	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	56	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	21,455 14	74.92 0.08	Fomento de Construcciones y Contratas, S.A. International Services Inc., S.A. Unipersonal
T.P.A. Fugro, S.A. (*) Federico Salmón, 13. Madrid	—	214		
T.P.A., Técnicas de Protección Ambiental, S.A. Federico Salmón, 13. Madrid (b)	4,904	4,904	99.99 0.01	FCC Medio Ambiente, S.A. International Services Inc., S.A. Unipersonal

VERZIA

FCC Versia, S.A. Federico Salmón, 13. Madrid (a)	62,624	62,624	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Unipersonal
Industrial de Limpiezas y Servicios, S.A. Unipersonal Federico Salmón, 13. Madrid (b) -Portfolio company-	300	300	100	FCC Versia, S.A.

Logistics

Aitena Portugal, Almacenage Transporte e Distribuicao de Mercaderias, S.A. Cr. Nacional 1, km. 33,4. Alenquer (Portugal) (e)	1,754	1,754	99.99	FCC Logística, S.A. Unipersonal
FCC Logística, S.A. Unipersonal (1) Avda. Fuentemar, 19. Coslada (Madrid) (a)	10,093	8,551	100	FCC Versia, S.A.
Logística Navarra, S.A. Unipersonal C/E Polígono Arazuri Orcoyen Parc 3.8. Pamplona (Navarra) (a)	7,832	4,520	100	FCC Versia, S.A.
LNP-Logística, Lda. Estrada Nacional nº 3 km. 5,7 Vila Nova da Reinha. Azambuja (Portugal) (e)	900 100	900 100	90.00 10.00	Logística Navarra, S.A. Unipersonal Aitena Portugal Almacenage Transporte e Distribuicao de Mercaderias, S.A.
Santos Renting, S.L. Unipersonal Francisco Medina y Mendoza. Guadalajara	5	—	100	FCC Logística, S.A. Unipersonal

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Street furniture				
Beta de Administración, S.A. Federico Salmón, 13. Madrid (b)	8,729	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)	1	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)	595	853	100	Cemusa Do Brasil Ltda.
Cemusa Boston, Ll. 645 N. Michigan Ave Ste. 800 Chicago. Illinois (U.S.A.)	237	—	100	Cemusa Inc.
Cemusa Brasília, S.A. SAA/Norte Quadra, 02,25. Brasília (Brasília DF. Brazil) (b)	1,820	1,734	100	Cemusa Do Brasil Ltda.
Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Francisco Sancha, 24. Madrid (b)	51,502	51,502	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Cemusa Do Brasil Ltda. Rua Funchal, 263. Sao Paolo (Brazil) (b)	10,050 1	7,837 —	99.99 0.01	Cemusa, Corporación Europea de Mobiliario Urbano, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Cemusa Inc. City of Dover. County Kent. Delaware (U.S.A.)	—	5	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Italia, S.R.L. Via Vincenzo Monti, 8. Milan (Italy)	15	10	99.95	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Miami, Ltd. Florida. U.S.A.	21 6	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. Lisboa (Portugal) (b)	7,569	7,569	100	Cemusa, Corporación Europea de Mobiliario Urbano, S.A.
Cemusa Rio, S.A. Avda. Atlántica, 1130. Copacabana. Rio de Janeiro (Brazil) (b)	5,066 267	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 Bahia (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 (U.S.A.))	(826) (8)	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 (U.S.A.))	(51)	65	100	Cemusa Inc.
Cemusa Texas, Ll. 645 N. Michigan Ave Ste. 800 Chicago. Illinois (U.S.A.))	(812)	215	100	Cemusa Inc.
Servicios de Publicidad Urbanos, S.A. Atenas, Nave 46 Pol. Ind. San Luís. Málaga	451	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)	746	1,027	100	Cemusa Portugal, Companhia de Mobiliario Urbano e Publicidade, S.A.
Car parks and traffic services				
Aparcamientos Concertados, S.A. Arquitecto Gaudí, 4. Madrid (a)	1,188	1,188	99.99 0.01	Estacionamientos y Servicios, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Casa Park, S.A. 27 Rue Bapaume. Casablanca (Morocco)	—	48	97.87 0.01 0.01	Estacionamientos y Servicios, S.A. Aparcamientos Concertados, S.A. FCC Versia, S.A.
Casa Park Moulay Youseff, S.A.R.L. 27 Rue Bapaume. Casablanca (Morocco)	—	—	0.01 99.90	Beta de Administración, S.A. Estacionamientos y Servicios, S.A.
Conservación y Sistemas, S.A. Federico Salmón, 13. Madrid (a)	301	301	99.99 0.01	C.G.T. Corporación General de Transportes, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Empresa Mixta de Tráfico de Gijón, S.A. P. Ind. Promosa Nave 27. El Plano- Tremañes. Gijón (Asturias) (a)	387	513	60.00	Estacionamientos y Servicios, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Estacionamientos y Servicios, S.A. Federico Salmón, 13. Madrid (a)	35,920	34,760	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Passenger handling and transport				
Belgian Ground Services, S.A. Avenue Louise, 149. Ixelles (Bruxelles). Belgium (a)	14,999 1	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	13,373	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Flightcare, S.L. Federico Salmón, 13. Madrid (a)	22,535	22,535	99.99 0.01	FCC Versia, S.A. Industrial de Limpiezas y Servicios, S.A. Unipersonal
Vehicle roadworthiness testing				
Aragonesa de Servicios I.T.V., S.A. Federico Salmón, 13. Madrid (e)	3,133	3,133	99.99 0.01	General de Servicios I.T.V., S.A. Beta de Administración, S.A.
Argam, S.A. (*) Galileo, 2446. Buenos Aires (Argentina)	—	121		
Concesionaria Zona 5, S.A. C/7 Número 374. La Plata. Buenos Aires (Argentina)	268	—	99.99 0.01	General de Servicios I.T.V., S.A. Beta de Administración, S.A.
C.T.V., S.A. (*) Coronel Esteban Bonorino, 277. Buenos Aires (Argentina)	—	177		
Ecovec, S.A. (*) Coronel Esteban Bonorino, 271. Buenos Aires (Argentina)	—	600		
General de Servicios I.T.V., S.A. Federico Salmón, 13. Madrid (e)	9,188	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	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)	192	146	100	General de Servicios I.T.V., S.A.
I.T.V. Insular, S.A. (*) Federico Salmón, 13. Madrid	—	6,512		
Verauto La Plata, S.A. Avda. Belgrano, 634. Buenos Aires (Argentina)	541	—	98.44 0.01	General de Servicios I.T.V., S.A. Beta de Administración, S.A.
VTV Verificaciones Técnicas Vehiculares de Argentina, S.A. San Martín, 140. Buenos Aires (Argentina)	331	303	99.95 0.05	Aragonesa de Servicios I.T.V., S.A. Industrial de Limpieza y Servicios, S.A. Unipersonal
CONSTRUCTION				
FCC Construcción, S.A. Balmes, 36. Barcelona (a)	275,551	275,551	99.99 0.01	Fomento de Construcciones y Contratas, S.A. Europea de Gestión, S.A. Unipersonal
Alpetrol, S.A. Camino Casa Sola, 1. Chiloehes (Guadalajara)	126	126	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Aremi Asociados, S.L. Av. de les Corts Valencianes, 50. Valencia -Air conditioning-	1,663 17	—	99.99 0.01	Internacional Tecair, S.A. Sincler, S.A. Unipersonal
Aremi Tecair, S.A. Av. de les Corts Valencianes, 50. Valencia -Air conditioning-	36 24	36 —	60.00 40.00	Internacional Tecair, S.A. Aremi Asociados, S.L.
Áridos de Melo, S.L. Finca la Barca y el Ballestar, s/n. Barajas de Melo (Cuenca)	60	60	99.99 0.01	Ibervia Construcciones y Contratas, S.L. Sincler, S.A. Unipersonal
Auxiliar de Pipelines, S.A. Ps. del Club Deportivo, 1. Pozuelo de Alarcón (Madrid) (b)	601	601	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
BBR Pretensados y Técnicas Especiales, S.L. Retama, 5. Madrid	2,100	1,000	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Binatec Al Maghreb, S.A. 213, Rond-Point de L'Europe. Casablanca (Morocco)	87	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. Megaplás, 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) -Concesion operator -	8,735	8,735	56.53	FCC Construcción, S.A.
Concesiones Viales, S. de R.L. de C.V. México City (Mexico)	—	—	99.97	Construcciones y Filiales Mexicanas, S.A. de C.V.
Concesiones Viales de Costa Rica, S.A. Av. 10 calles 33 y 35. San José (Costa Rica)	2,858	—	100	FCC Construcción, S.A.
Conservial, S.L. Manuel Lasala, 36. Zaragoza	279	276	99.99 0.01	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal
Construcción y Filiales Mexicanas, S.A. de C.V. Homero, 109. Colonia Chapultepec-Morales. México City (Mexico)	180	180	99.98 0.01 0.01	FCC Construcción, S.A. Proyectos y Servicios, S.A. Sincler, S.A. Unipersonal
Contratas y Ventas, S.A. Asturias, 41. Oviedo (Asturias) (a)	1,516	1,516	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Corporación M&S Internacional C.A., S.A. Costa Rica (a)	10,729	9,601	50.00	FCC Construcción, S.A.
Dezvoltare Infrastructura, S.A. Strada Garboveni, 61. Bucharest (Romania)	5	5	51.03	Sincler, S.A. Unipersonal
Dizara Inversión, S.L. Avda. General Perón, 36. Madrid	6	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Especialidades Eléctricas, S.A. Acanto, 22. Madrid (b) -Electrical installations-	10,953	10,953	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Espelsa-Luwat, S.A. Acanto, 22. Madrid (b) -Electrical installations-	36	36	60.00	Especialidades Eléctricas, S.A.
Eurman, S.A. Valentín Beato, 24-26. Madrid -Air conditioning-	120	120	99.99 0.01	Internacional Tecair, S.A. Tack Inversiones, S.L. Unipersonal
FCC Constructii Romania, S.A. Str Sfantii Voievozi, 49. Bucharest (Romania)	(183)	50	96.00 1.00 1.00 1.00	FCC Construction International B.V. Dizara Inversión, S.A. Nevasa Inversión, S.L. Sincler, S.L. Unipersonal Tulsa Inversión, S.L.
FCC Construction International B.V. Amsteldijk, 166. Amsterdam (Netherlands)	4,190	4,190	99.76 0.24	FCC Construcción, S.A. Sincler, S.A. Unipersonal
FCC Construcción Puerto Rico Corp. (*) 1225 Ponce de León Avenue. Santurce San Juan de Puerto Rico (U.S.A.)	—	1		
Gavisa Portugal Montagens Eléctricas Lda. Av. General Humberto Delgado, 1 Santa Comba Dao. Portugal	10	10	9.,00	Montajes Gavisa, S.A.
Ibérica de Enclaves, S.A. (*) Arquitecto Gaudí, 4. Madrid	—	385		
Ibérica de Servicios y Obras, S.A. Federico Salmón, 13. Madrid (b)	1,504	1,504	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Ibervia Construcciones y Contratas, S.L. Avda. General Perón, 36. Madrid	20,006	20,006	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Internacional Tecair, S.A. Valentín Beato, 24-26. Madrid (b) -Air conditioning-	5,294 1	4,196	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Mantenimiento de Infraestructuras, S.A. Avda. General Perón, 36. Madrid (b)	3,602	3,602	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Marcas Andaluzas, S.L. Hilera, 10. Málaga	246	246	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal
Megaplás, S.A. Hilanderas, 4-14. La Poveda. Arganda del Rey (Madrid) (b)	2,642	2,642	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Megaplás Italia, S.P.A. Vía Piamonte, 1. Borgaro (Italy)	637	—	100	Megaplás, S.A.
Montajes Gavisa, S.A. La Farga, 5-7 Pol. Ind. La Cerrería. Montcada i Reixac (Barcelona) (b)	7,291 15	7,176 14	99.98 0.02	Contratas y Ventas, S.A. Sincler, S.A. Unipersonal
Motre, S.L. Enginyer Algarra, 65. Pals (Girona)	2,519 1,431	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	600	99.99 0.01	Ibervia Construcciones y Contratas, S.L. Sincler, S.A. Unipersonal
Naturaleza, Urbanismo y Medio Ambiente, S.A. Galena, 11. Entrepantalla (Valladolid) (e) -Development and maintenance of greenfield areas-	161	—	99.95 0.05	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Nevasa Inversión, S.L. Avda. General Perón, 36. Madrid	6	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Norseñal, S.L. Juan Flórez, 64. La Coruña	31	31	99.99 0.01	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal
Participaciones Teide, S.A. Avda. General Perón, 36. Madrid -Portfolio company-	714	714	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Pedrería Les Gavarres, S.L. Enginyer Algarra, 65. Pals (Girona)	6	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)	1,148	704	99.99 0.01	Mantenimiento de Infraestructuras, S.A. Sincler, S.A. Unipersonal
Prefabricados Delta, S.A. Arquitecto Gaudí, 4. Madrid (b)	16,914	16,914	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Proyectos y Servicios, S.A. Torregalindo, 1. Madrid (b) -Engineering-	522	522	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Ramalho Rosa Cobetar Sociedade de Construções, S.A. Rua Central Park, 2. Linda a Velha (Portugal) (a)	6,645	6,645	99.98 0.01 0.01	FCC Construcción, S.A. Participaciones Teide, S.A. Sincler, S.A. Unipersonal
Reparalia, S.A. Parque Empresarial Cerro de los Gamos, 1 Pozuelo de Alarcón. Madrid (b)	868	—	99.99 0.01	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Señalizaciones de Vías Públicas, S.L. Avda. de Barber, 2. Toledo	182	182	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal
Señalizaciones Levante, S.L. Itálica, 25. Alicante	228	228	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal
Servià Cantó, S.A. Enginyer Algarra, 65. Pals (Girona) (e)	2,400	2,400	99.98 0.02	Ibervia Construcciones y Contratas, S.L. Sincler, S.A. Unipersonal
Sincler, S.A. Unipersonal Federico Salmón, 13. Madrid	55	53	100	FCC Construcción, S.A.
Tulsa Inversión, S.L. Avda. General Perón, 36. Madrid	6	6	99.98 0.02	FCC Construcción, S.A. Sincler, S.A. Unipersonal
Viales de Andalucía, S.L. Avda. Kansas City, 9. Seville	313	313	99.98 0.02	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L. Avda. General Perón, 36. Madrid	3 3	3 3	50.00 50.00	FCC Construcción, S.A. Ibervia Construcciones y Contratas, S.L.
Xequevia Sinalização de Vias de Comunicação, Ltda. Quinta da Mata Sete Casa. Loures (Portugal)	6	—	99.60 0.40	Pinturas Jaque, S.L. Sincler, S.A. Unipersonal

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
CEMENT				
Cementos Portland Valderrivas, S.A.	175,953	175,953	58.70	Fomento de Construcciones y Contratas, S.A.
Estella, 6. Pamplona (Navarra) (a)	150,319	—	8.06	Asesoría Financiera y de Gestión, S.A.
	8,765	571	0.52	Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal
	3	3	0.01	Hormigones y Morteros Preparados, S.A. Unipersonal
	2	2	0.01	Compañía Gral. de Servicios Empresariales, S.A. Unipersonal
	2	2	0.01	Corporación Española de Servicios, S.A.
	2	2	0.01	Corporación Financiera Hispánica, S.A.
	2	2	0.01	Europea de Gestión, S.A. Unipersonal
Almacenes, Tránsitos y Reexpediciones, S.A. Unipersonal Calderón de la Barca, 4. Santander (Cantabria)	976	1,164	100	Cementrade, S.A. Unipersonal
Áridos de Andujar, S.L. Unipersonal (*) Cr. de los Villares Km. 7,5 Andújar (Jaén)	—	7,043	100	
Áridos de Navarra, S.A. Estella, 6. Pamplona (Navarra)	1	1	66.00	Hormigones Arkaitza, S.A. Unipersonal
Áridos y Premezclados, S.A. Unipersonal José Abascal, 59. Madrid (a)	25,437	25,437	100	Cementos Portland Valderrivas, S.A.
Atracem, S.A. Unipersonal José Abascal, 59. Madrid (a) -Goods transportation and sale of construction materials-	1,000	1,000	100	Cementos Portland Valderrivas, S.A.
Cántabra Industrial y Minera, S.A. Unipersonal Calderón de la Barca, 4. Santander (Cantabria)	554	542	100	Cementos Alfa, S.A.
Canteras de Aláiz, S.A. Estella, 6. Pamplona (Navarra) (c)	14,237	14,237	70.02	Cementos Portland Valderrivas, S.A.
Canteras del Pirineo Occidental, S.A. Estella, 6. Pamplona (Navarra)	1,345	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	3,481	100	Cementos Alfa, S.A.
Cemensilos, S.A. Calderón de la Barca, 4. Santander (Cantabria) (b) -Sale of construction materials	674	674	100	Cementos Alfa, S.A.
Cementos Alfa, S.A. Calderón de la Barca, 4. Santander (Cantabria) (b)	26,403	26,403	76.74 0.01 0.01	Cementos Portland Valderrivas, S.A. Compañía Auxiliar de Bombeo de Hormigón, S.A. Unipersonal Participaciones Estella 6, S.L. Unipersonal
Cementrade, S.A. Unipersonal Calderón de la Barca, 4. Santander (Cantabria) (b) -Wholesale of construction materials-	1,216	1,199	100	Cementos Alfa, S.A.
Ceminter Madrid, S.L. Unipersonal Almagro, 26. Madrid	11,096	—	100	Cementos Portland Valderrivas, S.A.
Compañía Auxiliar de Bombeo de Hormigón, S.A. Unipersonal José Abascal, 59. Madrid (a)	451	451	100	Hormigones y Morteros Preparados, S.A. Unipersonal
Dragon Alfa Cement Limited Harbour House. Deck Road, 138 Gloucestershire (United Kingdom) (e)	550 528	— —	50.00 50.00	Cementos Alfa, S.A. RH Enterprises (1993) Limited
Explotaciones San Antonio, S.L. Unipersonal Calderón de la Barca, 4. Santander (Cantabria) -Quartz mining-	1,628	1,941	100	Cementos Alfa, S.A.
Giant Cement Holding, Inc. 320-D Midland Parkway. Sumerville-South Carolina (U.S.A) (a)	163,989	157,518	100	Cementos Portland Valderrivas, S.A.
Hormigones Arkaitza, S.A. Unipersonal Estella, 6. Pamplona (Navarra) (c)	5,738	5,738	100	Cementos Portland Valderrivas, S.A.
Hormigones de la Jacetania, S.A. Llano de la Victoria, s/n. Jaca (Huesca)	445	141	50.00 25.00	Cementos Portland Valderrivas, S.A. Hormigones y Áridos del Pirineo Aragonés, S.A.
Hormigones del Zadorra, S.A. Unipersonal Estella, 6. Pamplona (Navarra)	1,294	1,294	100	Canteras del Pirineo Occidental, S.A.
Hormigones Reinoso, S.A. Unipersonal Calderón de la Barca, 4. Santander (Cantabria)	942	942	100	Cementos Alfa, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Hormigones Tabarca, S.L. Unipersonal José Abascal, 59. Madrid	3	—	100	Hormigones y Morteros Preparados, S.A. Unipersonal
Hormigones y Morteros Preparados, S.A. Unipersonal José Abascal, 59. Madrid (a)	5,786	5,786	100	Cementos Portland Valderrivas, S.A.
Participaciones Estella 6, S.L. Unipersonal Estella, 6. Pamplona (Navarra) -Inactive-	6	6	100	Cementos Portland Valderrivas, S.A.
RH Enterprises (1993) Limited The Cement Terminal, Sharpness Docks. Gloucestershire (United Kingdom)	2,918	—	50.00	Cementos Alfa, S.A.

OTHER ACTIVITIES

Portfolio and instrumentality companies

Afigesa Inversión, S.L. Unipersonal Federico Salmón, 13. Madrid (b)	73,607	73,607	100	Asesoría Financiera y de Gestión, S.A.
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13. Madrid (b)	220,962	220,962	56.15	Corporación Financiera Hispánica, S.A.
	3,008	3,008	43.84	Fomento de Construcciones y Contratas, S.A.
			0.01	Compañía General de Servicios Empresariales, S.A. Unipersonal
Compañía Auxiliar de Agencia y Mediación, S.A. Unipersonal Federico Salmón, 13. Madrid	1,657	1,657	100	Fomento de Construcciones y Contratas, S.A.
Compañía General de Servicios Empresariales, S.A. Unipersonal Federico Salmón, 13. Madrid	60	60	100	Fomento de Construcciones y Contratas, S.A.
Corporación Española de Servicios, S.A. Federico Salmón, 13. Madrid	44	44	99.99	Fomento de Construcciones y Contratas, S.A.
			0.01	Europea de Gestión, S.A. Unipersonal
Corporación Financiera Hispánica, S.A. Federico Salmón, 13. Madrid	69,818	69,818	99.98	Fomento de Construcciones y Contratas, S.A.
			0.01	Compañía General de Servicios Empresariales, S.A. Unipersonal
			0.01	Europea de Gestión, S.A. Unipersonal
Europea de Gestión, S.A. Unipersonal Federico Salmón, 13. Madrid	63	63	100	Fomento de Construcciones y Contratas, S.A.
Eusko Lanak, S.A. Federico Salmón, 13. Madrid	59	59	99.99	Corporación Financiera Hispánica, S.A.
			0.01	Compañía General de Servicios Empresariales, S.A. Unipersonal
FCC Construcciones y Contratas Internacional, S.L. Unipersonal Federico Salmón, 13. Madrid	3	3	100	Fomento de Construcciones y Contratas, S.A.
FCC Finance, B.V. Amsteldijk, 166. Amsterdam (Netherlands) (b)	38,246	38,246	100	FCC International, B.V.
FCC Fomento de Obras y Construcciones, S.L. Unipersonal Federico Salmón, 13. Madrid	3	3	100	Fomento de Construcciones y Contratas, S.A.
FCC Inmobiliaria Conycon, S.L. Unipersonal Federico Salmón, 13. Madrid	3	3	100	Fomento de Construcciones y Contratas, S.A.
FCC International, B.V. Amsteldijk, 166. Amsterdam (Netherlands) (b)	40,860	40,718	100	Fomento de Construcciones y Contratas, S.A.
FCC 1, S.L. Unipersonal Federico Salmón, 13. Madrid	3	3	100	Fomento de Construcciones y Contratas, S.A.
Fomento Internacional, Focsa, S.A. Federico Salmón, 13. Madrid	69	69	99.93	Fomento de Construcciones y Contratas, S.A.
			0.07	Europea de Gestión, S.A. Unipersonal
F-C y C, S.L. Unipersonal Federico Salmón, 13. Madrid	3	3	100	Fomento de Construcciones y Contratas, S.A.
Grucysa, S.A. Plaza Pablo Ruiz Picasso, 1. Madrid (a)	156,786	156,786	99.99	Fomento de Construcciones y Contratas, S.A.
	25	—	0.01	Asesoría Financiera y de Gestión, S.A.
Puerto Cala Merced, S.A. Arquitecto Gaudí, 4. Madrid	57	56	99.99	Corporación Financiera Hispánica, S.A.
			0.01	Compañía General de Servicios Empresariales, S.A. Unipersonal
T.A.C.K. Inversiones, S.L. Unipersonal Arquitecto Gaudí, 4. Madrid	6	6	100	Grucysa, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Marketing of industrial equipment				
Equipos y Procesos, S.A. Conde de Peñalver, 45. Madrid	150	150	80.73	Sistemas y Vehículos de Alta Tecnología, S.A.
High Technology Vehicles, Inc. Centre Road, 1013 Wilmington. Delaware (U.S.A.))	38	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	180	99.99 0.01	Grucyrsa, S.A. T.A.C.K. Inversiones, S.L. Unipersonal
Insurance and reinsurance brokerage				
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111. Madrid (a)	160 30	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	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	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 (e)	48	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		
Falcon Contratas y Servicios Auxiliares, S.A.(*) Ronda de Poniente, 13. Local E5. Tres Cantos (Madrid)	—	60		
Formación y Contratas, S.A.(*) Ronda de Poniente, 13. Local E1. Tres Cantos (Madrid)	—	60		

Notes:

- In general the financial statements of the related companies are at December 31, 2005.
- As required by Article 86 of the consolidated Corporations Law, in 2005 the Group companies made the related notifications to the companies in which they had acquired direct or indirect investments 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).

(1) Formerly Aitena, Sociedad Anónima Inmobiliaria y de Transportes Unipersonal.

(*) See Appendix IV/3 "Exclusions from the Scope of Consolidation".



**APPENDIX II. ENTITIES JOINTLY CONTROLLED WITH NON-GROUP THIRD PARTIES
(PROPORTIONATELY CONSOLIDATED)**

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005
	2005	2004	
ENVIRONMENT			
Urban cleaning			
Beacon Waste Limited 106 High Street. Evesham-Worcestershire (United Kingdom) (a)	910	910	100 Mercia Waste Management, Ltd.
Ecoparc del Besòs, S.A. Rambla Catalunya, 91-93. Barcelona	4,163	4,163	54.00 Tratamiento Industrial de Residuos Sólidos, S.A.
	2,621	2,621	31.00 Fomento de Construcciones y Contratas, S.A.
			10.00 Tractament i Selecció de Residus, S.A.
Ecoserveis Urbans de Figueres, S.L. Av. de les Alegries, s/n. Lloret de Mar (Girona)	301	301	50.00 Fomento de Construcciones y Contratas, S.A.
			50.00 G.B.I. Serveis, S.A.
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1. Torrox (Málaga) (e)	300	300	50.00 Fomento de Construcciones y Contratas, S.A.
			50.00 Ayuntamiento de Torrox
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Zorrera, 8. Rincón de la Victoria (Málaga) (b)	301	301	50.00 Fomento de Construcciones y Contratas, S.A.
			50.00 Ayuntamiento de Rincón de la Victoria
Fisera Ecoserveis, S.A. Alemania, 5. Figueres (Girona)	532	532	72.72 Ecoserveis Urbans de Figueres, S.L.
			27.28 Figueres de Serveis, S.A. Unipersonal
Proactiva Group Paseo de la Castellana, 216. Madrid (a)	33,685	26,923	50.00 Fomento de Construcciones y Contratas, S.A.
			50.00 Veolia Environnement, S.A.
Ingeniería Urbana, S.A. Av. Saturno, 6. Alicante (a)	3,786	3,786	35.00 Fomento de Construcciones y Contratas, S.A.
			35.00 Segema Servicios Generales del Medio Ambiente, S.A.
			30.00 Enrique Ortiz e Hijos Contratistas de Obras, S.A.
			50.00 Focsa Services U.K. Ltd.
			50.00 Urbaser Limited
Mercia Waste Management, Ltd. Brook House. Oldham Road, Middleton. Manchester (United Kingdom) (a)	73	71	50.00 Focsa Services U.K. Ltd.
			50.00 Urbaser Limited
Servicios de Limpieza Integral de Málaga III, S.A. Camino de la Térmica, 83. Málaga (b)	3,065	3,065	51.00 Servicios Urbanos de Málaga, S.A.
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid	1,610	1,610	51.00 Fomento de Construcciones y Contratas, S.A.
			49.00 Urbana de Servicios Ambientales, S.L.
Severn Waste Services Limited Brook House. Oldham Road, Middleton. Manchester (Reino Unido) (a)	182	177	50.00 Focsa Services U.K. Ltd.
			50.00 Urbaser Limited
Tratamiento Industrial de Residuos Sólidos, S.A. Rambla Catalunya, 91. Barcelona	1,286	1,286	33.33 FCC Medio Ambiente, S.A.
			33.33 Concesionaria Barcelonesa, S.A.
			33.33 Urbaser, S.A.
Zabalgarbi, S.A. Camino de Artigas, 10. Bilbao (Vizcaya)	7,445	7,445	26.00 Valorización y Tratamiento de Residuos, S.A.
			26.00 Sener Grupo de Ingeniería, S.A.
			20.00 Diputación Foral de Bizkaia
			10.00 Ente Vasco de la Energía
			8.00 Instituto para la Diversificación y Ahorro de la Energía, S.A.
			5.00 Bilbao Bizkaia Kutxa
			5.00 Mancomunidad de Municipios de la Margen Izquierda del Nervión
Water treatment and distribution			
Aigües de Girona, Salt i Sarrià de Ter, S.A. Ciudadans, 11. Girona	481	481	80.00 Girona, S.A.
			14.00 Ayuntamiento de Girona
			4.00 Ayuntamiento de Salt
			2.00 Ayuntamiento de Sarrià de Ter
Compañía de Servicios Medioambientales Do Atlántico, S.A. Cr. de Cedeira Km. 1. Narón (San Xulián). La Coruña (e)	294	—	49.00 Aqualia Gestión Integral del Agua, S.A.
			51.00 Ayuntamiento de Narón
Empresa Mixta de Aguas y Servicios, S.A. Alarcos, 13. Ciudad Real (e)	75	97	55.00 Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Empresa Municipal de Aguas de Benalmádena, EMABESA Av. Juan Luis Peralta, s/n. Benalmádena (Málaga) (e)	1,310	1,310	50.00 50.00	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento Benalmádena
Generavila, S.A. Pz. de la Catedral, 11. Ávila (e)	428	428	36.00 36.00 18.00 10.00	Aqualia Gestión Integral del Agua, S.A. Ayuntamiento de Ávila Caja de Ahorros de Ávila Diputación Provincial de Ávila
Girona, S.A. Travesía del Carril, 2. Girona	365	365	33.61	Aqualia Gestión Integral del Agua, S.A.
Inalia Mostaganem, S.L. Gobelas, 47-49. Madrid	2	—	50.00 50.00	Aqualia Gestión Integral del Agua, S.A. Inima Servicios Europeos de Medio Ambiente, S.A.
Sociedad de Explotación de Aguas Residuales, S.A. Bruc, 49. Barcelona (a)	1,044	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 (a)	575	575	50.00 50.00	Aqualia Gestión Integral del Agua, S.A. Corporación Agbar, S.A.
Waste treatment				
Atlas Gestión Medioambiental, S.A. Viriato, 47. Barcelona	11,945	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	800	66.67 33.33	Pilagest, S.L. Indumetal Recycling, S.A.
Hades Soluciones Medioambientales, S.L. Mayor, 3. Cartagena (Murcia)	60	60	50.00	FCC Medio Ambiente, S.A.
Pilagest, S.L. Ctra. BV-1224 km. 6,750. El Pont de Vilomara i Rocafort (Barcelona)	400	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	1,163	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.
Senblen Bat, S.A. Alameda de Urquijo, 10. Bilbao (Vizcaya)	75	—	50.00 50.00	FCC Medio Ambiente, S.A. Telsa, S.A. y Compañía Sociedad Regular Colectiva
Sereco Gestión, S.L. (*) Polígono Guarnizo, parcela 97. El Astillero (Cantabria)	—	75		
VERSIA				
Logistics				
Convery Service, S.A. Cn. de los Afligidos P.I. La Esgaravita, 1 . Alcalá de Henares (Madrid)	6,407	—	50.00	FCC Logística, S.A. Unipersonal
Passenger transport				
Almeraya, S.A. Ulises, 18 . Madrid	60	60	50.00 45.00 5.00	Corporación Española de Transporte, S.A Automnibus Interurbanos, S.A García Alonso, Gabriel
Compañía Andaluza Auxiliar de Transportes, S.L. Córdoba, 7 . Málaga	—	—	100	Corporación Española de Transporte, S.A.
Corgobus Transportes Urbanos de Vila Real Sociedade Unipessoal Lda. Praceta Cidade Pávoa de Varzim, 7 . Vila Real (Portugal)	92	16	100	Corporación Española de Transporte, S.A.
Corporación Española de Transporte, S.A. Ulises, 18 . Madrid (d)	24,160	24,43	99.99 0,01	FCC-Connex Corporación, S.L. Detren Compañía General de Servicios Ferroviarios, S.L.
Corporación Jerezana de Transportes Urbanos, S.A. Unipersonal Polígono Ind. El Portal . Jerez de la Frontera (Cádiz) (d)	3,940	3,940	100	Corporación Española de Transporte, S.A.
Detren Compañía General de Servicios Ferroviarios, S.L. Ulises, 18 . Madrid (d)	4,034	4,034	99.99 0.01	FCC-Connex Corporación, S.L. Corporación Española de Transporte, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
FCC-Connex Corporación, S.L. Ulises, 18 . Madrid (d)	13,090	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	222	59.68 40.32	Corporación Española de Transporte, S.A. Ayuntamiento de Sanlúcar de Barrameda
Transports Municipals d'Egara, S.A. Ctra. Nacional 150 Km. 15 . Terrassa (Barcelona) (e)	721	721	80.00 20.00	Corporación Española de Transporte, S.A. Ayuntamiento de Terrassa
Vehicle roadworthiness testing				
Valenciana de Servicios ITV, S.A. Polígono Industrial "El Oliveral" . Ribarroja de Turia (Valencia)	905 603	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.
CONSTRUCTION				
Construcciones Olabarri, S.L. Plaza Pío Baroja, 3. Bilbao (Vizcaya)	1,683	1,683	49.00 51.00	Ibervia Construcciones y Contratas, S.L. José Luis Olabarri Zalvide
Constructora Aeropuerto Santiago (*) Limitada Alfredo Barros Errazuriz, 1953. Santiago (Chile)	—	15		
Dragados FCC Canadá, Inc. 200 King Street West. Toronto (Canadá)	—	—	50.00 50.00	FCC Construction International, B.V. Dragados FCC Netherlands, B.V.
Peri 3 Gestión, S.L. General Álava, 26. Vitoria (Álava)	2	—	50.00 25.00 25.00	FCC Construcción, S.A. Construcciones Urbanas Urco, S.A. Urbanizadora Bascongada, S.A.
CEMENT AREA				
CDN-USA Group Preble Street, 38. Portland. Maine (U.S.A.) (e)	35,673	28,143	50.00 50.00	Cementos Portland, Valdeirivas, S.A. Cementos Lemona, S.A.

Notes:

- In general the financial statements of the related companies are at December 31, 2005.
 - The main jointly controlled entities 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).
- (*) See Appendix IV/3 "Exclusions from the Scope of Consolidation".



**APPENDIX III. ASSOCIATES
(ACCOUNTED FOR USING THE EQUITY METHOD)**

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005
	2005	2004	

ENVIRONMENT

Cleaning

Clavegueram de Barcelona, S.A. Acer, 16. Barcelona	973	911	22.50	Fomento de Construcciones y Contratas, S.A.
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia	1,740	1,877	49.00	Fomento de Construcciones y Contratas, S.A.
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14. Tremp (Lleida)	25	—	40.00	Fomento de Construcciones y Contratas, S.A.
Tirme, S.A. Ctra. Sóller, km. 8 - Son Reus Camí. Balearic Islands (a)	4,557	3,763	20.00	FCC Medio Ambiente, S.A.

Water treatment and distribution

Aguas de Denia, S.A. Pedro Esteve, 17. Denia (Alicante)	300	316	33.00	Aqualia Gestión Integral del Agua, S.A.
Aguas de Ubrique, S.A. Avda. España, 9. Ubrique (Cádiz)	44	64	49.00	Aqualia Gestión Integral del Agua, S.A.
Aigües de Blanes, S.A. Canigó, 5. Blanes (Girona)	53	47	49.00	Girona, S.A.
Conducció del Ter, S.L. Bourg de Peage, 89. Sant Feliu de Guixols (Girona)	37	36	48.00	Aqualia Gestión Integral del Agua, S.A.
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A. Pz. de la Glorieta, 1. Nijar (Almería) (e)	248	—	49.00	Aqualia Gestión Integral del Agua, S.A.
Empresa Municipal de Aguas de Algeciras, S.A. Virgen del Carmen, s/n. Algeciras (Cádiz) (e)	175	232	49.00	Aqualia Gestión Integral del Agua, S.A.
Empresa Municipal de Aguas de Toxiria, S.A. Plaza de la Constitución. Torredonjimeno (Jaén)	102	104	49.00	Aqualia Gestión Integral del Agua, S.A.
Grupo Domino Holdings (*) Avda. Candido Abreu, 651—Curitiba (Brazil)	—	20,631		
La Unión Servicios Municipales, S.A. Salvador Pascual, 7. La Unión (Murcia) (e)	117	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)	94	70	40.00	Aqualia Gestión Integral del Agua, S.A.
Proveïments d'Aigua, S.A. Asturias, 13. Girona	155	120	45.00	Girona, S.A.
Sera Q.A. Duitama E.S.P., S.A. Duitama, Bocaya (Colombia)	29	20	30.60	Aqualia Gestión Integral del Agua, S.A.

Waste treatment

A.B.G. Servicios Medioambientales, S.A. Colón de Larreátegui, 26. Bilbao (Vizcaya)	79	89	20.00	Limpiezas Industriales Alfus, S.A.
Aprochim Getesarp Rymoil, S.A. Polígono Industrial Logrenzana La Granda. Carreño (Asturias)	687	732	30.00	FCC Medio Ambiente, S.A.
Sogecar, S.A. Polígono Torrelarragoiti. Zamudio (Vizcaya)	168	121	23.49	Ekonor, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005
	2005	2004	

VERZIA

Street furniture

Eumex Group (*) Blvd. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City (Mexico)	—	12,195		
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Passenger transport

Bus Turístico de Málaga, S.L. Pº de los Tilos. Estación de Autobuses. Málaga	77	44	40.00	Corporación Española de Transporte, S.A.
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Vehicle roadworthiness testing

I.T.V. Córdoba, S.A. Dean Funes 802 - Córdoba (Argentina)	82	98	30.00	General de Servicios I.T.V., S.A.
I.T.V. Probús, S.L. Castelló, 66. Madrid	61	—	20.00	General de Servicios I.T.V., S.A.

CONSTRUCTION

Concession operators

Aigües del Segarra Garrigues, S.A. Pz. Del Carmen, 15. Tàrrrega (Lleida) (a)	3,330	3,952	24.00 1.00	FCC Construcción, S.A. Aqualia Gestión Integral del Agua, S.A.
Autopistas del Valle, S.A. Oficentro Palacio - San José (Costa Rica)	2,966	257	35.00	Concesiones Viales de Costa Rica, S.A.
Autopista de la Costa Cálida Concesionaria Española de Autopistas, S.A. Saturno, 1. Pozuelo de Alarcón (Madrid) (a)	24,934	10,249	35.75	FCC Construcción, S.A.
Autovía del Camino, S.A. Leyre, 11 -Pamplona (Navarra) (a)	9,649	21,151	40.00	FCC Construcción, S.A.
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V. Mexico City. Mexico	202	—	44.00 1.00	Concesiones Viales S. de R.L de C.V. FCC Construcción, S.A.
Concesiones Aeroportuarias, S.A. Avda. Hermanos Bou, 22. Castellón de la Plan	41	36	40.00	FCC Construcción, S.A.
Concesiones de Madrid, S.A. Avda. de Europa, 18 Parque Empres. La Moraleja. Alcobendas (Madrid) (a)	15,087	6,460	33.33	FCC Construcción, S.A.
Concessió i Explotació d'Infraestructures, S.A. Travessera de Gràcia, 58. Barcelona	1,797	2,828	34.00	FCC Construcción, S.A.
Cedinsa Group Tarragona, 141. Barcelona (a)	940	—	34.00	FCC Construcción, S.A.
Tacel Group (Madrid) Rozabella, 6 Europa Empresarial. Las Rozas de Madrid (Madrid) (c)	16,650	—	44.64	FCC Construcción, S.A.
Ibisan, Sociedad Concesionaria, S.A. Porto Pi, 8. Palma de Mallorca (Balearic Islands) (a)	2,541	—	50.00	FCC Construcción, S.A.
Madrid 407 Sociedad Concesionaria, S.A. Pedro Teixeira, 8 Edif. Iberia Mart.. Madrid	1,378	—	50.00	FCC Construcción, S.A.
Metro de Málaga, S.A. Martínez, 11. Málaga (d)	15,289	5,137	26.73	FCC Construcción, S.A.
Portsur Castellón, S.A. Muelle Serrano Lloberes, s/n El Grao (Castellón de la Plana)	150	—	30.00	FCC Construcción, S.A.
Ruta de los Pantanos, S.A. Avda. Europa, 18. Parque Empres. La Moraleja Alcobendas (Madrid) (a)	1,709	3,300	25.00	FCC Construcción, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	OWNER
	2005	2004		
Tramvia Metropolità, S.A. Córcega, 270. Barcelona	5,240	6,857	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	5,507	6,830	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.
Tranvía de Parla, S.A. Soledad, 1A. Parla (Madrid) (a)	732	—	32.50 10.00	FCC Construcción, S.A. Detren Compañía General de Servicios Ferroviarios, S.L.
Túnel d'Envalira, S.A. Concesionaria del Principat d'Andorra Avda. Tarragona, 58-70 Edificio Les Colomnes –Andorra la Vella (Andorra)	6,380	5,274	40.00	FCC Construcción, S.A.
Other activities				
BBR VT Internacional Ltd. Bahnstrasse, 23. Schwerzenbach (Switzerland)	1,035	—	22.50	BBR Pretensados y Técnicas Especiales, S.L.
Cleon, S.A. Av. General Perón, 36– Madrid (c)	25,252	25,263	25.00	FCC Construcción, S.A.
Compañía Tecnológica de Corella Construcción, S.A. Polígono Industrial s/n. Corella (Navarra) (e)	57	293	49.00	Prefabricados Delta, S.A.
Dinfra Cofimex, S.A. de C.V. (*) Coahuila, 99. Colonia Cuajimalca Mexico City (Mexico)	—	42		
ECCE Signs for Europe B.V. (*) Essenestraat, 24. Ternat (Belgium)	—	60		
ECCE Signs for Europe B.V., S.L. (*) Polaris Ave 53, J.H. Hofddorp (Netherlands)	—	1		
Elaboración de Cajones Pretensados, S.L. Avda. General Perón, 36. Madrid	2	2	50.00	FCC Construcción, S.A.
Foment de Construccions i Consulting Group Av. Copríncep Francès 11. Encamp (Andorra)	—	(38)	33.30	FCC Construction International B.V.
Hospital del Sureste, S.A. Paseo de la Castellana, 189. Madrid (a)	374	—	33.33	FCC Construcción, S.A.
Las Palmeras de Garrucha, S.L. Mayor, 19. Garrucha (Almería)	1,395	1,695	20.00	Participaciones Teide, S.A.
Marina de l'Empordà, S.A. Avda. Diagonal, 512. Barcelona -En proceso de liquidación-	15	15	5.35	FCC Construcción, S.A.
Marina de Laredo, S.A. Pasaje de Puntida, 1. Santander (Cantabria)	106	—	42.50	FCC Construcción, S.A.
Marina Port Vell, S.A. Varadero, s/n. Ed. Torre de Control-Moll del Relotge (Barcelona) -Operation of marinas	1,517	1,751	30.66	FCC Construcción, S.A.
Nàutic Tarragona, S.A. Edificio Club Náutico, Puerto Deportivo. Tarragona -Operation of marinas-	378	273	25.00	FCC Construcción, S.A.
Nova Bocana Barcelona, S.A. Avda. Josep Tarradellas, 123. Barcelona	248	250	25.00	FCC Construcción, S.A.
Operador Logístico Integral de Graneles, S.A. Explanada de Aboño-Puerto del Musel. Gijón (Asturias)	1,127	1,031	20.00	Contratas y Ventas, S.A.
Port Premià, S.A. Balmes, 36. Barcelona -In liquidation-	(555)	(555)	39.72	FCC Construcción, S.A.
Port Torredembarra, S.A. Pza. Peig, 1. Torredembarra (Tarragona) -Operation of marinas-	751	798	24.08	FCC Construcción, S.A.
Promvias XXI, S.A. Vía Augusta, 255 Local 4. Barcelona	15	—	25.00	Participaciones Teide, S.A.
Sa Stria, Società Consortile a Responsabilità Limitata Piazza Fernando de Lucia, 60 Roma (Italy)	—	—	40.00	FCC Construcción, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		% NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005	
	2005	2004		
Terminal Polivalente de Castellón, S.A. Muelle del Centenario (Terminal B). El Grao (Castellón de la Plana)	2,662	3,749	45.00	FCC Construcción, S.A.
Terminal Polivalente de Huelva, S.A. La Marina, 29. Huelva	5	5	31.50	FCC Construcción, S.A.
Torres Porta Fira, S.A. Mestre Nicolau, 19. Barcelona	8,648	300	40.00	FCC Construcción, S.A.
Urbs Iudex et Causidicus, S.A. Tarragona, 161, Cos Baix, 3 Derecha. Barcelona	(10,866)	2,622	29.00	FCC Construcción, S.A.
Viveros del río Razón, S.L. Camino del Guardatillo. Valdeavellano de Tera (Soria) -Tree nurseries and gardening-	2	2	48.00	Naturaleza, Urbanismo y Medio Ambiente, S.A.
CEMENT				
Aplicaciones Minerales, S.A. Camino Fuente Herrero, s/n. Cueva de Cardiel (Burgos)	371	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. Santander-Bilbao, Km. 184. Barcena de Cicero (Cantabria) (e)	2,609	2,982	30.00	Cementos Alfa, S.A.
Canteras y Hormigones VRE, S.A. Arieta, 13. Estella (Navarra) (c)	1,814	1,842	30.00	Cementos Portland Valderrivas, S.A.
Carbocem, S.A. Pº de la Castellana, 45. Madrid -Import of coal- (c)	411	369	42.85 14.28	Cementos Portland Valderrivas, S.A. Cementos Alfa, S.A.
Dragon Alfa Cement Limited (*) Harbour House. Deck Road, 138 Gloucestershire (United Kingdom)	—	2,708		
Exponor, S.A. Alameda de Urquijo, 10. Bilbao (Vizcaya) -In liquidation-	1	1	32.00 23.00	Cementos Lemona, S.A. Cementos Portland Valderrivas, S.A.
Cementos Lemona Group Alameda de Urquijo, 10. Bilbao (Vizcaya) (a)	43,500	39,168	30.78 0.01	Cementos Portland Valderrivas, S.A. Hormigones y Morteros Preparados, S.A. Unipersonal
Hormigones Alcanadre, S.L. (*) Alcubierre, 11. Huesca	?	431		
Hormigones Calahorra, S.A. Brebicio, 25. Calahorra (La Rioja)	173	283	49.99	Cementos Portland Valderrivas, S.A.
Hormigones Castro, S.A. Ctra. Irún-La Coruña, Km. 153. Islares (Cantabria)	436	439	40.00	Cementos Alfa, S.A.
Hormigones del Baztán, S.L. Suspeltxiki, 25. Vera de Bidasoa (Navarra)	764	709	50.00	Hormigones Arkaitza, S.A. Unipersonal
Hormigones Delfín, S.A. Venta Blanca - Peralta (Navarra)	869	964	50.00	Cementos Portland Valderrivas, S.A.
Hormigones en Masa de Valtierra, S.A. Ctra. de Cadreíta, Km. 0. Valtierra (Navarra)	1,581	1,508	50.00	Cementos Portland Valderrivas, S.A.
Hormigones Galizano, S.A. Ctra. Irún-La Coruña, Km. 184. Gama (Cantabria)	299	296	50.00	Cementos Alfa, S.A.
Hormigones Giral, S.A. (*) Alcubierre, 11. Huesca	—	2,547		
Hormigones Reinales, S.A. Bretón de los Herreros, 8. Calahorra (La Rioja)	741	734	50.00	Cementos Portland Valderrivas, S.A.
Hormigones y Áridos del Pirineo Aragonés, S.A. Ctra. de Biescas, s/n. Sabiñánigo (Huesca) (c)	4,470	3,565	50.00	Cementos Portland Valderrivas, S.A.
Lázaro Echeverría, S.A. Isidoro Melero. Alsasua (Navarra) (c)	8,781	8,254	40.00	Canteras de Aláiz, S.A.
Navarra de Transportes, S.A. Ctra. Pamplona-Vitoria, km. 52. Olazagutia (Navarra) (c) -Bulk goods transport	1,010	956	33.33	Cementos Portland Valderrivas, S.A.

COMPANY	CARRYING AMOUNT OF THE INVESTMENT		%	NOMINAL PERCENTAGE OF OWNERSHIP AND OWNER AT DECEMBER 31, 2005
	2005	2004		
Novhorvi, S.A. Portal de Gamarra, 25. Vitoria (Álava)	263	206	25.00	Canteras del Pirineo Occidental, S.A.
Silos y Morteros, S.L. General Vara del Rey, 1. Logroño (La Rioja)	270	226	33.33	Hormigones y Morteros Preparados, S.A. Unipersonal
OTHER ACTIVITIES				
Property				
Realia Business Group Paseo de la Castellana, 216. Madrid (a)	256,524	222,760	44.25 4.41 0.51	Fomento de Construcciones y Contratas, S.A. Corporación Financiera Hispánica, S.A. Grucysa, S.A.
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	481,380	442,734		

Notes:

- In general, the financial statements of the related companies are at December 31, 2005.
- As required by Article 86 of the consolidated Corporations Law, in 2005 the Group companies made the related notifications to the companies in which they had acquired direct or indirect investments of over 10%.
- The main associates 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).

(*) See Appendix IV/3 "Exclusions from the Scope of Consolidation".



APPENDIX IV. CHANGES IN THE SCOPE OF CONSOLIDATION

INCLUSIONS	REGISTERED OFFICE
FULLY CONSOLIDATED COMPANIES	
<p>AREMI ASOCIADOS, S.L. AUGAS MUNICIPAIS DE ARTEIXO, S.A. CEMINTER MADRID, S.L. UNIPERSONAL CEMUSA BOSTON, LLC. CHEMIPUR QUÍMICOS, S.L. UNIPERSONAL CONCESIONES VIALES, S. DE R.L. DE C.V. DISTRIBUCIÓN CLIMATIZADA, S.A. UNIPERSONAL (1) DRAGON ALFA CEMENT LIMITED (*) EMPRESA MUNICIPAL DE DESARROLLO SOSTENIBLE AMBIENTAL DE ÚBEDA, S.L. ENTEMASER, S.A. GEMECAN GESTORA MEDIOAMBIENTAL Y DE RESIDUOS, S.L. LOGÍSTICO SANTOS, S.A. UNIPERSONAL GROUP (1) HIDROTEC TECNOLOGÍA DEL AGUA, S.L. UNIPERSONAL HORMIGONES DEL KAS, S.L. UNIPERSONAL HORMIGONES ISLEÑOS, S.L. UNIPERSONAL HORMIGONES TABARCA, S.L. UNIPERSONAL INDUSTRIAS SANGAR, S.A. INSTUGASA, S.L. UNIPERSONAL INTEGRACIONES AMBIENTALES DE CANTABRIA, S.A. LOGO ALMACENAJE, S.A. UNIPERSONAL (1) MANIPULACIÓN Y RECUPERACIÓN MAREPA, S.A. NILO MEDIOAMBIENTE, S.L. UNIPERSONAL PAPELES HERNÁNDEZ E HIJOS, S.A. PAPELES VELA, S.A. RECUPERACIONES MADRILEÑAS DEL PAPEL, S.A. RECUPERADOS EXTREMEÑOS, S.A. RH ENTERPRISES (1993) LIMITED SANTOS EUROPEA DE DISTRIBUCIÓN, S.L. UNIPERSONAL (1) SANTOS LOGÍSTICA ALMACENAJE Y DISTRIBUCIÓN, S.L. UNIPERSONAL (1) SANTOS LOGÍSTICA DE TELECOMUNICACIONES, S.L. UNIPERSONAL (1) SANTOS LOGÍSTICA RETAIL, S.A. UNIPERSONAL (1) SANTOS LOGÍSTICA, S.L. UNIPERSONAL (1) SANTOS RENTING, S.L. UNIPERSONAL SANTOS SERVICIOS GENERALES COMPARTIDOS, S.L. UNIPERSONAL (1) SANTOS TRANSPORTES EUROPEOS, S.L. UNIPERSONAL (1) SUÑER TRANSPORT NAVARRA, S.A. UNIPERSONAL (1) SUÑER TRANSPORT, S.A. UNIPERSONAL (1)</p>	<p>Av. de les Corts Valencianes, 50. Valencia Pz. Alcalde Ramón Dopico. Arteixo (La Coruña) Almagro, 26. Madrid 645 N. Michigan Ave Ste. 800. Chicago. Illinois (U.S.A.) Pincel, 25. Seville Mexico City (Mexico) Cr. Villaverde a Vallecas Km. 8 Par H-1. Madrid Harbour House. Deck Road, 138. Gloucestershire (United Kingdom) Pz. Vázquez de Molina, s/n. Úbeda (Jaén) Castillo, 13. Adeje (Santa Cruz de Tenerife) Josefina Mayor, 12. Telde (Las Palmas) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Pincel, 25. Seville José Abascal, 59. Madrid José Abascal, 59. Madrid José Abascal, 59. Madrid Guadalquivir, 16. Fuenlabrada (Madrid) La Presa, 14. Adeje (Santa Cruz de Tenerife) Lealtad, 14. Santander (Cantabria) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Av. San Martín de Valdeiglesias, 22. Alcorcón (Madrid) Pincel, 25. Seville Guadalquivir, 16. Fuenlabrada (Madrid) Álava, 90. Barcelona Guadalquivir, 16. Fuenlabrada (Madrid) Cr. Nacional 630 Km. 543. Casar de Cáceres (Cáceres) The Cement Terminal, Sharpness Docks. Gloucestershire (United Kingdom) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Francisco Medina y Mendoza. Guadalajara Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid) Cr. Navarra Km. 16. Arguedas (Navarra) Cr. Tavernes, s/n. Alzira (Valencia)</p>

INCLUSIONS	REGISTERED OFFICE
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PROPORTIONATELY CONSOLIDATED COMPANIES

COMPAÑÍA ANDALUZA AUXILIAR DE TRANSPORTES, S.L.	Córdoba, 7. Málaga
CONVERTY SERVICE, S.A.	Cn. De los Afligidos P.I. La Esgaravita, 1. Alcalá de Henares (Madrid)
INALIA MOSTAGANEM, S.L.	Gobelos, 47-49 - Madrid
PERI 3 GESTIÓN, S.L.	General Álava, 26. Vitoria (Álava)
SENBLÉN BAT, S.A.	Alameda de Urquijo, 10. Bilbao (Vizcaya)

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

BBR VT INTERNATIONAL LTD.	Bahnstrasse, 23. Schwerzenbach (Switzerland)
CONCESIONARIA TÚNEL DE COATZACOALCOS, S.A. DE C.V.	Mexico City (Mexico)
EMANAGUA EMPRESA MIXTA MUNICIPAL DE AGUAS DE NÍJAR, S.A.	Pz. De la Glorieta, 1. Níjar (Almería)
CEDINSA GROUP	Tarragona, 141. Barcelona
TACEL GROUP	Rozabella, 6 Europa Empresarial. Las Rozas de Madrid (Madrid)
HOSPITAL DEL SURESTE, S.A.	Paseo de la Castellana, 189. Madrid
I.T.V. PROBÚS, S.L.	Castelló, 66. Madrid
IBISAN SOCIEDAD CONCESIONARIA, S.A.	Porto Pi, 8. Palma de Mallorca (Balearic Islands)
MADRID 407 SOCIEDAD CONCESIONARIA, S.A.	Pedro Teixeira, 8 Edif. Iberia mart.. Madrid
MARINA DE LAREDO, S.A.	Pasaje de Puntida, 1. Santander (Cantabria)
PALLARS JUSSÀ NETEJA I SERVEIS, S.A.	Pau Casals, 14. Tremp (Lleida)
PORTSUR CASTELLÓN, S.A.	Muelle Serrano Lloberes, s/n. El Grao (Castellón de la Plana)
PROMVIAS XXI, S.A.	Vía Augusta, 255 Local 4. Barcelona
TRANVÍA DE PARLA, S.A.	Soledad, 1A. Parla (Madrid)

EXCLUSIONS**REGISTERED OFFICE****FULLY CONSOLIDATED COMPANIES**

ARGAM, S.A. (2)	Galileo, 2446. Buenos Aires (Argentina)
ÁRIDOS DE ANDÚJAR, S.L. UNIPERSONAL (3)	Cr. de los Villares Km. 7,5. Andújar (Jaén)
C.T.V., S.A. (2)	Coronel Esteban Bonorino, 277. Buenos Aires (Argentina)
DISTRIBUCIÓN CLIMATIZADA, S.A. UNIPERSONAL (1)	Cr. Villaverde a Vallecas Km. 8 Par H-1. Madrid
ECOVEC, S.A.	Coronel Esteban Bonorino, 271. Buenos Aires (Argentina)
FALCON CONTRATAS Y SEGURIDAD, S.A.	Ronda de Poniente, 13 Locales E2 y P1. Tres Cantos (Madrid)
FALCON CONTRATAS Y SERVICIOS AUXILIARES, S.A.	Ronda de Poniente, 13 Locales E5. Tres Cantos (Madrid)
FCC CONSTRUCCIÓN PUERTO RICO CORP. (4)	1225 Ponce de León Avenue. San Juan de Puerto Rico (U.S.A.)
FEPANOR, S.L.	Cr. de Andalucía, Km. 56. Ocaña (Toledo)
FORMACIÓN Y CONTRATAS, S.A.	Ronda de Poniente, 13 Locales E1. Tres Cantos (Madrid)
GRUPO LOGÍSTICO SANTOS, S.A. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
HORMIGONES DEL KAS, S.L. UNIPERSONAL	José Abascal, 59. Madrid
HORMIGONES ISLEÑOS, S.L. UNIPERSONAL	José Abascal, 59. Madrid
I.T.V. INSULAR, S.A. (5)	Federico Salmón, 13. Madrid
IBÉRICA DE ENCLAVES, S.A.	Arquitecto Gaudí, 4. Madrid
INGETMA, S.A.	Juan Bautista Zabala, 12. Guecho (Vizcaya)
LOGO ALMACENAJE, S.A. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
RECOLLIDA I NETEJA ORO-VILA, S.A. UNIPERSONAL (6)	Av. Garrigas, 15. Bellpuig (Lleida)
SANTOS EUROPEA DE DISTRIBUCIÓN, S.L. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SANTOS LOGÍSTICA ALMACENAJE Y DISTRIBUCIÓN, S.L. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SANTOS LOGÍSTICA DE TELECOMUNICACIONES, S.L. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SANTOS LOGÍSTICA RETAIL, S.A. (UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SANTOS LOGÍSTICA, S.L. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SANTOS SERVICIOS GENERALES COMPARTIDOS, S.L. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SANTOS TRANSPORTES EUROPEOS, S.L. UNIPERSONAL (1)	Buenos Aires, s/n Polígono Camporroso. Alcalá de Henares (Madrid)
SUÑER TRANSPORT NAVARRA, S.A. UNIPERSONAL (1)	Cr. Navarra Km. 16. Arquedas (Navarra)
SUÑER TRANSPORT, S.A. UNIPERSONAL (1)	Cr. Tavernes, s/n. Alzira (Valencia)
T.P.A. FRUGO, S.A.	Federico Salmón, 13 - Madrid

PROPORTIONATELY CONSOLIDATED COMPANIES

CONSTRUCTORA AEROPUERTO SANTIAGO LIMITADA (4)	Alfredo Barros Errazuriz, 1953. Santiago (Chile)
SERECO GESTIÓN, S.L.	Polígono Guarnizo, parcela 97. El Astillero (Cantabria)

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

DINFRA COFIMEX, S.A. DE C.V.	Coahuila, 299. Colonia de Cuajimalca. Mexico City. (Mexico)
DRAGON ALFA CEMENT LIMITED (*)	Harbour House. Deck Road, 138. Gloucestershire (United Kingdom)
ECCE SIGNS FOR EUROPE B.V.	Essenestraat, 24. Ternat (Belgium)
ECCE SIGNS FOR EUROPE B.V., S.L.	Polaris Ave 53. J.H. Hofddorp (Netherlands)
GRUPO DOMINO HOLDINGS	Av. Cândido Abreu, 651. Curitiba (Brazil)
GRUPO EUMEX	Bldv. Manuel Ávila Camacho, 76 Colonia Lomas de Chapultepec. Mexico City. (Mexico)
HORMIGONES ALCANADRE, S.L.	Alcubierre, 11. Huesca
HORMIGONES GIRAL, S.A.	Alcubierre, 11. Huesca

(1) Company merged by absorption into FCC Logística, S.A. Unipersonal.

(2) Company merged by absorption into Verauto La Plata, S.A.

(3) Company merged by absorption into Áridos y Premezclados, S.A. Unipersonal.

(4) Exclusion due to liquidation.

(5) Company merged by absorption into General de Servicios I.T.V., S.A.

(6) Company merged by absorption into Jaume Oro, S.L.

(*) Change of consolidation method.



APPENDIX V. UNINCORPORATED JOINT VENTURES, ECONOMIC INTEREST GROUPINGS AND OTHER ENTITIES JOINTLY CONTROLLED WITH NON-GROUP THIRD PARTIES

	PERCENTAGE OF OWNERSHIP		PERCENTAGE OF OWNERSHIP
ENVIRONMENT			
A.I.E. AGUAS Y SERVICIOS DE LA COSTA TROPICAL DE GRANADA	51.00	UTE FCC. HIJOS DE MORENO, S.A.	50.00
A.I.E. GESTIÓN DE SERVICIOS HIDRÁULICOS DE CIUDAD REAL	75.00	UTE FCC. HIMOSA	50.00
A.I.E. ITAM DELTA DE LA TORDERA	50.00	UTE FCC. PROMECO 2000, S.L.	50.00
A.I.E. SEARSA CAÑELLAS	25.00	UTE FCC. SUFI MAJADAHONDA	50.00
UTE A GUARDA	50.00	UTE FCC. SUFI PESA	50.00
UTE ABASTECIMIENTO EXTREMADURA	20.00	UTE FCC. SYF PLAYAS	40.00
UTE ABM	52.80	UTE FCC. TEGNER	50.00
UTE AEROPUERTO I	50.00	UTE FCCMA. NECA	51.00
UTE AEROPUERTO II	50.00	UTE FCCMA. RUBATEC STO. MOLLET	50.00
UTE AGUAS ALCALÁ	37.50	UTE FCCPO	50.00
UTE AGUAS DEL DORAMÁS	50.00	UTE FCCSA. GIRSA	89.80
UTE ALCANTARILLADO BILBAO	90.00	UTE FCCSA. SECOPSA	50.00
UTE ALMEDA	51.00	UTE FOBESA	50.00
UTE AMPLIACIÓ LIXIVITATS	40.00	UTE FS MUNGEST	51.00
UTE AMPLIACIÓN EDAR ABRERA	90.00	UTE FS MUNGEST II	51.00
UTE AMPLIACIÓN EDAR GIRONA	33.00	UTE GESTIÓN BIOSÓLIDOS SEVILLA	50.00
UTE AMPLIACIÓN ETAP BURGOS	50.00	UTE GESTIÓN INSTALACIÓN III	34.99
UTE AMPLIACIÓN IDAM SANT ANTONI	50.00	UTE GESTIÓN LODOS CYII	50.00
UTE ANDRATX	25.00	UTE GIREF	20.00
UTE ANSA. ALFUS	20.00	UTE GIRONA SELECTIVES	50.00
UTE APARKISA	35.00	UTE HÉROES DE ESPAÑA	50.00
UTE AQUAGEST Y SEARSA	25.00	UTE HIDROGESTIÓN	30.00
UTE AQUALIA. FCC. MYASA	94.00	UTE IDAM IBIZA	50.00
UTE ARGÍ GUEÑES	70.00	UTE IDAM SANT ANTONI	50.00
UTE ASTONDO	40.00	UTE INFILCO	50.00
UTE BILBOKO SANEAMENDU	50.00	UTE INTAGUA	50.00
UTE BIOCOMPOST DE ÁLAVA	50.00	UTE JARDINES CÁDIZ	50.00
UTE BOADILLA	50.00	UTE JARDINES PROTECCIÓN ESPECIAL	50.00
UTE CÁDIZ	50.00	UTE JARDINES SANTA COLOMA	50.00
UTE CANA PUTXA	20.00	UTE JUNDIZ	51.00
UTE CASTELLANA. PO	50.00	UTE LEA. ARTIBAI	60.00
UTE CASTELLAR DEL VALLÈS	50.00	UTE LEGIO VII	50.00
UTE CIUTAT VELLA	50.00	UTE LIMPIEZA COLEGIOS PÚBLICOS DE ALCORA	50.00
UTE COLECTOR MAGRANERS	50.00	UTE LIMPIEZA COLEGIOS PÚBLICOS DE BURRIANA	50.00
UTE COLECTORES Y EDAR EN BARBARROJA	25.00	UTE LIMPIEZA COLEGIOS PÚBLICOS DE CASTELLÓN	50.00
UTE COLEGIOS SANT QUIRZE	50.00	UTE LÍNEA 2 FASE 2 FMB	50.00
UTE COMPORTATGE ALT URGELL	40.00	UTE LÍNEA 2 METRO BILBAO	50.00
UTE CONSORCIO FCC. FOCSAVEN	75.50	UTE LOCALES JUSTICIA LOTE II	50.00
UTE DELTA	50.00	UTE LOCALES JUSTICIA LOTE V	50.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00	UTE LOGROÑO LIMPIO	50.00
UTE DIGESTIÓN EDAR TARRAGONA	50.00	UTE LVR MUSKIZ II	70.00
UTE ECOSERVEIS FIGUERES	50.00	UTE MADRID I	50.00
UTE EDAR ARRUBAL Y AGONCILLO	50.00	UTE MADRID II	50.00
UTE EDAR CULEBRO	17.50	UTE MADRID III	50.00
UTE EDAR CULEBRO EQUIPOS	50.00	UTE MANCOMUNIDAD ALTO MIJARES	50.00
UTE EDAR DE KRISPIJANA	70.00	UTE MANTENIMIENTO COLEGIOS BILBAO	60.00
UTE EDAR DEPURADORA BRIANS	25.00	UTE MONTCADA	50.00
UTE EDAR LLANÇÀ	10.00	UTE MORELLA	50.00
UTE EDAR PATERNA	42.50	UTE MUSKIZ	70.00
UTE EDAR TORREVIEJA	5.00	UTE NAVALMORAL	50.00
UTE EL ESPINAR	50.00	UTE OBRA AMPLIACIÓN IDAM SAN ANTONIO	50.00
UTE EPTISA ENTEMANSER	48.50	UTE OBRA AGUAS ALCALÁ	55.00
UTE ETAP LAS ERAS	50.00	UTE OFICINA ATENCIÓN TRIBUTARIA	33.34
UTE ETAP ORBIGO	50.00	UTE ONDA EXPLOTACIÓN	33.33
UTE EXPLOTACIÓN ITAM TORDERA	50.00	UTE PARLA	99.00
UTE F.L.F. LA PLANA	47.00	UTE PARQUE PARÍS DE LAS ROZAS	50.00
UTE FCC. ANPE	80.00	UTE PARQUES SINGULARES MÓSTOLES	50.00
UTE FCC. ERS LOS PALACIOS	50.00	UTE PAS. SPA	50.00
UTE FCC. FOCONSA	50.00	UTE PINETONS	50.00

	PERCENTAGE OF OWNERSHIP		PERCENTAGE OF OWNERSHIP
UTE PISCINA CUBIERTA MANISES	65.00	CONSTRUCTION	
UTE PISCINA CUBIERTA PAIPORTA	90.00	ACE ACESTRADA CONSTRUÇÃO DE ESTRADAS	13.33
UTE PLAN RESIDUOS	47.50	ACE ACCESIBILIDADE DAS ANTAS CONSTRUÇÃO E OBRAS PÚBLICAS	50.00
UTE PLANTA COMPOSTATGE D'OLOT	21.00	ACE EDIFER CONSTRUÇÕES, RAMALHO ROSA COBETAR E.C.	33.33
UTE PLANTA TRATAMIENTO VALLADOLID	60.00	ACE FCC CONSTRUCCIÓN E EDIFER	50.00
UTE PLAYAS	50.00	ACE INFRAESTRUTURAS DAS ANTAS COSNTRUÇÃO E OBRAS PÚBLICAS	33.33
UTE PONIENTE ALMERIENSE	50.00	ACE LUMIAR	50.00
UTE PORTUGARBI	51.00	ACE LUMIAR PREVIA	50.00
UTE POSU. FCC VILLALBA	50.00	ACE METREXPO	44.90
UTE PUERTO	50.00	ACE RAMALHO R.C., GRAVINER E NOVOPCA	72.25
UTE R.S. PONIENTE ALMERIENSE	50.00	ACE RAMALHO ROSA COBETAR E EDIFER	56.00
UTE RANILLA CONSTRUCCIÓN	42.50	ACE TÚNEL ODEOLUCA	35.00
UTE RBU VILLA-REAL	47.00	ACE TÚNEL RAMELA	13.33
UTE RESIDENCIA	50.00	ACE TÚNEL DE CEUTA, CONSTRUÇÃO DE OBRAS PÚBLICAS	49.50
UTE RESIDUOS ELECTRÓNICOS	16.67	ACE DU PORT DE LA CONDAMINE	45.00
UTE RESTAURACIÓN GARRAF	27.50	A.I.E. AUXEL ELECTRICIDAD AUXILIAR	75.00
UTE S.U. BILBAO	70.00	A.I.E. ITAM DELTA DE LA TORDERA	0.10
UTE SALTO DEL NEGRO	50.00	UTE 2ª FASE PLATAFORMA AENA	60.00
UTE SANT LLORENÇ	50.00	UTE 40. NORTE	50.00
UTE SANT QUIRZE	50.00	UTE 57 VIVIENDAS PC-6 CERRO DE REYES	90.00
UTE SANTA COLOMA DE GRAMANET	61.00	UTE 60 VIVIENDAS ALMENDRALEJO	85.00
UTE SASIETA	75.00	UTE OBOÑO MUSEL	80.00
UTE SAV. FCC TRATAMIENTOS	35.00	UTE ACONDICIONAMIENTO MUELLE SANTA CATALINA	40.00
UTE SEAFSA. JAIME E ISAAC RODRÍGUEZ	25.00	UTE AEROMÉDICA CANARIA. FCCCO	5.00
UTE SEAFSA J.I. RODRÍGUEZ	30.00	UTE AEROPUERTO DE CASTELLÓN	50.00
UTE SEAFSA LANZAROTE	30.00	UTE AL. BA	50.00
UTE SEARSA. INGEMAXTER. FELANITX	25.00	UTE AL. DEL CALATAYUD. 2	50.00
UTE SEARSA. INGENTMA	25.00	UTE AL. DEL CÓRDOBA	50.00
UTE SEARSA. MAN EXPLOTACIÓN ZONA MAS	25.00	UTE AL. DEL MÁLAGA	50.00
UTE SOLJA	20.00	UTE AL. DEL PUIGVERD	50.00
UTE SUELO MADRID	50.00	UTE ALCAR	45.00
UTE T.P.A. E INICRESS	75.00	UTE ALHAMA	75.00
UTE TIRVA FCC. FCCMA RUBÍ	51.00	UTE ALHENDUR	45.00
UTE TORRIBERA	50.00	UTE ALJUCEN	50.00
UTE TORRIBERA II	50.00	UTE ALMANZORA	40.00
UTE TOSSA DE MAR	20.00	UTE ALMENDRALEJO	65.00
UTE TREMP	51.00	UTE ALQUERÍA	50.00
UTE TXINGUDI	75.00	UTE AMPLIACIÓN AP-6 TRAMO 2	50.00
UTE VALLE INFERIOR	5.00	UTE AMPLIACIÓN CONSEJERÍA AMA	65.00
UTE VERTEDERO GARDELEGUI	70.00	UTE AMPLIACIÓN EDAR GIRONA	34.00
UTE VERTRESA	10.00	UTE AMPLIACIÓN FERIA VALENCIA FASE II	50.00
UTE VIGO RECICLA	70.00	UTE AMPLIACIÓN FERIA VALENCIA FASE III	50.00
UTE VINAROZ	50.00	UTE AMPLIACIÓN MESTALLA	50.00
UTE ZONZAMAS FASE II	30.00	UTE AMPLIACIÓN PUERTO DE CASTELLÓN	50.00
UTE ZURITA	50.00	UTE AP-7 FIGUERES	50.00
VERSA		UTE ARENAL	16.17
A.I.E. INFOSER ESTACIONAMIENTOS	33.33	UTE ARINAGA III	50.00
UTE CAMINO	50.00	UTE ARMILLA INSTALACIONES	50.00
UTE CN III	45.00	UTE ARROYO DE LA ENCOMIENDA	50.00
UTE CONTROL TÚNELES GRAN CANARIA	50.00	UTE ATIL. TECAIR	50.00
UTE EUROHANDLING	50.00	UTE AUDITORIO DE LEÓN	70.00
UTE EUROHANDLING BARCELONA	50.00	UTE AUTOPISTA CARTAGENA. VERA	50.00
UTE EUROHANDLING MÁLAGA	50.00	UTE AUTOVÍA CANALS AGULLENT	60.00
UTE EXTREMADURA	25.00	UTE AUTOVÍA MINERA	80.00
UTE EYSSA. AUPLASA ALICANTE	65.00	UTE AUTOVÍA PAMPLONA. LOGROÑO	35.00
UTE FCC ACISA AUDING	45.00	UTE AUTOVÍA PAMPLONA. LOGROÑO T2, 3, 4	70.79
UTE FCC. DISEL BARCELONA	80.00	UTE AVE MASIDE	67.00
UTE FCC. DISEL N-VI	50.00	UTE AVE MONTBLANC	75.00
UTE METEOROLÓGICAS A-6	33.00	UTE AVE TERUEL	50.00
UTE NOROESTE	33.00	UTE ÁVILA 6	35.00
UTE OCAÑA	75.00	UTE AZOKA	45.88
UTE SANTA BRÍGIDA	25.00	UTE AZUCENAS	75.00
UTE SCC SICE	50.00	UTE BAIX LLOBREGAT	50.00
UTE SCUTMADEIRA	55.00	UTE BALLONTI ARDANZA	9.80
UTE TRAMBAIX	33.00	UTE BARBADOS	50.00
UTE TÚNELES BRAÑAVIELLA. NIEVARES	50.00	UTE BERGARA	50.00
UTE ZARZUELA	50.00	UTE BIMENES	70.00
		UTE BIMESES III	70.00

	PERCENTAGE OF OWNERSHIP		PERCENTAGE OF OWNERSHIP
UTE BIZKAIA ENPARANTZA	24.50	UTE CUATRO CAMINOS	50.00
UTE BOMBEO DE AGUA C.A.C.	40.00	UTE CUÑA VERDE	93.00
UTE BP SIERRA	60.00	UTE D'ARO	60.00
UTE BULEVAR PINTO RESINA	50.00	UTE DÁRSENA SUR DEL PUERTO DE CASTELLÓN	50.00
UTE C 16	50.00	UTE DÁRSENA SUR III DEL PUERTO DE CASTELLÓN	50.00
UTE C&F JAMAICA	50.00	UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE C.P.D.'S	50.00	UTE DENIA SALUD	65.00
UTE CABLE CTC	40.00	UTE DEPÓSITO COMBUSTIBLE PUERTO GIJÓN	80.00
UTE CÁCERES	65.00	UTE DEPURADORA CALLOSA	87.00
UTE CADAQUÉS	50.00	UTE DESVÍOS II	60.00
UTE CÁDIZ	35.00	UTE DIQUE ESTE	35.00
UTE CAMBULLONEROS	80.00	UTE DIQUE LA OSA	80.00
UTE CAMBULLONEROS. VIRGEN DEL PINO	40.00	UTE DIQUE TORRES	27.00
UTE CAMPUS MIERES	73.00	UTE DISTRIBUCIÓN L-2 Y VARIAS	50.00
UTE CAN TUNIS	70.00	UTE DOZÓN	29.60
UTE CANAL DE NAVARRA	60.00	UTE DUEÑAS	50.00
UTE CANAL PUERTO VALENCIA	65.00	UTE EDAR CULEBRO	32.50
UTE CAPTACIÓN AGUA DE MAR S.P. PINATAR	50.00	UTE EDAR CULEBRO OBRA CIVIL	50.00
UTE CÁRCEL MARCOS PAZ	35.00	UTE EDAR L.F. DEPURBAIX	40.00
UTE CARDEDEU	40.00	UTE EDAR LOIOLA	89.80
UTE CARIÑENA	50.00	UTE EDAR PATERNA	42.50
UTE CARRETERA ALCÁNTARA L.P. PORTUGAL	65.00	UTE EDAR VUELTA OSTRERA	70.00
UTE CARRETERA HORNACHOS. LLERA	65.00	UTE EDIFICIO 4 WTC	56.25
UTE CARRETERA IBIÑA. SAN ANTONIO	50.00	UTE EDIFICIO DE LAS CORTES	65.00
UTE CARRETERA VALVERDE BADAJOZ	65.00	UTE EDIFICIO IMETISA	70.00
UTE CASON	50.00	UTE EDIFICIO TERMINAL	40.00
UTE CASON II	50.00	UTE EDIFICIOS I.D.I. TERCERA FASE	75.00
UTE CASTELLOLÍ	50.00	UTE EIX BERGUEDÀ	34.00
UTE CATENARIA. CERRO NEGRO	50.00	UTE EIX DEL LLOBREGAT	34.00
UTE CECOEX	20.00	UTE EL CONDADO	40.00
UTE CENTRE CONVENCIONS	37.00	UTE ELECTRICIDAD CIUDAD COMUNICACIONES	50.00
UTE CENTRO CONTINGENCIAS GAVÀ	70.00	UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE CERRAMIENTO CONTRADIQUE	60.00	UTE EMISARIO MOMPAS	89.80
UTE CERRO GORDO	75.00	UTE ENLACE R3-M50	33.33
UTE CERVERA LES OLUGES	50.00	UTE ENVALIRA	50.00
UTE CHAPÍN 2002	75.00	UTE ESCLUSA SEVILLA	70.00
UTE CIM LLEIDA	60.00	UTE ESPELSA. BEDASA	65.00
UTE CIRCUITO	70.00	UTE ESPELSA. ENDITEL	50.00
UTE CIRCUNVALACIÓN III	46.25	UTE ESPELSA. LUWAT	60.00
UTE CIUDAD DE LA JUSTICIA DE VALENCIA II	40.00	UTE ESPELSA. OCESA	75.00
UTE CIUDAD DE LAS ARTES ESCÉNICAS F. V.2	50.00	UTE ESPELSA. TMI	94.92
UTE CIUDAD DE LAS COMUNICACIONES	50.00	UTE ESTACIÓN AVE ZARAGOZA	50.00
UTE CIUDAD DEPORTIVA VALDEBEBAS	50.00	UTE ESTACIÓN FGV MERCADO. ALICANTE	60.00
UTE CIUDAD DEPORTIVA VALDEBEBAS II	50.00	UTE ESTACIÓN METRO SERRERÍA	50.00
UTE CIUDAD REAL	50.00	UTE ESTACIONES METRO LIGERO	50.00
UTE CIUTAT DE LA JUSTICIA	30.00	UTE ESTACIONES LÍNEA 9	33.00
UTE CLIMATIZACIÓN BARAJAS	42.50	UTE ESTADIO FRANCISCO DE LA HERA	85.00
UTE CLIMATIZACIÓN CIUDAD DE TELEFÓNICA	50.00	UTE F.I.F. LNG TK. 3001	34.00
UTE CLÍNICA PLANAS	50.00	UTE F.I.F. TANQUE FB. 241 GNL	34.00
UTE CLUB NÁUTICO CASTELLÓN	50.00	UTE F.I.F. TANQUES GNL	34.00
UTE COBRA CPD REPSOL	50.00	UTE FASE II HOSPITAL DE MÉRIDA	50.00
UTE COBRA. ESPELSA	50.00	UTE FÁTIMA	12.74
UTE COBRA. ESPELSA TRANVÍA	50.00	UTE FÁTIMA II	16.17
UTE COLECTOR MONTSERRAT	35.00	UTE FCC URCO URBASA	50.00
UTE COLECTOR NAVIA	80.00	UTE FCCCO ROVER ALCISA TRAMO 5	81.20
UTE COLECTOR RÍO TRIANA	80.00	UTE FGV ALICANTE TRAMO 2	60.00
UTE CONAVILA	55.00	UTE FIRA P-5	65.00
UTE CONAVILA II	50.00	UTE FÍSICA Y QUÍMICA	50.00
UTE CONDUCCIÓN DEL JÚCAR TRAMO VI	70.00	UTE FUENTE LUCHA	77.00
UTE CONEXIÓN DISTRIBUIDOR SUR	60.00	UTE GANGUREN	11.03
UTE CONEXIONES EL CAÑAVERAL	33.33	UTE GARRAF	50.00
UTE CONSEJERÍA AGRICULTURA	85.00	UTE GAS SAGUNTO, SOCOIN-APL	50.00
UTE CONSTRUCCIÓN HOSPITAL SURESTE	50.00	UTE GASODUCTO MAGREB. EUROPA	50.00
UTE CONTROL AÉREO GAVÀ	70.00	UTE GIJÓN. VILLAVICIOSA	50.00
UTE CORNELLÀ WTC	36.00	UTE GIRIBAILE	50.00
UTE CORREDOR	55.00	UTE GIRIBAILE II	50.00
UTE CORTE INGLÉS CASTELLÓN	70.00	UTE GIRONA NORTE	70.00
UTE CARRETERA PANTANOS	33.33	UTE GRAN VÍA HOSPITALET	50.00
UTE CARRETERA ACCESO PUERTO CASTELLÓN	50.00	UTE GRAN VÍA NORTE	50.00

	PERCENTAGE OF OWNERSHIP		PERCENTAGE OF OWNERSHIP
UTE GRAN VÍA SURESTE	33.33	UTE NUEVO ACCESO A LOS MUELLES DE LA OSA	80.00
UTE GRAU DE LA SABATA	90.00	UTE NUEVO PUERTO DE IGOMENITZA	50.00
UTE GUADARRAMA 3	33.33	UTE NUEVO TRAZADO CARRETERA TF-812	85.00
UTE GUADARRAMA 4	33.33	UTE OJO GUAREÑA	99.00
UTE GUAREÑA I	50.00	UTE OLABEL	13.23
UTE GUICYCSA TORDESILLAS	60.00	UTE OLOT MONTAGUT	45.00
UTE HABILITACIÓN ED.C. COMUNICACIONES	50.00	UTE ORENSE. MELÓN	50.00
UTE HORCHE	65.00	UTE OSEBE	50.00
UTE HOSPITAL ALCÁZAR	60.00	UTE OVIEDO LUGONES	70.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00	UTE PABELLÓN ILGNER	74.50
UTE HOSPITAL DE PALMA	50.00	UTE PADRÓN	50.00
UTE HOSPITAL DEL SUR	80.00	UTE PALACIO DE LOS DEPORTES	50.00
UTE HOSPITAL FCC. VVO	80.00	UTE PALAU	50.00
UTE HOSPITAL NAVALMORAL	50.00	UTE PALAU II	50.00
UTE HOSPITAL NORTE TENERIFE	80.00	UTE PALAU NACIONAL	44.00
UTE HOSPITAL O'DONELL	50.00	UTE PANADELLA	50.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00	UTE PARC CIENTÍFIC	50.00
UTE HOTEL WTC	53.00	UTE PARQUE EMPRESARIAL	75.00
UTE HUELVA NORTE	55.00	UTE PARQUE MÁLAGA	60.00
UTE HUESNA CONSTRUCCIÓN	33.33	UTE PARQUE OCEANOGRÁFICO DE VALENCIA	40.00
UTE IBAI EDER	24.50	UTE PARQUE OCEANOGRÁFO	50.00
UTE IFEVI	50.00	UTE PASAIA	7.35
UTE INCYEL	25.00	UTE PAU LAS TABLAS	50.00
UTE INSTITUT GUTTMAN	50.00	UTE PAU MONTE CARMELO	50.00
UTE INTERCAMBIADOR	75.00	UTE PAVONES VIVIENDAS	50.00
UTE JAÉN. MANCHA REAL	80.00	UTE PEOPLE MOVER	50.00
UTE JEREZ FERROVIARIA	80.00	UTE PIEDRAFITA	66.67
UTE JUAN GRANDE	50.00	UTE PINA	50.00
UTE JÚCAR	53.00	UTE PLATAFORMA AENA	60.00
UTE L9 HOSPITALET	50.00	UTE PLATAFORMA BARAJAS	50.00
UTE LA CARPETANIA	50.00	UTE PLATAFORMA SATÉLITE	26.00
UTE LA LOTETA	80.00	UTE POLÍGONO VICÁLVARO	80.00
UTE LAGUNA	35.00	UTE PORT BESÓS	50.00
UTE LAS ROSAS I-7	33.33	UTE PORT BESÓS. ACA	50.00
UTE LAUDIO	24.50	UTE PORT TARRAGONA	50.00
UTE LÍNEA 5	40.00	UTE PRADO	50.00
UTE LÍNEA 9	33.00	UTE PREFABRICADOS M-30	50.00
UTE LÍNEA 10	50.00	UTE PRESA ENCISO	50.00
UTE LÍNEA DE COSTA	50.00	UTE PRESAS JÚCAR	53.00
UTE LUKO	45.00	UTE PRESAS SEVILLA	70.00
UTE M-30 TÚNEL SUR	50.00	UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE M-45 NORTE	33.33	UTE PROLONGACIÓN L5 METRO VALENCIA	50.00
UTE M-407	50.00	UTE PROSER. ARDANUY	70.00
UTE MANTENIMENT RONDES	70.00	UTE PROSER. BATLLE I ROIG	50.00
UTE MANZANAL	50.00	UTE PROSER. GEOCONTROL	60.00
UTE MARCIDE	60.00	UTE PROSER. GEOCONTROL II	62.00
UTE MATERNIDAD	50.00	UTE PROSER. I.P.D.	65.00
UTE MATERNIDAD O'DONELL	50.00	UTE PROSER. IMACS	50.00
UTE MEDICINA	50.00	UTE PROSER. INPROESA	70.00
UTE MEJORADA	82.00	UTE PROSER. INPROESA II	70.00
UTE METRO LIGERO	80.00	UTE PROSER. INPROESA III	67.00
UTE METRO MÁLAGA	36.00	UTE PROSER. LA ROCHE TF-5 III	50.00
UTE MONTSERRAT	35.00	UTE PROSER. NARVAL	60.00
UTE MONTSERRAT 2025	50.00	UTE PROSER. NORCONTROL	50.00
UTE MOTRIL	75.00	UTE PROSER. NORCONTROL II	50.00
UTE MUELLE BOUZAS	70.00	UTE PROSER. OLCINA	60.00
UTE MUELLE DE LOS MÁRMOLES	70.00	UTE PROSER. PAYD	70.00
UTE MUELLE REPARACIONES	70.00	UTE PROSER. PAYMACOTAS IV	50.00
UTE MUELLE VIEJO CAUCE VALENCIA	65.00	UTE PROSER. PAYMASA	50.00
UTE MUNGUIA	8.68	UTE PROSER. PAYMASA II	50.00
UTE MUSAC DE LEÓN	50.00	UTE PROSER. PAYMASA III	50.00
UTE MUSEO DE LAS CIENCIAS	50.00	UTE PROSER. PERFIL 7	70.00
UTE N.O.M.	63.00	UTE PROSER. UG 21	70.00
UTE NACIMIENTO	54.00	UTE PROSIBE	50.00
UTE NATURMÁS. AZOR	60.00	UTE PROSIBE II	50.00
UTE NATURMÁS. AZOR 2	60.00	UTE PROSIBE III	50.00
UTE NATURMÁS. AZOR 5	60.00	UTE PROTECCIÓN DE LA LAJA	80.00
UTE NOVA BOCANA	40.00	UTE PUENTE ADRIÁTICO	30.00
UTE NOVOA SANTOS	60.00	UTE PUENTE RIO OZAMA (DFC-COCIMAR)	35.00

	PERCENTAGE OF OWNERSHIP		PERCENTAGE OF OWNERSHIP
UTE PUENTE A.P.B.	60.00	UTE TERMINAL B DEL PUERTO DE CASTELLÓN	66.60
UTE PUENTE BADAJOZ	50.00	UTE TERMINAL DE BARAJAS	22.50
UTE PUENTE DE LA SERNA	65.00	UTE TINDAYA	50.00
UTE PUENTE DE PONFERRADA	55.00	UTE TORNEO VILLABLINO	50.00
UTE PUENTE DEL REY	33.33	UTE TORO ZAMORA	70.00
UTE PUENTE MEDELLÍN	65.00	UTE TORRE 1 FCC DRAGADOS	60.00
UTE PUENTE SERRERÍA	60.00	UTE TORREDEMBARRA	50.00
UTE PUERTO DE LAREDO	50.00	UTE TRADE CENTER	75.00
UTE PUERTO DEL ROSARIO	90.00	UTE TRAGSA. FCC A.P.	50.00
UTE PUIGVERD	45.00	UTE TRAMBESÓS	50.00
UTE RADIALES	35.00	UTE TRAMMET	50.00
UTE RAMPAS DE URIBARRI	29.40	UTE TRAMVIA DIAGONAL	25.00
UTE RANDE	40.00	UTE TRANVIA DE PARLA	50.00
UTE RANILLA CONSTRUCCIÓN	42.50	UTE TRANVÍA LUCEROS-MERCADO ALICANTE	60.00
UTE RECICLATGE	50.00	UTE TRANVÍA T-5 ALICANTE	64.78
UTE RECINTOS FERIALES	50.00	UTE TRES CANTOS GESTIÓN	50.00
UTE RECINTOS FERIALES II	50.00	UTE TRIANGLE LÍNEA 9	33.00
UTE RECUPERACIÓN DEL GUINIGUADA	50.00	UTE TÚNEL AEROPORT	33.00
UTE REFORMA MEDICINA	50.00	UTE TÚNEL AEROPORT II	33.00
UTE REG GARRIGUES	80.00	UTE TÚNEL C.E.L.A.	50.00
UTE RELLENOS C. DE LOS MUELLES DE LA OSA	80.00	UTE TÚNEL DE BRACONS	75.00
UTE RELLENOS PETROLEROS PUERTO GIJÓN	80.00	UTE TÚNEL DE PAJARES 1	50.00
UTE REPOSICIONES C. LAS PALMAS F3	46.25	UTE TÚNEL FIRA	33.00
UTE RESIDENCIA COMPLUTENSE	50.00	UTE TUNELADORA METRO	33.00
UTE RIALB	65.00	UTE TÚNELES DE GUADARRAMA	33.33
UTE RIALB II	65.00	UTE UE 2 VALLECAS	25.00
UTE RIAÑO SAMA II	70.00	UTE UE 5 VALLECAS	33.33
UTE RIBOTA. CONDADO	70.00	UTE UE 6 VALLECAS	33.33
UTE RINCÓN DE LA VICTORIA	50.00	UTE UE1 ARROYO DEL FRESNO	50.00
UTE RÍO LLOBREGAT	55.00	UTE ULLIBARRI	70.00
UTE ROCKÓDROMO	50.00	UTE UNIVERSIDAD REY JUAN CARLOS	50.00
UTE ROCKÓDROMO 2	40.00	UTE URBANITZACIÓ BANYS	50.00
UTE ROCKÓDROMO FASE 3	40.00	UTE URBANIZACIÓN AUDITORIO	70.00
UTE ROCKÓDROMO PC 3	45.00	UTE URBANIZACIÓN CAMPUS MIERES	73.00
UTE RONDA DE CANGAS DE ONÍS	70.00	UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE RONDA HISPANIDAD	45.00	UTE URBI	49.00
UTE RUTA NACIONAL HAITÍ	55.00	UTE USABEL	24.50
UTE S.A.I.H. JÚCAR	50.00	UTE VALDEVIVIENDAS II	33.33
UTE S.A.I.H. SUR	40.00	UTE VALLE INFERIOR	75.00
UTE S.A.I.H. VALENCIA	50.00	UTE VARIANTE DE MONZÓN	70.00
UTE SAGRA TORRIJOS	50.00	UTE VARIANTE INCA	70.00
UTE SAJA	50.00	UTE VEGAS ALTAS	40.00
UTE SALILLAS DOS	50.00	UTE VELA BCN	25.00
UTE SAN VICENTE	43.00	UTE VERANES	70.00
UTE SANT PAU	33.33	UTE VÍA BENICÀSSIM	35.00
UTE SANTA BRÍGIDA	25.00	UTE VÍA METRO LIGERO	50.00
UTE SANTALIESTRA	20.00	UTE VÍA SANT ANDREU	50.00
UTE SANTIAGO. PADRÓN	50.00	UTE VÍAS COLECTORAS LA CARPETANIA	50.00
UTE SEGUNDA FASE DELICIAS ZARAGOZA	50.00	UTE VÍAS SRV. ENSANCHE VALLECAS	33.33
UTE SELLA	50.00	UTE VIES SANT BOI	50.00
UTE SEVILLA SUR	65.00	UTE VILLAR. PLASENCIA	70.00
UTE SIETE AGUAS. BUÑOL	66.66	UTE VILTAR	50.00
UTE SOCIALES	60.00	UTE YELTES	75.00
UTE SON REUS	50.00	UTE YESA	33.33
UTE SOTO DE HENARES	70.00	UTE ZUBALBURU XXI	16.66
UTE SANTA MARÍA DEL CAMÍ	45.00	UTE ZUERA	65.00
UTE SUBESTACIÓN PAJARES	50.00		
UTE SUBESTACIÓN SERANTES	50.00		
UTE SUELOS DE RIVAS VIEJO	9.80		
UTE SUPERESTRUCTURA L5 METRO VALENCIA	42.50	CEMENT	
UTE SURESTE II	80.00		
UTE SÚRIA	70.00	UTE HORMIGONES AUTOPISTA. TÚNEL AEROPUERTO	50.00
UTE TALLERES METRO	80.00		
UTE TALLUDES CARRETERA LR-115	50.00		
UTE TARRAGONA SUR	70.00		
UTE TEATRE LLUIRE	50.00		
UTE TECAIR ROCKÓDROMO	50.00	OTHER ACTIVITIES	
UTE TELEFÓNICA	60.00		
UTE TEMPLO Y C. ECUM. EL SALVADOR F1	65.00	TORRE PICASSO COMMUNITY ASSOCIATION	80.00



MANAGEMENT REPORT

CONSOLIDATED GROUP

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INTRODUCTION

The FCC Group's strategic activities, Services, Construction and Cement, are structured into four management units relating to the following specialised areas:

– Services

- a) **The Environmental Services** unit groups together the various activities relating to urban cleaning, such as the collection and treatment of solid waste, the cleaning of roads and sewerage systems, the maintenance of greenfield areas and offices, industrial waste treatment and the integral water cycle. These activities are performed through the Parent Fomento de Construcciones y Contratas, S.A., FCC Medio Ambiente, S.A., Aqualia Gestión Integral del Agua S.A. and other subsidiaries of these companies and the Ámbito brand.
- b) **Versia**, which provides various services in the areas of parking, street furniture, advertising, passenger transport, vehicle roadworthiness tests, aircraft and passenger ground handling, and logistics services to companies in various industries. These activities are carried on mainly by FCC Versia, S.A. and subsidiaries and the Flightcare brand.

– **Construction**, this area specialises in construction and related industries, such as motorways, and other roads, waterworks, maritime works, airports, railway infrastructures, property developments, housing, non-residential buildings, infrastructure conservation, oil and gas pipelines, environmental reclamation, 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 roads, tunnels, airports, marinas and tramways, 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 pre-manufactured products and the production of concrete. These activities are performed by Cementos Portland Valderrivas, S.A. and subsidiaries, a Group which is listed on the Spanish computerised trading system (continuous market).

The FCC Group is also present in the **Real Estate** industry through the Torre Picasso office building in which the Parent has an ownership interest of 80% and the ownership interest of 49.17% in Realía Business, S.A., which operates in the property development product markets for subsequent sale and the operation of singular buildings and shopping centres. Realía Business S.A. is an associate and, therefore, it is accounted for using the equity method in the Group's consolidated financial statements.

The economic and financial information contained in this directors' report was prepared in accordance with International Accounting Standards, as approved by European Commission Regulations, pursuant to Law 62/2003, of 30 December, for companies that have issued securities admitted to listing on a regulated market, as is the case of Fomento de Construcciones y Contratas S.A., the Parent of the FCC Group.

The figures given below are expressed in millions of euros.

BUSINESS PERFORMANCE

1. Main Aggregates

Total FCC Group

	2005	2004	Change	
			Absolute	%
Revenue	7,089.8	6,348.8	741.0	11.7
Gross profit from operations	988.9	842.1	146.8	17.4
% Gross margin	13.9	13.3	0.6	4.5
Net profit from operations	656.2	565.1	91.1	16.1
% Net margin	9.3	8.9	0.4	4.5
Profit before tax	696.4	590.5	105.9	17.9
Profit attributable to the parent	421.4	362.5	58.9	16.2
Construction and services backlog	20,496.8	16,405.1	4,091.7	24.9
Investments	943.0	624.6	318.4	51.0
Cash flows from operating activities	981.1	793.9	187.2	23.6
Net debt	403.0	270.1	132.9	49.2
Equity	2,608.4	2,447.0	161.4	6.6
Dividend per share (euros)	1.532	1.36	0.172	12.6
Earnings per share (euros)	3.25	2.79	0.46	16.5
Profit after tax as a percentage of equity (ROE)	21.5	20.1	1.4	7.0

Summary by area of business activity

	2005	2004	% Var.	% s/Total 2005	% s/Total 2004
Revenue					
Construction	3,346.7	3,123.0	7.2	47.2	49.2
Environmental services	2,078.0	1,827.5	13.7	29.3	28.8
Versia	721.5	519.4	38.9	10.2	8.2
Cement	978.4	886.8	10.3	13.8	14.0
Other activities and eliminations due to intra-Group transactions	(34.8)	(7.9)	N/A	(0.5)	(0.2)
Total FCC Group	7,089.8	6,348.8	11.7	100.0	100.0
EBITDA					
Construction	191.4	177.8	7.6	19.4	21.1
Environmental services	342.8	285.0	20.3	34.7	33.8
Versia	110.7	91.1	21.5	11.2	10.8
Cement	312.3	268.0	16.5	31.6	31.8
Other activities and eliminations due to intra-Group transactions	31.7	20.2	56.9	3.1	2.5
Total FCC Group	988.9	842.1	17.4	100.0	100.0
EBIT					
Construction	156.2	143.7	8.7	23.8	25.4
Environmental services	201.4	161.9	24.4	30.7	28.6
Versia	56.3	51.5	9.3	8.6	9.1
Cement	215.1	189.5	13.5	32.8	33.5
Other activities	27.2	18.5	47.0	4.1	3.5
Total FCC Group	656.2	565.1	16.1	100.0	100.0
Backlog					
Construction	5,155.2	4,351.2	18.5	25.2	26.5
Environmental services	15,000.2	11,849.1	26.6	73.2	72.2
Versia	336.2	193.7	73.6	1.6	1.2
Other activities	5.2	11.1	(53.2)	—	0.1
Total FCC Group	20,496.8	16,405.1	24.9	100.0	100.0
Investments					
Construction	158.4	135.5	16.9	16.8	21.7
Environmental services	338.8	209.7	61.6	35.9	33.6
Versia	171.7	90.6	89.7	18.2	14.5
Cement	121.7	155.8	(21.9)	12.9	24.9
Other activities	152.4	33.0	361.8	16.2	5.3
Total FCC Group	943.0	624.6	51.0	100.0	100.0

1.1 Revenue

Revenue increased by 11.7% to reach the record figure of EUR 7,089.8 million as a result of the positive performance of all the Business Areas. Services showed growth of 19.3% and represented 39.5% of the FCC Group's consolidated revenue. Construction ended the year with a 7.2% improvement boosted by the final quarter in which business activity grew by over 15%. Cement saw significant improvement with respect to previous years, with growth of 10.3%.

Organic growth, that is to say excluding the companies acquired in the year, was 8.6%. The billings contributed by newly acquired companies (Logístico Santos Group, Entemanser and Marepa) to consolidated revenue amounted to EUR 196 million. The acquisition of a further 8.5% of Cementos Portland Valderrivas, S.A. did not influence revenue because the company was also already being fully consolidated.

The acquisition of Abfall Services AG (ASA) was completed on March 8, 2006, and the acquisition of Cementos Leona, S.A. will materialise in the first quarter of 2006 and, accordingly, it will be included in the Group's financial statements in that quarter.

Revenue by geographical area	2005	2004	% Change
Spain	6,386.6	5,697.9	12.1
% of total	90.1	89.7	
Abroad	703.2	650.9	8.1
% of total	9.9	10.3	

As regards performance by market, international sales increased by 8.1% spurred on by the international activities of Environmental Services which grew by 22% and represented 9.9% of total Group billings.

1.2 EBITDA

EBITDA grew by 17.4% to amount to EUR 988.9 million and gave rise to a substantial improvement in margins as a percentage of revenue as compared with 2004, rising from 13.3% to 13.9%.

This improvement came about as a result of the positive performance of Environmental Services and Cement. Construction held up its margins after the strong improvement registered in the last quarter of 2004. Versia's margins dropped with respect to 2004, due mainly to the greater relative importance of the logistics business, which is less capital intensive and has lower operating margins.

Margins (EBITDA)	2005	2004
Construction	5.7%	5.7%
Environmental services	16.5%	15.6%
Versia	15.3%	17.5%
Cement	31.9%	30.2%
Total FCC Group	13.9%	13.3%

1.3 EBIT

EBIT grew by 16.1% to EUR 656.2 million and pushed up margins as a percentage of revenue to 9.3%. All areas except for Versia showed improved margins in 2005, as mentioned above.

Margins (EBIT)	2005	2004
Construction	4.7%	4.6%
Environmental services	9.7%	8.9%
Versia	7.8%	9.9%
Cement	22.0%	21.4%
Total FCC Group	9.3%	8.9%

1.4 Financial loss

The financial loss fell by 2.4%. The slight increase in finance costs as a result of increased bank borrowings was offset by positive exchange differences and changes in the value of financial instruments.

1.5 Share of results of associates

The share of results of associates increased by 9.2%, due mainly to the positive performance of Realia Business, which contributed EUR 67.5 million.

1.6 Profit before tax

Profit before tax increased by 17.9% to amount to EUR 696.4 million owing to the good performance of profit from operations, the improvement in the financial loss and the share of results of associates mentioned above.

1.7 Profit attributable to the parent

Net profit attributable to the parent increased by 16.2% to stand at EUR 421.4 million, after having deducted income tax and the portion corresponding to minority interests.

Minority interests decreased by 5.4% after the acquisition of a further 8.5% of Cementos Portland Valderrivas, S.A., which was consolidated in the last quarter of the year. The tax rate was 31.2%.

1.8 Investments

Investments undertaken in 2005 amounted to EUR 943 million, of which over half were acquisitions of ownership interests in companies.

	2005	2004	% Change
Property, plant and equipment	393.6	326.1	20.7
Intangible assets	60.7	120.8	(49.9)
Equity investments and other financial assets	488.7	177.7	175.0
Total investments	943.0	624.6	51.0
Disposals	(85.0)	(146.8)	(42.1)
Other investment flows	(17.9)	(32.3)	(44.6)
Net investments	840.1	445.5	88.6

Of note are the investments made in 2005 in equity investments and other financial assets:

- The acquisition of a further 8.5% of Cementos Portland Valderrivas, S.A. for EUR 158.5 million.

The FCC Group acquired an 8.06% ownership interest in Cementos Portland Valderrivas, S.A. from Iberdrola for a price of EUR 67 per share, and the remainder from other minority shareholders. This additional acquisition of Cementos Portland Valderrivas, S.A. shares increased the Group's ownership interest in this leading Spanish cement company to 67.34%.

- The acquisition of the Logístico Santos Group for EUR 123.8 million.

The acquisition of the Logístico Santos Group (GLS) makes the FCC Group the leading Spanish logistics operator in the free market, with an annual volume of business estimated at around EUR 325 million, 4,000 employees, a storage capacity of 650,000 m² distributed among its 64 operating centres and an outstanding position in the consumer products, electrical appliances, technology, pharmaceuticals and automotive industries.

- The acquisition of Entemanser, S.A. for EUR 64 million.

Entemanser, S.A. carries on its business activities in the south of the island of Tenerife and manages the contract for the construction and operation of four desalination plants in the Galapagos Islands. In total Entemanser, S.A. supplies a population of over 230,000 inhabitants with 14 million m³ of water each year. This transaction has made the FCC Group the main private operator in the water market in the Canary Islands.

- The acquisition of Manipulación y Recuperación Marepa, S.A. and Papeles Hernández e Hijos, S.A. for EUR 38 million.

The FCC Group entered the field of paper treatment and thus completed the range of activities of the Industrial Waste Treatment Division. The Marepa Group treats over 300,000 Tm per year of material and is one of Spain's largest waste managers.

1.9 Cash flows

	2005	2004	% Change
+ Cash flows from operating activities	981.1	793.9	23.6
– Cash flows from investing activities	(840.1)	(445.6)	88.6
= Cash flows from operating and investing activities	141.0	348.3	(59.5)
– Cash flow from financing activities	(224.6)	(150.2)	49.5
+ Cash flows from translation differences, changes in the scope and other	(49.4)	(4.2)	N/A
= Increase in net debt	(133.0)	193.9	N/A

Over the year as a whole cash flow from operating activities amounted to EUR 981.1 million, showing year-on-year growth of 23.6%. The cash flows generated by operations comfortably financed the net investments undertaken in 2005, which amounted to EUR 840.1 million.

The dividend distributed in 2005, included in cash flows from financing activities, amounted to EUR 207 million.

In 2005 operating working capital requirements fell by EUR 218.7 million, due to faster execution of construction work and improved management of collections from customers, mainly in the Construction area.

	2005	2004	%Change
Increase in inventories and receivables	(517.9)	(137.9)	275.6
Increase in payables	736.6	211.3	248.6
Decrease in operating working capital	218.7	73.4	198.0

1.10 Net debt

	2005	2004	% Change
Debt instrument issues	50.2	43.4	15.7
Bank borrowings	1,331.7	955.3	39.4
Limited recourse debt	64.6	68.5	(5.7)
Other debts	54.6	62.8	(13.1)
Cash + Financial assets	(1,098.1)	(859.9)	27.7
Net position	403.0	270.1	49.2

Net debt stood at EUR 403 million, which represented a gearing ratio, defined as the ratio of net debt to net debt plus equity, of 13.4%, while in 2004 it was 9.9%.

The ratio of net debt to gross profit from operations was 40.8% in 2005, while in 2004 it stood at 32.1%.

1.11 Backlog

The total construction and services backlog amounted to EUR 20,496.8 million, representing an increase of 24.9% with respect to 2004; this amount guarantees construction operations for a period of 18.5 months and environmental services for a period of 86.6 months.

1.12 Equity

The Group's equity at 2005 year-end amounted to EUR 2,608.4 million, up 6.6% on 2004. The main changes in the year are shown in the following table.

Equity at December 31, 2004	2,447.0
Undistributed profit for 2005	479.3
Distribution of 2004 profit	(218.1)
Foreign currency translation differences	27.0
Fair value adjustments	(30.4)
Treasury share transactions	(26.9)
Acquisition of additional 8.5% of Cementos Portland Valderrivas	(81.7)
Other adjustments	12.2
Equity at December 31, 2005	2,608.4

It should be mentioned in relation to the acquisition of the additional ownership interest in Cementos Portland Valderrivas, S.A., that the change indicated in the table above was due to the decrease in minority interests owing to the acquisition of the additional 8.5%.

1.13 Dividend and earnings per Share

The total dividend proposed for 2005 amounts to EUR 1.532 gross per share, representing a 12.6% increase with respect to 2004. An interim dividend of EUR 0.766 gross per share was distributed.

Earnings per share in 2005 amounted to EUR 3.25, approximately 16.5% higher than in 2004.

The pay out, i.e. the ratio of the profit distributed to the profit attributable to the Parent, was 47.1%.

1.14 ROE. Profit after tax as a percentage of equity

The return on equity increased from 20.1% in 2004 to 21.5% in 2005, evidencing the sound performance of the Group's business activities.

2. Analysis by business area

2.1 Construction

2.1.1 Earnings

	2005	2004	% Variación
Revenue	3,346.7	3,123.0	7.2
EBITDA	191.4	177.8	7.6
EBITDA margin	5.7%	5.7%	
EBIT	156.2	143.7	8.7
EBIT margin	4.7%	4.6%	

Revenue increased by 7.2% with respect to the same period in 2004 to amount to EUR 3,346.7 million. This growth was located in the Spanish market due to the increased rate of execution of large construction projects such as Madrid calle 30, Terminal 4 of Madrid-Barajas airport, the Pajares tunnel or the Ciudad de la Justicia in Barcelona.

Revenue breaks down between civil engineering work (57%) and building construction (43%); of the latter, 16% relates to residential building construction and 27% to non-residential building construction.

	2005	2004	% Change
Spain	3,219.0	2,984.7	7.9
% of total	96.2	95.6	
International	127.7	138.3	(7.7)
% s/total	3.8	4.4	

2.1.2 Return

Profit from operations grew above revenue and led to the consolidation of the margins achieved in 2004, which had already seen major growth.

2.1.3 Backlog and investments

	2005	2004	% Change
Backlog	5,155.2	4,351.2	18.5
Investments	158.4	135.5	16.9

The construction backlog reached the new record figure of EUR 5,155.2 million after growing 18.5% in the year. This backlog guarantees production over a period of 18.5 months following the significant rise in production experienced in the year.

Investments in non-current assets amounted to EUR 85.7 million, while investments earmarked for concession projects totalled EUR 72.7 million, the most significant being the Central Gallega, Costa Cálida, Ibiza-San Antonio and the M-45 motorways.

2.1.4 Cash flows

	2005	2004	% Change
+ Cash flows from operating activities	426.7	187.9	127.1
– Cash flows from investing activities	109.1	136.6	(20.0)
= Cash flows from operating and investing activities	317.6	51.3	519.1
Net cash at year-end	769.5	509.8	50.9

The generation of cash in the Construction area was very positive and saw a six-fold rise to EUR 317.6 million. This performance was due mainly to the major improvement in the management of working capital, which fell by approximately EUR 300 million.

Cash flows from investing activities reflect the strategy to increase interests in concession projects (M-45 motorway, Central Gallega motorway, etc.) aimed at controlling their management and divesting when this is not possible (toll motorways R3 and R5 in Madrid).

2.2 Environmental Services

2.2.1 Earnings

	2005	2004	% Change
Revenue	2,078.0	1,827.5	13.7
EBITDA	342.8	285.0	20.3
EBITDA margin	16.5%	15.6%	
EBIT	201.4	161.9	24.4
EBIT margin	9.7%	8.9%	

Growth in Environmental Services quickened to 13.7% with a major improvement in operating margins.

All business sectors performed well with Water the frontrunner, showing growth of 22.8%, followed by International with 22%, as can be seen in the following table:

	2005	2004	% Change	% of Total 2005	% of Total 2004
Urban cleaning	1,196.4	1,091.9	9.6	57.6	59.8
Water	570.4	464.6	22.8	27.4	25.4
International	199.4	163.4	22.0	9.6	8.9
Industrial waste	111.8	107.6	3.9	5.4	5.9
Total	2,078.0	1,827.5	13.7	100.0	100.0

The 11% growth witnessed in Environmental Services was mainly organic, i.e. the impact of consolidating companies acquired in the year was minimal.

Organic growth in Water was 13.6%, due mainly to increased demand and rises in water rates. As regards the acquisitions made in 2005 (Entemanser, Nilo Medioambiente and Servicios y Procesos Medioambientales, among others) their total billings were EUR 42.6 million, i.e. they contributed 9.2% of growth in the sector.

Industrial Waste incorporated the billings of EUR 7.2 million arising from the acquisition Marepa, which was consolidated from November onwards.

International business activity grew by 22% to represent 9.6% of total Environmental Services billings. Of this figure 37% corresponds to the UK, where the FCC Group has been present since 1990, 57% to Latin America through Proactiva (a joint venture with Veolia Environnement) and the rest to Portugal, with 3%, and North Africa with another 3%.

	2005	2004	% Change
Spain	1,878.6	1,664.1	12.9
% of total	90.4	91.1	
International	199.4	163.4	22.0
% of total	9.6	8.9	

2.2.2 Return

EBITDA amounted to EUR 342.8 million, showing year-on-year growth of 20.3%. The sales margin stood at 15.6% in 2005 as compared to the 16.5% in 2004.

EBIT increased by 24.4% to EUR 201.4 million and the EBIT margin also improved, rising to 9.7%.

The margins referred to above improved as a result of the solid performance of the Urban Cleaning and Water sectors.

2.2.3 Backlog and investments

	2005	2004	% Change
Backlog	15,000.2	11,849.1	26.6
Investments	338.8	209.7	61.6

The Environmental Services backlog showed strong growth of 26.6% as a result of the renewal of important contracts in Spain, in both Urban Cleaning (Bilbao, Valencia, Oviedo, etc.) and Water (Almería, Langreo, etc.), and of the award of two desalination plant contracts in Algeria.

The recently awarded water management contracts in Caltanissetta (Italy) and Leziria de Tajo (Portugal) with an aggregate backlog of EUR 3,000 million were not included in the table above, since the contracts were awarded in January 2006.

In 2005 investments also grew strongly by 61.6% to amount to EUR 338.8 million. The most significant acquisitions were the Marepa Group (Industrial Waste) for an amount of EUR 38 million and Entemanser (Water) for an amount of EUR 64 million.

2.2.4 Cash flows

	2005	2004	% Change
+ Cash flows from operating activities	274.0	242.8	12.8
– Cash flows from investing activities	344.4	179.4	92.0
= Cash flows from operating and investing activities	(70.4)	63.4	(211.0)
Net debt at year-end	911.8	748.8	21.8

The rise in investments referred to above resulted in negative cash flow in this Area, whose indebtedness grew by 21.8% with respect to 2004 to stand at EUR 911.8 million at 2005 year-end.

2.3 Versia

2.3.1 Earnings

	2005	2004	% Change
Revenue	721.5	519.4	38.9
EBITDA	110.7	91.1	21.5
EBITDA margin	15.3%	17.5%	
EBIT	56.3	51.5	9.3
EBIT margin	7.8	9.9%	

Versia's volume of business increased by 38.9% to EUR 721.5 million. In February 2005 the Logístico Santos Group (GLS) was acquired and was consolidated in the Logistics sector from April onwards, when the acquisition was formally executed, with billings over the period of EUR 146 million. Disregarding the contribution of GLS, organic growth in Versia for 2005 would have been 10.9%.

After the Logistics sector, the business activity that saw most impetus was Street Furniture, with growth of 13%, thanks to the strength of the Spanish market and international expansion. Strong future growth in the activity is guaranteed as a result of the contracts awarded over the last three years for major concessions abroad, especially in the US where, in addition to the award of contracts in San Antonio,

Miami and Boston, Cemusa (a wholly-owned subsidiary of the FCC Group) was chosen as preferred bidder for the city of New York's street furniture management contract (3,300 bus shelters, 330 newsstands and 20 public toilets) and the management of the related advertising over a period of 20 years.

The Logistics sector grew notably and ended the year, disregarding the impact of the acquisition of GLS, with organic growth of 18.5%.

Billings from Parking increased slightly despite the fact that in 2004 there was a non-recurring sale of parking spaces.

	2005	2004	% Change	% of Total 2005	% of Total 2004
Logistics	276.1	110.0	151.0	38.3	21.0
Handling	167.7	153.8	9.0	23.3	29.6
Street furniture	93.3	82.6	13.0	12.9	15.9
Parking	60.0	59.2	1.4	8.3	11.6
Conservation and systems	55.0	50.8	8.3	7.6	9.8
Roadworthiness tests	41.1	37.5	9.6	5.7	7.2
Urban transport	28.3	25.5	11.0	3.9	4.9
Total	721.5	519.4	38.9	100.0	100.0

Sales in the Spanish market showed growth of near to 50% due mainly to the solid performance of all sectors and to the acquisition of the Logístico Santos Group. Spanish billings represent over three quarters of the total.

	2005	2004	% Change
Spain	554.2	370.4	49.6
% of total	76.8	71.3	
International	167.3	149.0	12.4
% of total	23.2	28.7	

Abroad, the two markets with the highest presence are Belgium, with 62%, where the airport handling subsidiary Flightcare is responsible for handling at Brussels, Liège and Bruges-Ostend airports, and Portugal, with 24%, where the FCC Group is present in Logistics and Street Furniture.

2.3.2 Return

Versia's operating margin stands at 15.3%. This margin is the result of the new distribution of activities in which the Logistics sector, less capital intensive and therefore with lower operating margins, increased its contribution.

2.3.3 Backlog and investments

	2005	2004	% Change
Backlog	336.2	193.7	73.6
Investments	171.7	90.6	89.7

The acquisition of the Logístico Santos Group represented an investment of EUR 123.8 million of the total investment in the Area, which amounted to EUR 171.7 million. The increase in the backlog is also due to the inclusion of company logistics services contracts.

2.3.4 Cash flows

	2005	2004	% Change
+ Cash flows from operating activities	59.7	90.9	(34.3)
- Cash flows from investing activities	172.2	84.8	103.1
= Cash flows from operating and investing activities	(112.5)	6.1	—
Net debt at year-end	364.4	177.6	105.2

The consolidation of the Logístico Santos Group, with higher working capital requirements, took cash flows from operating activities to EUR 59.7 million and, therefore, there is a negative cash flow position; the Area's financial debt increased with respect to 2004 owing to the investments undertaken.

2.4 Cementos Portland Valderrivas

2.4.1 Earnings

	2005	2004	% Change
Revenue	978.4	886.8	10.3
EBITDA	312.3	268.0	16.5
EBITDA margin	31.9%	30.2%	
EBIT	215.1	189.5	13.5
EBIT margin	22.0%	21.4%	

Revenue increased by 10.3% to EUR 978.4 million in 2005 with a positive performance throughout the year. This improvement was due to the strength of the domestic market, where Cementos Portland billed 12.1% more than in 2004, and the recovery in business activity in the US, with an increase of 4.3%.

The last quarter of 2005 ended with the year's greatest increase, 15.3%, as a result of the outstanding performance of the domestic market, which increased by 15.1%, and the recovery of business abroad, which rose by 16%.

The 12.1% increase in revenue derived from a higher volume of products sold and price increases of 5.4 % and 6.7%, respectively, while the slight advance in activity in the US was due to the first, and positive results of the major improvements made to the Maine and South Carolina facilities.

	2005	2004	% Change
Spain	769.8	686.9	12.1
% of total	78.7	77.5	
Internacional	208.6	199.9	4.3
% of total	21.3	22.5	

2.4.2 Return

EBITDA increased by 16.5% and the margin improved 170 basis points to reach 31.9% as a result of the major operating improvements carried out in the plants in Maine and South Carolina, which represent 60% of installed capacity in the US and which are now fully operational.

2.4.3 Investments

	2005	2004	% Change
Investments	121.7	155.8	(21.9)

The gross investment undertaken by Cementos Portland Valderrivas in 2005 fell to EUR 121.7 million after having carried out most of the improvements to the facilities in Maine and South Carolina in 2004.

2.4.4 Cash flows

	2005	2005	% Change
+ Cash flows from operating activities	203.0	206.8	(1.8)
- Cash flows from investing activities	95.2	138.7	(31.4)
= Cash flows from operating and investing activities	107.8	68.1	58.3
Net debt at year-end	133.0	146.2	(9.0)

This business activity was characterised by its capacity to generate cash, with cash flow in 2005 higher than in 2004 due to a reduction in investments.

2.5 Realia Business, S.A.

The Group operates in the real estate industry through its 49.17% ownership interest in Realia Business, S.A., and accounts for this company's earnings using the equity method. The profit included in the FCC Group's consolidated financial statements amounted to EUR 67.5 million in 2005 and to EUR 52 million in 2004, representing an increase of 29.9%. The main aggregates of the Realia Business Group taken as a whole are shown below:

2.5.1 Earnings

	2005	2004	% Change
Revenue	597.2	565.1	5.7
EBITDA	230.5	210.5	9.5
EBITDA margin	38.6%	37.3%	
EBIT	215.5	192.4	12.0
EBIT margin	36.1%	34.0%	

Realia's revenue increased by 5.7% in 2005. This lower rate of growth was due to the significant volume of deliveries in the last quarter of 2004, valued at EUR 202 million, as compared with the last quarter of 2005 when they amounted to EUR 117 million.

The billings of the residential business (property developments) rose by 6.3% to EUR 512 million, which represented 86% of total Realia billings. Advance property sales continued to rise and the backlog amounted to EUR 710.7 million, which assures sales over the next 17 months.

Annual revenue from the property business increased by 4.9%. This is a very encouraging figure in view of the fact that in 2005 the building "Los Cubos" located in Madrid and with a surface area of 31,684 square metres stood empty due to refurbishment. This explains the fall in the occupancy rate to 94.7% in December 2005, when in the same period in 2004 it was 97.3%.

2.6 Torre Picasso

The Group owns 80% of Torre Picasso, the most emblematic building in Madrid, with a height of 157 metres above grade level and 45 floors and five basements that add up to a total surface area of 121,000 square metres. The main aggregates of Torre Picasso are shown below in the proportion of the ownership interest indicated above.

2.6.1 Earnings

	2005	2004	% Change
Revenue	18.0	17.1	5.3
EBITDA	15.9	14.9	6.7
EBITDA margin	88.3%	87.1%	
EBIT	13.4	11.8	13.6
EBIT margin	74.4%	69.0%	

The revenue of Torre Picasso increased by 5.3% in 2005 to EUR 18 million, while EBITDA and EBIT increased by 6.7% and 13.6% respectively, with margins improving by even more.

The occupancy rate of the building at December 31, 2005, was 100% with an average price of EUR 25 m²/month.

TREASURY SHARE TRANSACTIONS

At year-end Fomento de Construcciones y Contratas, S.A. held 434,322 treasury shares, representing 0.33% of share capital, valued at EUR 9,422 thousand.

Also, in 2005 Compañía Auxiliar de Agencia y Mediación, S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its share capital, with a carrying amount of EUR 1,107 thousand. In addition, Asesoría Financiera y de Gestión S.A. (Afigesa) owned 343,922 shares of Fomento de Construcciones y Contratas, S.A., representing 0.26% of its share capital social, with a carrying amount of EUR 16,345 thousand. These shares are also deemed to be shares of the Parent pursuant to Article 87 of the consolidated Corporations Law.

In accordance with Article 79.4 of the Corporations Law, the changes in the number of shares in the year are detailed in the table below.

	FCC, S.A.	Afigesa	Cía. Auxiliar de Agencia y Mediación	Grucycsa	FCC Group
At December 31, 2004	434,322		316,008	475	750,805
Acquisitions or additions		414,468	90		414,558
Sales or disposals		(70,546)		(475)	(71,021)
At December 31, 2005	434,322	343,922	316,098	—	1,094,342

RESEARCH AND DEVELOPMENT ACTIVITIES

The FCC Group is actively present in the world of research, development and technological innovation. The Group's initiatives in these matters extend to those aspects concerned, either directly or indirectly, with the business activities that the Group carries on. 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 make sustainable growth possible.

In the sphere of Environmental Services, worthy of mention is the water-cycle analysis project in waste treatment processes, whose basic aim is to analyse the environmental indicator "water" in the widest sense of the word, within the treatment processes, defining the environmental impacts that it suffers and assessing the corrective measures necessary. This will ensure the implementation of the operations and complementary measures that are necessary, while providing an information and decision-making tool to all the players involved (companies, public authorities and citizens' movements interested in the environment). This project was very well received by the Directorate-General for Technology Policy of the Ministry of Education and Science.

As regards the elimination of waste, mention must be made of the studies concerning closed aerobic composting, designed to process small- and medium-sized organic waste, as well as the preparation of fuels to replace conventional ones (gas, coke, etc), using the refuse from organic waste treatment plants.

Water activity saw work carried out mainly in industrial water projects (reuse of industrial waste water with zero runoff, design of anaerobic reactors, design of an advanced oxidation system for difficult-to-biodegrade industrial waste water, etc.).

In Versia, mention must be made of the Street Furniture being developed by two technological innovation projects, the first corresponding to the development of a light urban vehicle, known as EPISOL, using hybrid electrical propulsion with two different types of engine; in the first phase a heat engine and at a more advanced phase a fuel-cell/solar energy electric engine. The subsidiary Cemusa has reached a co-operation agreement with INSIA (the University Institute for Automotive Research) of Universidad Politécnica de Madrid and with the IAI (Industrial Automotive Institute) of Centro Superior de Investigaciones Científicas (CSIC). The objective of the second project is to study the evolution of bus shelters, presented at the Dallas Exhibition (USA).

Of note in Construction is the fact that FCC Construcción S.A. is a member of the Management Board of the European Construction Technology Platform, an initiative involving more than 600 organisations (industries, universities, research centers, etc.) whose objective is to define the strategic research agenda for the construction industry and to endeavor to develop macroprojects using public and private-sector financing. Also, FCC Construcción S.A manages the Spanish Construction Technology Platform, an initiative involving more than 140 organisations with a similar typology and objectives to those of the European Construction Technology Platform mentioned above.

In relation to the projects undertaken in 2005, the following projects are particularly noteworthy: Tunconstruct, the optimisation of underground construction; Manubuild, the industrialisation of construction; Arfrisol, bioclimatic architecture and solar cooling; Hatcons, the use of high performance materials; and Fibras, the use of concrete reinforced with steel fibres.

Lastly, as regards Cement activity, it should be noted that the work in research and development in the field of new products and new areas of application of cement was mainly carried out in the laboratories that the Company has at its Olazagutía (Navarra) plant. In 2005 work was undertaken in different spheres: evaluation of raw materials, studies of alternative fuels in association with Universities within the framework of the PROFIT programmes, participation in Standardisation Committees, development of research projects jointly with customers to improve products and new applications, etc. Also, Cementos Portland Valderrivas actively takes part in research projects conducted by the IECA (Spanish Institute for Cement and its Applications).

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- Acquisition of Abfall Services AG (ASA) for EUR 224 million. The FCC Group assumed EUR 51 million of ASA's net debt.

On November 17, 2005, the FCC Group entered into a contract with the EDF Group to acquire Abfall Service AG, leader in waste management in Central and Eastern Europe, with operations in Austria, the Czech Republic, Slovakia, Hungary, Romania and Poland. On March 8, 2006, the final purchase agreement was executed.

- Preferred bidder for the New York City street furniture contract.

In 2006 it is expected that the contract with the New York City Transportation Department will be concluded. This Department selected Cemusa (outdoor advertising subsidiary of the FCC Group) on September 21, 2005, as the company that will supply and maintain around 3,300 new bus shelters, 330 public notice boards and some 20 automatic public toilets for a period of 20 years.

- Cementos Portland Valderrivas, S.A. launched a takeover bid for its investee Cementos Lemona, S.A.

Cementos Portland Valderrivas, which already held a 30.72% ownership interest in Cementos Lemona, S.A., launched a takeover bid on December 5, 2005, for all the company's shares at a price of EUR 32 per share. The total amount of the transaction, the period for acceptance of which ended on February 20, 2006, was EUR 234.2 million, which was fully paid in cash and financed with debt.

According to data provided by the entity managing the above-mentioned takeover bid, shareholders holding shares representing 65.3% of the share capital accepted the bid which, together with the 30.7% interest already held by Cementos Portland Valderrivas, S.A., led to a final investment of 96.06% in Cementos Lemona, S.A. This signifies that all the significant shareholders and 88% of the minority shareholders accepted the takeover bid.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of financial risk management is to minimise the impact on the Group of fluctuations in exchange and interest rates, as well as to ensure that solvency and liquidity risk are kept within reasonable limits.

The FCC Group's current positioning in international markets, in the overall context of the Group, leads to moderate foreign exchange risk. However, and independently of its materiality, the Group's policy is to reduce, to the extent possible, the adverse effect that said risk could have on the financial statements, whether this is due to transactional or purely equity-related changes. In practice, the effect of the former is mitigated, provided that the volumes of transactions so advise, by the arrangement of suitable hedging instruments in the market. As regards the effect on the latter, i.e. balance sheet transactions, the policy of the Company, when the situation so advises and provided that the financial markets offer appropriate liquidity, instruments and terms, is to endeavour to achieve hedging through the arrangement of financing transactions in the same currency as the currency in which the related asset is denominated.

Given the nature of the Group's activities and the fact that the management of working capital plays an essential role, it is a general practice of the Group to determine as a reference for its financial debt, the index that most closely mirrors inflation. Therefore, the Group's policy is to endeavour to tie both current financial assets, which to a large extent provide natural hedging for its current financial liabilities, and the Group's debt, to floating interest rates. An exception to this general policy, in the case of long-term transactions, the Group arranges interest rate hedges provided that markets exist and that the project's financial structure so requires.

The FCC Group's current objective is to combine the development of the strategic areas with corporate growth. This corporate growth policy will focus exclusively on acquisitions within the strategic areas. It is intended to achieve this growth, both in terms of sales and profit, without exceeding a gearing ratio of 50% and maintaining a debt/EBITDA ratio of below 2.5 times, which would guarantee the Group's solvency.

Taking into account the currently stable situation of the financial markets and the low percentage of debt with respect to EBITDA, which at December 31, 2005, was 41%, all credit transactions can foreseeably be renewed and, if necessary, increased. Accordingly, at medium term there are no indications that the Group could have liquidity problems.

OUTLOOK FOR 2006

Set forth below are the prospects for 2006 for the various lines of business composing the FCC Group, which will foreseeably lead to growth in the Group's revenue and profit.

First of all, it should be mentioned that the construction and services backlog at 2005 year-end amounted to EUR 20,496.8 million, equivalent to three years' annual production.

For the **Environmental Services** area, in the Environmental sector the significant market share achieved will be consolidated and growth will be linked to increases in and, where necessary, renewals of contracts, as well as the start-up of treatment plants currently in the process of being constructed.

Internationally, the growth strategy is based, on one hand, on the maintenance and expansion of activity in the markets in which the Group is already present, and on the other, on expansion into new geographical areas. This interest in expansion has found form in the acquisition of Abfall Services AG (ASA Group), a large group of companies specialising in integral waste management and treatment services, which is solidly established in numerous countries in Central and Eastern Europe and which has well-founded expectations for growth in other countries in the area.

In the **Industrial Waste** area, it is planned to acquire the remaining shareholding in the Marepa Group, which, together with the growth achieved as a consequence of the investments undertaken in 2004 and the coming into full operation of certain new facilities that have now been built, makes it reasonable to expect a significant increase in revenue.

In the **Water Management** area, the diversification strategy remains in place, which means that despite the high level of concentration in the market growth rates will continue to be considerable. Thus, in addition to the fillip received as a result of the acquisitions of companies in 2004, growth will be achieved through the major contracts recently landed in various Spanish municipalities, the renewal of several major contracts, the contracting of services in irrigation associations, the implementation and management of desalination plants, as well as growth in the international sphere, where the recent contracts in Italy and Algeria are worthy of special mention.

At the beginning of 2006, the backlog of **Services** amounted to EUR 15,000 million, equivalent to over seven years' annual production.

The **Versia** area forecasts growth for 2006 that will be mostly based on the various sectors of which it is composed, such as Logistics, where the management of the Logístico Santos Group, acquired in 2005, will be consolidated and will position this Group as one of the major logistics operators in Spain.

In **Street Furniture**, international growth is expected, where the maturation of existing contracts in Brazil, Italy and the US will combine with the initiation of the Boston contract and the recent successful bid in the call for tenders for the installation of street furniture in the city of New York and the related advertising for a period of twenty years, which will consist of the placing, maintenance and exploitation for advertising purposes of 3,300 bus shelters, 330 newsstands and other street furniture items, with which the Group will consolidate its position in the US market. The New York contract is currently being negotiated with the New York City Department of Transportation.

Of note in the **Parking** area is the increase in the scope of the contracts to raise the number of parking spaces being managed, in particular those in the V Zone of regulated on-street parking in Madrid, consisting of 26,750 spaces, for a period of 11 years (extendible to 25).

In **Transport**, it should be noted that 2006 will see the provision of a new urban road transport passenger service in Benalmádena, and in relation to rail transport, the tram system will be operated in Parla, in a similar way to the Trambaix and Trambesós lines that are already being operated in Barcelona.

As regards the **Handling**, area, it should be observed that at national level AENA initiated a tender process for the renewal of licenses at all its airports. The Group's objective in this connection is to at least maintain its market share.

The prospects for 2006 for the **Construction** area in the domestic market are bright, in line with those for 2005, in view of the existing construction backlog that at year-end 2005 amounted to EUR 5,155 million, guaranteeing revenue levels for a period of 18.5 months. In relation to the international market, localised growth is forecast, in Central and North America, through investments already made or in progress, and in Central and Eastern Europe.

The performance of the **Cement** area will be conditioned by that of the construction industry and by infrastructure planning. In Spain, estimates point to a slowdown in the consumption of cement and concrete; although consumption will continue to rise, albeit below 2004 rates. Cementos Portland Valderrivas' takeover bid for Lemona will lead to the inclusion of the latter's revenue in the Portland Valderrivas Group's consolidated financial statements, since instead of being accounted for by the equity method, Cementos Lemona and CDN USA will be fully consolidated, and an additional 11.24% of the profit of Cementos Alfa S.A., in which Cementos Portland Valderrivas currently has an interest of 80.15%, that corresponds to Lemona will also be consolidated.

As regards the cement business in the US, prospects are marked by a rise in demand, accompanied by price increases in the areas of influence of both CDN (Maine) and Giant (North and South Carolina and Virginia). In 2006 Giant's Harleyville plant, recently modernised and equipped with greater capacity, will be at full production and the project to change from wet to dry production at Giant's Keystone plant will commence. This project, scheduled for completion in mid-2008, will lead to a reduction in production costs and an increase in manufacturing capacity.

In relation to the **Property** business, it should be noted that Realia plans to lift sales based on the strength of its property development business, which will lead to a considerable number of properties delivered. Simultaneously, the rotation of rented properties will be increased and the rented area will be increased, which also leads us to expect an improvement in sales by year-end.

Investments in progress in the shopping centres in Guadalajara, Leganés, Murcia and Santiago de Compostela will continue.

The business strategies in the domestic market will focus on policies to acquire land that requires urban development, which ensure that value added can be generated, on the commencement of development activities in new markets (Valladolid, Zaragoza, etc.) on the materialisation of opportunities to acquire office buildings, based on location and returns, on the construction of the shopping centre projects that are currently being developed and on ensuring growth through the conclusion of certain corporate acquisitions.

As regards the international market, following the acquisition of land in Portugal and Poland, the developments will be constructed and marketed. In the property area, it is planned to acquire a significant package of buildings within the European Community, which will facilitate the growth of Realia and contribute major value added.



AUDITOR'S REPORT

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs, as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries comprising the consolidated balance sheet at 31 December 2005, and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made. Our work did not include an examination of the 2005 financial statements of certain subsidiaries and associates, whose consolidated assets and consolidated profit, represent 25% and 18%, respectively, of the related consolidated totals. The financial statements of these companies were audited by other auditors (see Appendixes I, II and III to the notes to the consolidated financial statements). Our opinion as expressed in this report on the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries is based, with respect to these companies, on the reports of the other auditors.
2. The accompanying consolidated financial statements for 2005 are the first that the Group has prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs), which require, in general, that financial statements present comparative information. In this regard, as required by corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the consolidated figures for 2005 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, the figures for 2004, which were obtained by applying the EU-IFRSs in force at 31 December 2005. Accordingly, the figures for 2004 differ from those contained in the approved consolidated financial statements for 2004, which were prepared in accordance with the accounting principles and standards in force in that year. The differences arising from the application of EU-IFRSs to the consolidated equity at 1 January and 31 December 2004, and to the Group's consolidated profit for 2004 are detailed in Note 2 to the accompanying consolidated financial statements. Our opinion refers only to the consolidated financial statements for 2005. On 8 April 2005, we issued our auditors' report on the 2004 consolidated financial statements, prepared in accordance with the accounting principles and standards in force in that year, in which we expressed an unqualified opinion.
3. In our opinion, based on our audit and on the reports of the other auditors mentioned in paragraph 1 above, the accompanying consolidated financial statements for 2005 present fairly, in all material respects, the consolidated equity and consolidated financial position of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries at 31 December 2005, and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards, as adopted by the European Union, applied on a basis consistent with that used in the preparation of the financial statements for the preceding year, which were included in the consolidated financial statements for 2005 for comparison purposes.

4. The accompanying consolidated directors' report for 2005 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2005. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Subsidiaries.

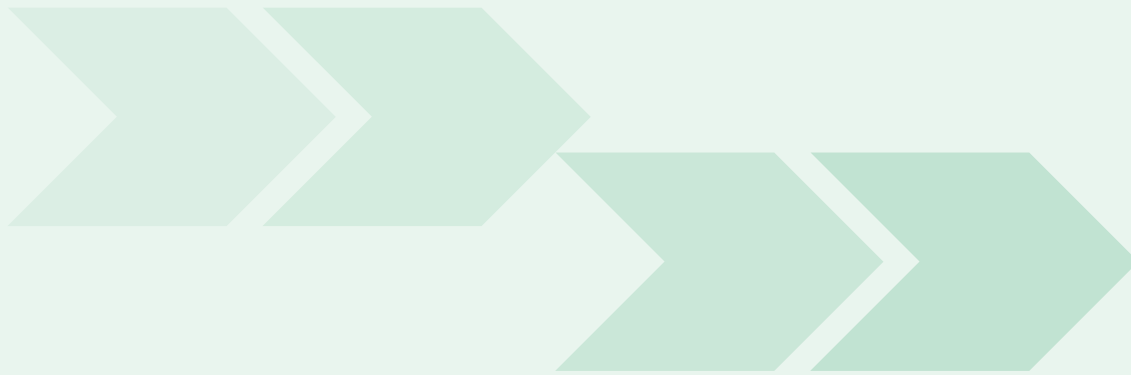
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Javier Parada Pardo
12 April 2006

FINANCIAL STATEMENTS

MANAGEMENT REPORT - AUDITOR'S REPORT

**FOMENTO DE CONSTRUCCIONES
Y CONTRATAS, S.A.**



FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

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BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

ASSETS	12.31.2005	12.31.2004
FIXED AND OTHER NONCURRENT ASSETS	1,682,692	1,657,957
Intangible assets	73,387	81,244
Concessions, patents, licenses, trademarks and other	34,582	29,635
Rights on leased assets	64,848	81,159
Accumulated amortization	(26,043)	(29,550)
Tangible fixed assets	305,934	278,515
Land and structures	161,799	157,947
Plant and machinery	389,231	320,340
Other fixtures, tools and furniture	93,051	80,166
Advances and construction in progress	14,018	25,017
Other tangible fixed assets	15,470	15,514
Allowances	(311)	(311)
Accumulated depreciation	(367,324)	(320,158)
Long-term investments	1,293,949	1,288,776
Investments in Group companies	1,139,943	1,139,334
Investments in associated companies	244,321	244,296
Loans to Group and associated companies	3,404	3,426
Long-term investment securities	13,788	13,788
Other loans	10,871	10,503
Long-term deposits and guarantees given	4,771	4,798
Allowances	(123,149)	(127,369)
Treasury stock	9,422	9,422
DEFERRED CHARGES	5,334	5,414
CURRENT ASSETS	853,171	497,700
Inventories	6,151	12,998
Raw materials and other supplies	6,071	5,610
Finished goods	—	3,227
Advances	80	4,885
Allowances	—	(724)
Accounts receivable	743,992	424,976
Trade receivables for sales and services	366,254	314,822
Receivable from Group companies	299,182	35,138
Receivable from associated companies	4,520	6,812
Sundry accounts receivable	9,904	11,741
Employee receivables	776	628
Tax receivables	75,060	65,235
Allowances	(11,704)	(9,400)
Short-term investments	48,753	33,865
Loans to Group companies	30,963	14,668
Loans to associated companies	15,508	11,373
Short-term investment securities	64	6,616
Other loans	2,064	978
Short-term deposits and guarantees given	502	578
Allowances	(348)	(348)
Cash	50,652	23,306
Accrual accounts	3,623	2,555
TOTAL ASSETS	2,541,197	2,161,071

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

AS OF DECEMBER 31, 2005 AND 2004

In thousands of euros

SHAREHOLDERS' EQUITY AND LIABILITIES	12.31.2005	12.31.2004
SHAREHOLDERS' EQUITY	970,395	921,014
Capital stock	130,567	130,567
Additional paid-in capital	242,133	242,133
Reserves	459,823	440,177
Legal reserve	26,113	26,113
Reserves for treasury stock	9,422	9,422
Reserve for retired capital	2,770	2,770
Voluntary reserves	421,518	401,872
Income for the year	237,554	196,628
Interim dividend	(99,682)	(88,491)
DEFERRED REVENUES	4,771	4,517
Capital subsidies	4,740	4,517
Other deferred revenues	31	—
PROVISIONS FOR CONTINGENCIES AND EXPENSES	159,949	140,496
Provisions	149,273	130,228
Reversion reserve	10,676	10,268
LONG-TERM DEBT	27,056	29,587
Payable to credit institutions	2,596	3,578
Loans and other payables	196	285
Long-term lease payments payable	2,400	3,293
Other payables	24,460	26,009
Limited recourse project financing loans	7,733	9,684
Long-term guarantees and deposits received	4,884	4,274
Long-term taxes payable	11,843	12,051
CURRENT LIABILITIES	1,379,026	1,065,457
Payable to credit institutions	22,530	20,510
Loans and other payables	31	5,293
Interest payable	284	425
Short-term lease payments payable	22,215	14,792
Payable to Group and associated companies	833,680	594,224
Payable to Group companies	830,284	590,154
Payable to associated companies	3,396	4,070
Trade accounts payable	178,274	156,545
Advances received on orders	26,235	19,328
Accounts payable for purchases and services	91,645	77,066
Notes payable	60,394	60,151
Other nontrade payables	310,259	248,211
Taxes payable	148,989	113,581
Notes payable	5,949	3,349
Limited recourse project financing loans	1,951	3,797
Other payables	127,827	105,768
Compensation payable	25,345	21,621
Short-term guarantees and deposits received	198	95
Operating allowances	34,074	45,454
Accrual accounts	209	513
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,541,197	2,161,071

STATEMENT OF INCOME

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

DEBIT	12.31.2005	12.31.2004
TOTAL OPERATING EXPENSES	889,973	839,832
Decrease in finished goods and work-in-process inventories	3,222	59
Cost of materials used and other external	156,454	156,909
Raw materials and other consumables used	78,673	79,039
Other external expenses	77,781	77,870
Personnel expenses	537,410	485,191
Wages, salaries and similar expenses	403,261	366,695
Employee welfare expenses	134,149	118,496
Depreciation and amortization expense	50,669	50,932
Variation in operating allowances	2,682	17,459
Variation in inventory allowances	(724)	(13)
Variation in allowances for and losses on uncollectible receivables	2,742	35
Variation in other operating allowances	664	17,437
Other operating expenses	139,536	129,282
Outside services	134,567	124,795
Taxes other than income tax	4,154	3,543
Provision to the reversion reserve	815	944
OPERATING INCOME	106,539	84,310
Financial expenses	18,888	21,955
On debts to Group and associated companies	12,675	11,031
On debts to third parties and similar expenses	6,213	6,228
Losses on investments	—	4,696
Variation in investment valuation allowances	—	4,115
Exchange losses	57	128
FINANCIAL INCOME	165,092	169,582
INCOME FROM ORDINARY ACTIVITIES	271,631	253,892
Variation in intangible asset, tangible fixed asset and control portfolio allowances	(4,220)	2,233
Losses on fixed assets	638	211
Extraordinary expenses and losses	9,873	32,113
INCOME BEFORE TAXES	267,546	220,082
Corporate income tax	29,992	23,454
INCOME FOR THE YEAR	237,554	196,628

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

AS OF DECEMBER 31, 2005 AND 2004

In thousands of euros

CREDIT	12.31.2005	12.31.2004
TOTAL OPERATING REVENUES	996,512	924,142
Net sales	917,562	834,726
Capitalized expenses of in-house work on fixed assets	611	1,335
Other operating revenues	78,339	88,081
Revenues from equity investments	181,135	192,354
Group companies	149,096	162,194
Associated companies	32,039	26,343
Nongroup companies	—	3,817
Revenues from other marketable securities and noncurrent loans	459	598
Associated companies	120	132
Nongroup companies	339	466
Other financial revenues	2,121	2,807
Group and associated companies	144	11
Other interest	863	2,276
Gains on investments	1,114	520
Exchange gains	322	21
Gains on fixed assets and control portfolio	351	—
Capital subsidies transferred to income for the year	438	406
Extraordinary revenues	1,417	341
EXTRAORDINARY LOSS	4,085	33,810

NOTES

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AS OF DECEMBER 31, 2005 AND 2004

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Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.



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.

Fomento de Construcciones y Contratas, S.A. is the parent company of the FCC Group, comprising a group of Spanish and foreign subsidiaries and associated companies engaged in a variety of activities, i.e. construction, urban cleaning and integrated water cycle services, car parks, street furniture, passenger transportation, vehicle roadworthiness test, assistance to passengers and aircraft on land, logistics, cement factory, real estate, etc.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements, which were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of the joint ventures in which it participates, are presented in accordance with the revised Corporations Law, Royal Decree 1564/1989 and subsequent changes and the Spanish National Chart of Accounts, Royal Decree 1643/1990 with the sectorial plans implementing it.

The financial statements are stated in thousands of euros.

The balance sheets and income statements of the joint ventures in which the Company participates were proportionally consolidated on the basis of the percentage share in the income, revenues and expenses of each joint venture.

The Company has an 80% ownership interest in the Torre Picasso building, which is being operated through an owners' association. Consequently, the financial statements include the assets, liabilities, 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 is 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 Shareholders' Meeting. However, it is expected that they will be approved without any changes.

Under current legislation, Fomento de Construcciones y Contratas, S.A. is the head of a corporate group which presents consolidated financial statements separately from the accompanying financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and Council on July 19, 2002. The consolidated financial statements of the FCC Group for 2005, prepared by the directors, will also be submitted for approval by the Shareholders' Meeting.

The effect of consolidation of Fomento de Construcciones y Contratas, S.A., based on a comparison between the individual financial statements of the Company and the consolidated financial statements, would have been to increase reserves and income as of December 31, 2005, for the year by €1,001,035 thousand and €183,844 thousand, respectively, and assets by €6,321,503 thousand.

3. DISTRIBUTION OF INCOME

The proposed distribution of the 2005 income 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	237,554
Distribution:	
Interim dividend	€0.766 per share
Final dividend	€0.766 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 21, 2005, Fomento de Construcciones y Contratas, S.A. resolved to distribute an interim dividend of €0.766 per share out of 2005 income, equivalent to 76.6% (gross) on the par value of the shares. This dividend, totaling €99,682 thousand, was paid from January 9, 2006, 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

The main accounting principles and valuation methods applied by the Company in preparing its financial statements were as follows:

a) Intangible assets

Intangible assets are recorded at cost.

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.

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, for fixed assets with a long construction period, the cost includes the interest accrued relating to their financing until they come into use. No material amounts are involved.

Also, 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 investments.

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, where applicable, at approximate underlying book values in accordance with the accounting 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, pursuant to the revised Pension Fund and Plan Law. In specific cases in which similar obligations exist, the Company externalizes its commitments to its employees in this connection.

Also, in the past an insurance policy was arranged and the related premium paid to cover the payment of contingencies relating to death and permanent occupational disability and to bonuses and retirement pensions and other benefits for, among others, the executive directors and senior executives. In particular, the contingencies giving rise to indemnity are those which trigger the termination of the labor relationship for any of the following reasons:

- a) Decision by the company.
- b) Dissolution or closure of the parent company for any reason, including merger or spin-off.
- c) Death or permanent disability.
- d) Other causes of physical or legal disability.
- e) Substantial modification to the professional conditions.
- f) Resignation, on reaching 60 years of age, at the request of the executive and with the Company's approval.
- g) Resignation, on reaching 65 years of age, as decided by the executive.

The accompanying statement of income includes premiums paid for this insurance amounting to €2,850 thousand and rebates of €1,281 thousand. As of December 31, 2005, after payment of the above-mentioned net payments, the fair value of the premiums contributed covers all of the actuarial commitments.

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.

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 and deducts the tax credits and tax relief earned in the year.

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 billed through the date of the financial statements is recorded as "Completed Production Pending Billing" under the "Trade Receivables for Sales and Services" caption. 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.

p) Derivatives

Pursuant to Article 200 of the revised Corporations Law amended by Law 62/2003, in certain cases the interest rate risk relating to 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. The Company has the hedging derivative detailed in Note 13.a.

In addition it has two derivatives, maturing in 2006 and 2007, which were transferred in July 2004 to Fomento de Construcciones y Contratas, S.A. from Grubarges Inversión Hotelera, S.A. as a consequence of the sale of the latter's assets. These interest rate risk derivatives were arranged by Grubarges Inversión Hotelera, S.A. in US dollars to cover its syndicated loan without recourse obligations. The syndicated loan was repaid upon the sale of the latter company's assets, although the derivatives remained in force at the time of repayment. Accordingly, since 2004 they have not been classified as hedges since they do not meet the conditions established in accounting legislation to be considered as such. At that time interest rates in the US were at an all time low, and considering the forecasts of successive increases in interest rates and in order to minimize the impact on the statement of income, it was decided not to cancel the derivatives until their maturity and to assume the related payment obligations, recording a provision for their present estimated value. At year-end this value was €616 thousand and is recorded under the "Provisions for Contingencies and Expenses" caption in the accompanying balance sheet, having credited €1,114 thousand to income.

5. INTANGIBLE ASSETS

The variations in 2005 in this caption of the accompanying balance sheet were as follows:

	Balance at 12.31.04	Additions or Provisions	Retirements or Reductions	Transfer	Balance at 12.31.05
Concessions, patents, licenses, trademarks and other	29,635	5,059	(112)	—	34,582
Rights on leased assets	81,159	35,747	—	(52,058)	64,848
Accumulated amortization	(29,550)	(8,435)	68	11,874	(26,043)
	81,244	32,371	(44)	(40,184)	73,387

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 2005 year-end are as follows:

Original cost of the assets	64,848
Value of purchase options	609
Contract term (years)	2
Lease payments paid in the year	28,748
Lease payments paid in prior years	12,612
Lease payments outstanding, including purchase option	24,615

The detail of leased assets as of December 31, 2005, is as follows:

Plant and machinery	55,799
Other fixtures, tools and furniture	8,380
Other fixed assets	669
	64,848

6. TANGIBLE FIXED ASSETS

The detail of tangible fixed assets and of the related accumulated depreciation as of December 31, 2005, is as follows:

	Cost	Accumulated Depreciation	Allowances	Net
Land and structures	161,799	(54,204)	(311)	107,284
Plant and machinery	389,231	(242,643)	—	146,588
Other fixtures, tools and furniture	93,051	(58,600)	—	34,451
Advances and construction in progress	14,018	—	—	14,018
Other tangible fixed assets	15,470	(11,877)	—	3,593
	673,569	(367,324)	(311)	305,934

€63,140 thousand of the net balance of tangible fixed assets relate to joint ventures.

All the tangible fixed assets were being used in production at 2005 year-end; however, €182,506 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 2005, were as follows:

	Balance at 12.31.04	Additions or Provisions	Retirements or Reductions	Transfer	Balance at 12.31.05
Land and structures	157,947	2,816	(27)	1,063	161,799
Plant and machinery	320,340	7,096	(6,489)	68,284	389,231
Other fixtures, tools and furniture	80,166	6,552	(1,974)	8,307	93,051
Advances and construction in progress	25,017	14,861	—	(25,860)	14,018
Other tangible fixed assets	15,514	584	(892)	264	15,470
Allowances	(311)	—	—	—	(311)
Accumulated depreciation	(320,158)	(42,234)	6,942	(11,874)	(367,324)
	278,515	(10,325)	(2,440)	40,184	305,934

7. LONG-AND SHORT-TERM INVESTMENTS. MARKETABLE SECURITIES AND NONTRADE LOANS

l) Long-term investments

The detail of variations in this caption is as follows:

	Balance at 12.31.04	Additions or Provisions	Retirements or Reductions	Transfer	Balance at 12.31.05
Investments in Group companies	1,139,334	720	(111)	—	1,139,943
Investments in associated companies	244,296	25	—	—	244,321
Loans to Group and associated companies	3,426	310	—	(332)	3,404
Long-term investment securities	13,788	—	—	—	13,788
Other loans	10,503	694	(100)	(226)	10,871
Long-term deposits and guarantees given	4,798	241	(270)	2	4,771
Allowances	(127,369)	(1,861)	6,081	—	(123,149)
	1,288,776	129	5,600	(556)	1,293,949

The addition to investments in Group companies relates to the initial capital contribution to Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.

In relation to allowance variations, noteworthy were the provision of €1,637 thousand for Egypt Environmental Services S.A.E. and the reversals of €5,431 thousand for Proactiva Medio Ambiente, S.A. and €509 thousand for AEBA Ambiente y Ecología de Buenos Aires, S.A.

The detail, by company, of investments in Group and associated companies is provided in Exhibits I and III, respectively, 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 breakdown of the “Long-Term Investment Securities” account balance is as follows:

	Book value	
	Assets	Allowances
Artscapital Investment, S.A. (10.83% shareholding)	4,171	(4,171)
Shopnet Brokers, S.A. (15.54% shareholding)	2,796	(2,796)
Xfera Móviles, S.A. (7.76% shareholding)	5,413	(5,413)
Other	1,408	(72)
	13,788	(12,452)

In relation to the investment in Xfera Móviles, S.A., a UMTS wireless telephony license-holder, Fomento de Construcciones y Contratas, S.A. has been a direct or indirect shareholder of this company since 2000, initially through an indirect holding of 17.23% in Venditelecom España, S.L. which in turn held 29.49% of Xfera Móviles, S.A., signifying that Fomento de Construcciones y Contratas, S.A. had an effective holding of 5.08% in this company. In 2003 the Vivendi Group decided to withdraw from Xfera. This change in shareholding included the sale of all the shares of Xfera Móviles, S.A. held by Venditelecom España, S.L. to certain shareholders of the latter, including Fomento de Construcciones y Contratas, S.A.; as a consequence, the Company became the holder of a direct investment of 7.47% in the capital of Xfera Móviles, S.A. through the acquisition of shares from Venditelecom España, S.L. and Vivendi Telecom Internacional, S.A. for €0.24 each. The investment currently held by Fomento de Construcciones y Contratas, S.A. in Xfera, through Venditelecom España, S.L., amounted to €26,776 thousand which had been provisioned in full with charges to income in 2002 and 2003.

In 2004 further changes in shareholders and various capital transactions took place at Xfera Móviles, S.A. which raised Fomento de Construcciones y Contratas, S.A.'s direct investment to 8.26% with an additional investment of €5,413 thousand which was also fully provisioned. €3,264 thousand of this investment of €5,413 thousand relate to the amount the Company was required to acquire when Vodafone withdrew from Xfera, as determined by an arbitral award. Also, Venditelecom España, S.L. was liquidated in 2004.

In 2005, the Company established its direct investment in Xfera at 7.76%, as a result of the capital increase at Xfera in that year, which it did not subscribe.

As of December 31, 2005, the Company had provided guarantees totaling €31,607 thousand for 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, plus the interest earned at market rates.

8. DEFERRED CHARGES

The variations in 2005 in the balance of this caption in the accompanying balance sheet were as follows:

	Balance at 12.31.04	Additions	Amounts taken to Income or Transfers	Balance at 12.31.05
Financing of fixed assets (Note 4-c)	5,246	31	(47)	5,230
Financial leases	168	62	(126)	104
	5,414	93	(173)	5,334

9. ACCOUNTS RECEIVABLE

The most significant accounts in this caption are as follows:

a) Trade receivables for sales and services

The breakdown of the balance of this account in the accompanying balance sheet, which relates mainly to the amounts receivable for Company services, is as follows:

Billed production receivable	306,760
Completed production pending billing	59,494
Trade receivables for sales and services	366,254
Advances received on orders	(26,235)
Total trade receivables, net	340,019

€43,042 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 prebillings for various items and the advances received (normally in cash) for future supplies.

The "Billed Production Receivable" account reflects the amount of the billings issued to customers for services provided pending collection at the balance-sheet date.

The "Completed Production Pending Billing" account reflects the difference between the production recognized by Fomento de Construcciones y Contratas, S.A. on each contract and the amount of the billings issued to the customers. The balance of this account relates basically to the price revisions per the various contracts which, although as yet unapproved, the Company considers will be duly billed 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 €83,525 thousand. These transactions bear interest under normal market conditions. Collection management continues to be performed by Fomento de Construcciones y Contratas, S.A.

b) Receivable from Group companies

This account includes the balances for operating transactions and current accounts with companies forming part of the Fomento de Construcciones y Contratas Group.

The most significant amount relates to the current account for cash surpluses of €277,829 thousand assigned to Asesoría Financiera y de Gestión, S.A., a wholly-owned subsidiary of Fomento de Construcciones y Contratas, S.A., which handles their management.

c) Tax receivables

The breakdown of this account is detailed in Note 14.

10. SHAREHOLDERS' EQUITY

The variations in equity accounts in 2005 were as follows:

	Balance at 12.31.04	2004 Retained Earnings	Dividends Distributed	Income for the Year	Balance at 12.31.05
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	401,872	19,646	—	—	421,518
Income for the year	196,628	(19,646)	(176,982)	237,554	237,554
Interim dividend	(88,491)	—	88,491	(99,682)	(99,682)
Shareholders' equity	921,014	—	(88,491)	137,872	970,395

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., per 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%), Ibersuizas Holdings, S.L. (10.552%), Simante, S.L. (5.726%), Larranza XXI, S.L. (5.339%), and Cartera Deva, S.A. (5.008%), has certain commitments to its shareholders which have been registered with and published by the Spanish National Securities Market Commission and include most 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, 2005, 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 2005.

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.

11. SUBSIDIES

The accompanying balance sheet includes €8,606 thousand of subsidies received in the past, €3,866 thousand of which had been taken to income, including €438 thousand in the year ended December 31, 2005. This amount relates mostly to joint ventures.

12. PROVISIONS AND ALLOWANCES

The variations in 2005 were as follows:

Provisions for contingencies and expenses

	Balance at 12.31.04	Period Allocation	Amounts Used	Reversals	Transfer	Balance at 12.31.05
Provisions						
Litigation	63,432	2,725	—	—	—	66,157
Other risks	66,796	12,061	(5,741)	—	10,000	83,116
	130,228	14,786	(5,741)	—	10,000	149,273
Reversion reserve	10,268	815	—	(407)	—	10,676
	140,496	15,601	(5,741)	(407)	10,000	159,949

Operating allowances

	Balance at 12.31.04	Period Allocation	Amounts Used	Reversals	Transfer	Balance at 12.31.05
Allowances						
Legal and contractual guarantees and obligations	32,671	2,170	—	(3,651)	—	31,190
Other risks	12,783	329	—	(228)	(10,000)	2,884
	45,454	2,499	—	(3,879)	(10,000)	34,074

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 of €9,738 thousand charged to extraordinary income for the risks inherent to the international business.

13. NONTRADE PAYABLES

a) **Long-term debt**

The long-term payables in each of the related accounts in the accompanying balance sheet mature as follows:

	2007	2008	2009	2010	2011 and Subsequent	Total
Payable to credit institutions	1,606	629	136	29	196	2,596
Limited recourse project financing loans	2,178	2,427	2,701	427	—	7,733
Long-term taxes payable	208	208	208	208	11,011	11,843
Guarantees and deposits	4,884	—	—	—	—	4,884
	8,876	3,264	3,045	664	11,207	27,056

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.

Given its long-term nature, the financing project included certain financial derivatives to minimize the possible effects of interest rate fluctuations. The derivatives were interest rate swaps and caps and floors. At 2005 year-end only one interest rate swap was outstanding which hedged a nominal amount of €2,780 thousand corresponding to the Company's ownership interest in the joint venture; this swap matures on December 31, 2006. At year-end the fair value of this hedge generated a liability of €208 thousand.

The average interest rate on the long-term payables to credit institutions is Euribor plus a market-based spread.

The detail of the balance of the "Long-Term Taxes Payable" account is disclosed in Note 14 ("Tax Matters").

b) Current liabilities

The accounts payable to Group and associated companies include the loans from these companies, which bear interest at market rates, and the operating payables to these companies.

The most significant balances under the "Payable to Group Companies" caption are as follows:

FCC Construcción, S.A.	498,625
Grucysa, S.A.	181,112
Corporación Financiera Hispánica, S.A.	115,305
Remainder	35,242
	830,284

In 2005 the variation in this caption was due to the increase in the balance of the current account maintained with the subsidiary FCC Construcción, S.A., because of the increase in its contributions as a consequence of an increase in its cash surplus.

The "Other Payables" caption includes the interim dividend amounting to €99,176 thousand payable out of 2005 income to non-Group third parties, as indicated in Note 3.

The content of the "Taxes Payable" caption is disclosed in Note 14.

c) Credit lines

The Company had long-and short-term credit facilities with a limit of €1,286,230 thousand, substantially all of which had not been drawn down as of December 31, 2005.

The aforementioned credit lines include a syndicated loan of €800,000 thousand arranged by the Company on July 30, 2003, which is subdivided into tranche "A", the term loan, for a total of €700,000 thousand, with partial repayments of €300,000 thousand on July 30, 2007, and €400,000 thousand on July 30, 2008, and tranche "B", the rollover credit facility, for €100,000 thousand maturing on July 30, 2008. The interest on the two tranches is Euribor plus a spread based on the debt ratio in each year per the consolidated financial statements of the FCC Group, of which Fomento de Construcciones y Contratas, S.A. is the parent company. At present the additional spread is 0.275%.

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 €11,843 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 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		69,951
VAT refundable		2,693
Other items		2,416
		75,060
Taxes payable		
Personal and corporate income tax with holdings (from salary income and income from movable capital)		6,623
Deferred corporate income tax		35,425
Corporate income tax payable		84,330
VAT and other indirect taxes payable		8,072
Levies and other taxes other than income tax		2,767
Accrued social security taxes payable		11,772
		148,989

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

Income per books for the year before taxes				267,546
		Increase	Decrease	
Permanent differences		751	—	751
Adjusted income per books				268,297
Timing differences:				
Arising in the reporting year		29,532	6,921	22,611
Arising in prior years		3,488	4,065	(577)
Taxable income				290,331

Adjusted income per books		268,297
Corporate income tax charge (35%)		93,904
Intercompany double taxation tax credit		(62,771)
Other tax credits and relief		(2,581)
Other adjustments		1,440
Corporate income tax payable		29,992

Noteworthy among the timing differences were the increases during the year, which related mainly to expenses and provisions recorded which will be recoverable for tax purposes in subsequent years.

The variations in 2005 in the short- and long-term deferred tax assets and liabilities were as follows:

	Deferred Tax Asset	Deferred Tax Liability
Balance at 12.31.04	61,660	40,805
Timing differences	8,913	1,201
Current year	10,336	2,422
Prior years	(1,423)	(1,221)
Other adjustments	(622)	5,262
Balance at 12.31.05	69,951	47,268

The variation due to timing differences relates to 35% of the timing differences disclosed in the foregoing reconciliation.

The other adjustments arose because of positive or negative differences between the income tax estimate made at the balance sheet date and the subsequent income tax settlement expense at the time of payment.

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. As regards the years that have been reviewed, in certain cases the different criteria applied by the tax authorities have resulted in the issuance of assessments which are being contested by the Company. 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, 2005, Fomento de Construcciones y Contratas had provided €342,240 thousand of guarantees to government agencies and private customers, mainly as performance bonds for the provision of services under urban cleaning contracts.

The Company had also provided guarantees to third parties for certain Group companies amounting to €127,730 thousand.

Complaints have been filed against Fomento de Construcciones y Contratas, S.A. and the joint ventures in which it participates concerning the Company's responsibilities during its activities under the contracts awarded. Since the appropriate provisions have been recorded (see Notes 4-i and 12), any liabilities arising from this situation would have no material impact on the Company's net worth.

In 2005 the guarantee the Company had provided to its employees for their investments in a collective investment fund promoted by the Vivendi Universal Group was cancelled, since they had liquidated their investments at the planned maturity date at no cost to the Company.

16. REVENUES AND EXPENSES

In 2005 Fomento de Construcciones y Contratas, S.A. performed work and provided services for Group and associated companies totaling €81,097 thousand. This amount included most notably €41,080 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 €35,397 thousand of services and consumables from the aforementioned companies. The financial expenses incurred in 2004 on nontrade accounts payable to Group companies amounted to €12,675 thousand.

Substantially all the net sales relate to services provided in Spain. Joint ventures accounted for €110,652 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 €18,053 thousand and €6,601 thousand, respectively.

The average number of employees at the Company in 2005 was as follows:

Managers and university graduate employees	310
Other line personnel (junior college graduates)	190
Clerical and similar staff	686
Other salaried employees	19,144
	20,330

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, 2005, the acquisition cost of the fixed assets assigned to these production activities totaled €601,493 thousand and the related accumulated depreciation amounted to €321,161 thousand.

Company management considers that the possible contingencies relating to environmental protection and improvement as of December 31, 2005, 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 €316 thousand. This caption also includes fees relating to other services billed by the auditor or by other entities related to the auditor, both in Spain and abroad, amounting to €538 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):

Fixed remuneration	2,205
Variable remuneration	484
Bylaw-stipulated directors' fees	1,654
Attendance fees	6
	4,349

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. (see Note 4-h). In 2005, the beneficiaries received €3,942 thousand under the insurance policy.

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.

The members of the Company's Board of Directors do not own any shareholdings in entities engaging in an activity that is identical, similar or complementary to the activity that constitutes Fomento de Construcciones y Contratas, S.A.'s corporate purpose and which are not directly or indirectly owned by Fomento de Construcciones y Contratas, S.A., per the information furnished by the directors.

The detail of the directors holding positions in companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest is as follows:

Director's Name or Corporate Name	Corporate Name of the Group Entity	Position held
Cartera Deva, S.A.	Cementos Portland Valderrivas, S.A.	Director
EAC Inversiones Corporativas, S.L.	FCC Construcción, S.A.	Director
	Realia Business, S.A.	Director
	Cementos Portland Valderrivas, S.A.	Director
Fernando Falcó y Fernández de Córdoba	Cementos Portland Valderrivas, S.A.	Director
	FCC Construcción	Director
	Realia Business, S.A.	Director
Ibersuizas Alfa, S.L.	Cementos Portland Valderrivas, S.A.	Director
Rafael Montes Sánchez	Cementos Portland Valderrivas, S.A.	Director
	FCC Construcción, S.A.	Director
Antonio Pérez Colmenero	Per Gestora Inmobiliaria, S.L.	Director
Robert Peugeot	FCC Construcción, S.A.	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.

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	2005		2004	
Funds obtained from operations	293,823		295,238	
Capital subsidies	661		—	
Increase in long-term debt	3,292		3,424	
Disposal of tangible fixed assets	1,790		6,532	
Disposal of long-term investments	111		2,662	
Repayment or transfer to short term of long-term investments	926		1,021	
Transfer of provisions from short to long-term	10,000		—	
Decrease in working capital	—		2,619	
	310,603		311,496	

Application of funds	2005		2004	
Fixed asset additions:	74,705		65,365	
Intangible assets	40,806		29,056	
Tangible fixed assets	31,909		29,291	
Long-term investments	1,990		7,018	
Dividends	188,173		179,294	
Repayment or transfer to short term of long-term debt	5,823		66,837	
Increase in working capital	41,902		—	
	310,603		311,496	

Variation in working capital	2005		2004	
	Increase	Decrease	Increase	Decrease
Inventories	—	6,847	—	12,634
Accounts receivable	319,016	—	56,972	—
Accounts payable	—	313,569	—	54,794
Short-term investments	14,888	—	17,281	—
Cash	27,346	—	—	8,307
Accrual accounts	1,068	—	—	1,137
	362,318	320,416	74,253	76,872
Variation in working capital		41,902	2,619	—
	362,318	362,318	76,872	76,872

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:

	2005	2004
Income for the year after taxes	237,554	196,628
Depreciation and amortization expense	50,669	50,932
Period provision to reversion reserve	815	944
Provisions for contingencies and expenses	9,045	41,194
Variation in investment valuation allowances	(4,220)	6,348
Other	(40)	(808)
Funds obtained from operations	293,823	295,238

21. COST ACCOUNTING STATEMENTS OF INCOME

	12.31.05		12.31.04	
	Amount	%	Amount	%
Net sales	917,562	100.00	834,726	100.00
+ Other operating revenues	78,339	8.54	88,081	10.55
+ Variation in finished goods and work-in-process inventories	(3,222)	(0.35)	(59)	(0.01)
+ Capitalized expenses of in-house work on fixed assets	611	0.06	1,335	0.16
Production value	993,290	108.25	924,083	110.70
– Net purchases	79,134	8.62	67,537	8.09
– Variation in inventories of merchandise, materials and other consumables	(461)	(0.05)	11,502	1.38
– External and operating expenses	216,502	23.60	206,208	24.70
– Personnel expenses	537,410	58.57	485,191	58.13
Gross operating income	160,705	17.51	153,645	18.40
– Depreciation and amortization expense	50,669	5.52	50,932	6.10
– Period provision to reversion reserve	815	0.09	944	0.11
– Bad debts and variation in operating allowances	2,682	0.29	17,459	2.09
Net operating income	106,539	11.61	84,310	10.10
+ Financial revenues	184,037	20.06	195,780	23.45
– Financial expenses	18,945	2.07	22,083	2.65
– Variations in investment valuation allowances	—	—	4,115	0.48
Financial income	165,092	17.99	169,582	20.32
Income from ordinary activities	271,631	29.60	253,892	30.42
+ Gains on fixed assets and extraordinary revenues	2,206	0.24	747	0.09
– Losses on fixed assets and extraordinary expenses	10,511	1.14	32,324	3.87
+ Variation in tangible fixed asset, intangible asset and control portfolio allowances	4,220	0.46	(2,233)	(0.27)
Income before taxes	267,546	29.16	220,082	26.37
– Corporate income tax	29,992	3.27	23,454	2.81
Income after taxes	237,554	25.89	196,628	23.56

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	2005 INCOME (LOSS) BEFORE TAXES	
	ASSETS	ALLOWANCE					ORDINARY	EXTRAORDINARY
AEBA Ambiente y Ecología de Buenos Aires, S.A. Tucumán, 1321-3ª Buenos Aires. Argentina -Urban Cleaning-	834	178	direct 50.00 indirect 2.50	—	1,000 (Pa)	1,044 (Pa)	128 (Pa)	(4) (Pa)
Aqualia Gestión Integral del Agua, S.A. Federico Salmón, 13. Madrid -Water management-	254,768	—	direct 99.99 indirect 0.01	28,220	145,000	45,306	44,172	572
Asesoría Financiera y de Gestión, S.A. Federico Salmón, 13. Madrid -Financial-	3,008	—	direct 43.84 indirect 56.16	—	6,843	463,794	16,978	58
Asiris, S.A. Correduría de Seguros Pº de la Castellana, 111. Madrid	30	—	direct 25.00 indirect 75.00	—	120	800	207	2
Cementos Portland Valderrivas, S.A. Estella, 6. Pamplona -Cement-	175,953	—	direct 58.76 indirect 8.59	35,988	41.757	676,191	180,008	24,194
Compañía Auxiliar de Agencia y Mediación, S.A. Sole-Shareholder Company Federico Salmón, 13. Madrid -Portfolio company-	1,657	—	100	481	61	2,319	611	—
Compañía General de Servicios Empresariales, S.A. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	60	—	100	1	60	17	1	—
Corporación Española de Servicios, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	44	—	direct 99.99 indirect 0.01	1	60	15	—	—
Corporación Financiera Hispánica, S.A. Federico Salmón, 13. Madrid -Portfolio company-	69,818	—	direct 99.99 indirect 0.01	4,584	58,393	283,470	6,178	1
Egypt Environmental Services SAE El Cairo. Egypt -Urban Cleaning-	7,760	7,760	direct 97.00 indirect 3.00	—	36,400 (Egp)	(22,308) (Egp)	(38,676) (Egp)	(5) (Egp)
Empresa Comarcal de Serveis Mediambientals del Baix Penedés, ECOBP, S.L. Plaça del Centre, 3. El Vendrell (Tarragona) -Urban Cleaning-	240	—	80.00	45	301	114	381	—
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L. Pza. Vázquez Molina, s/n Úbeda (Jaén) -Urban Cleaning-	720	—	90.00	—	800	—	—	—
Europea de Gestión, S.A. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	63	—	100	5	60	22	8	—
FCC Construcción, S.A. Balmes, 36. Barcelona -Construction-	275,551	—	direct 99.99 indirect 0.01	62,400	130,000	85,535	151,866	3,809
FCC Construcciones y Contratas Internacional, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100	—	3	—	—	—

COMPANY	BOOK VALUE		% OWNERSHIP	DIVIDENDS RECEIVED	CAPITAL	RESERVES	2005 INCOME (LOSS) BEFORE TAXES	
	ASSETS	ALLOWANCE					ORDINARY	EXTRAORDINARY
FCC Inmobiliaria Conycon, S.L. Sole-Shareholder Company Federico Salmón, 13. Madrid -Instrumentality company-	3	—	100	—	3	—	—	—
FCC International B.V. Amsteldijk 166 Amsterdam (The Netherlands) -Portfolio company-	49,910	9,051	100	1,790	40,840	(1,912)	1,932	—
FCC Medio Ambiente, S.A. Federico Salmón, 13. Madrid -Urban Cleaning-	35,102	—	direct 98.98 indirect 1.02	—	43,272	48,106	12,517	(8,894)
FCC Versia, S.A. Federico Salmón, 13. Madrid -Management company-	62,625	—	direct 99.99 indirect 0.01	13,115	40,337	51,870	16,264	(408)
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	215	10,301	14,511	703	—
Fomento Internacional Focsa, S.A. Federico Salmón, 13. Madrid -Instrumentality company-	69	—	direct 99.93 indirect. 0.07	2	90	23	7	—
Giza Environmental Services S.A.E. El Cairo. Egypt -Urban Cleaning-	7,566	7,566	direct 97.00 indirect 3.00	—	35,500 (Egp)	(33,564) (Egp)	(40,742) (Egp)	—
Grucyca, S.A. Pza. Pablo Ruiz Picasso, s/n. Madrid -Portfolio company-	156,786	—	100	—	135,600	22,430	2,965	10,784
Limpiezas Urbanas de Mallorca, S.A. Fusters, 18. Manacor (Balearic Islands) -Urban Cleaning-	5,097	—	direct 99.92 indirect 0.08	—	308	1,090	329	—
Per Gestora Inmobiliaria, S.L. Pza. Pablo Ruiz Picasso, s/n. Madrid -Property management and administration-	48	—	80.00	8	60	50	26	(4)
Tratamientos y Recuperaciones Industriales, S.A. Anglí, 31. Barcelona -Waste treatment-	21,455	—	direct 74.92 indirect 0.08	2,241	72	6,560	2,755	4
Total	1,139,943	24,555		149,096				

- NB:**
- Of the companies shown above, only Cementos Portland Valderrivas, S.A. is a listed company and its share price was €69.10 at year-end. The average market price in the last quarter of 2005 was €66.91.
 - As required by Article 86 of the revised Corporations Law, in 2005 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

% OWNERSHIP		% OWNERSHIP	
1 ZONA 3 MADRID	10	ECOSERVEIS FIGUERES	50
2 ZONA 10 MADRID	10	EDAR ALMANSA	5
ACERAS Y CALZADAS	50	EDAR ALMENDRALEJO	20
ADDENDA PUENTE DE VALLECAS 5ª FASE	50	EDAR CUERVA	5
AIGÜES DE LLEIDA	50	EDAR ELCHE	20
AGUAS TOMELLOSO	20	EDAR RANILLA	22.5
ALCANTARILLADO BILBAO	90	ELISA OCHOA	50
ALMEDA	51	EXTREMADURA	25
AMPLIACIÓ LIXIVITATS	20	F.L.F. LA PLANA	47
AMPLIACIÓN VERTEDERO PINTO	50	FANGOS IBIZA Y FORMENTERA	20
AQUALBAL	20	FANGOS VIC	20
AQUALIA – FCC – MYASA	20	FCC – ACISA - AUDING	45
AQUALIA – FCC – OVIEDO	5	FCC - ANPE	80
AQUALIA – FCC – SALAMANCA	5	FCC - DIESEL BARCELONA	80
AQUALIA – FCC – SAN VICENTE	20	FCC - DIESEL N-VI	50
ARGÍ GUEÑES	70	FCC - ERS LOS PALACIOS	50
ASTONDO	40	FCC – FCCMA ALCOY	20
BAIX CAMP	30	FCC – FCCMA COLMENAR VIEJO	20
BARAJAS	50	FCC – FCCMA CORNELLÀ	90
BARRIO DE LA LOMA	50	FCC – FCCMA JARDINES ALBACETE	20
BILBOKO SANEAMENDU	50	FCC – FCCMA R.B.U. - L.V. JAVEA	20
BIOCOMPOST DE ÁLAVA	50	FCC – FCCMA L.V. PAMPLONA	20
BOADILLA - SERVICIOS	50	FCC – FCCMA OLESA	20
BOADILLA - VERSIA	50	FCC – FCCMA RBU TUDELA	20
BOADILLA DEL MONTE	50	FCC – FCCMA S.U. DENIA	20
BOCAS DE RIEGO ZONA 4	50	FCC – FCCMA SAN JAVIER	20
BOMBEO VALMOJADO	20	FCC – FCCMA SAN SEBASTIÁN	20
BONMATÍ	10	FCC – FCCMA SEGRIÀ	20
C/ALPERNICHES	50	FCC – FOCONSA	50
CN III	45	FCC – HIJOS DE MORENO, S.A.	50
CAN BOSSA	20	FCC – HIMOSA	50
CANA PUTXA	20	FCC – PALAFRUGELL	20
CANDAS	20	FCC – PROMECO 2000, S.L.	50
CANGAS	50	FCC – SUFI MAJADAHONDA	50
CASTELLAR DEL VALLÈS	50	FCC – SUFI PESA	50
CENTRO DE GESTIÓN MADRID	50	FCC – SYF PLAYAS	40
CENTRO DE GESTIÓN ZARAGOZA	50	FCC – TEGNER	50
CHAPARRAL BAJO	20	FCC, S.A. LUMSA	50
CHAPARRAL BAJO FASE B	20	FCCMA – FCCSA VALENCIA	20
CIUTAT VELLA	50	FCCSA – GIRSA	80
COLEGIOS SANT QUIRZE	50	FCCSA – SECOPSA I	50
CONSERVACIÓN Y SISTEMAS	60	FUENLABRADA	50
CONTADORES BURGOS	100	FUENTES XÀTIVA	50
CUENCA	20	GALERÍAS CASTELLANA	50
CYCSA-EYSSA VIGO	50	GESTIÓN INSTALACIÓN III	34.99
DEIXALLERIA TARRAGONA	20	GIREF	20
DEPÓSITO CABECERA	80	GUADIANA	20
DEPURADORA HUESCA	80	HÉROES DE ESPAÑA	50

% OWNERSHIP		% OWNERSHIP	
INFRAESTRUCTURAS MÓSTOLES	50	PONIENTE ALMERIENSE	50
JARDINES PROTECCIÓN ESPECIAL	50	POSU – FCC VILLALBA	50
JARDINES SANTA COLOMA	50	POZUELO	20
JUNDIZ	51	PRISMA 2004-2005	50
LA MINA	20	PUERTO	50
LA SELVA	100	R.B.U. VILLA-REAL	47
LEA-ARTIBAI	60	R.S. PONIENTE ALMERIENSE	50
LEGIO VII	50	RADARES ZARAGOZA	50
L.J. SAN SEBASTIÁN	20	REDONDELA	10
L.V. SAN SEBASTIÁN	20	REPARACIÓN VÍAS PÚBLICAS MÓSTOLES	50
LOGROÑO LIMPIO	50	RESIDENCIA	50
LOS LLANOS	50	RESTAURACIÓN GARRAF	27.5
LVR MUSKIZ II	70	RUTA DE LOS PANTANOS	50
M-110	50	S.U. BILBAO	70
MADRID I	50	SABIÑÁNIGO	80
MADRID II	50	SALTO DEL NEGRO	50
MADRID III	50	SAN FERNANDO	20
MADRID PAVIMENTA MADRID	50	SANT QUIRZE	50
MANACOR	30	SANTA COLOMA DE GRAMANET	61
MANCOMUNIDAD ALTO MIJARES	50	SANTA CRUZ DE MUDELA	50
MANTENIMIENTO COLEGIOS BILBAO	70	SANTOMERA	60
MANTENIMIENTO COMISARIAS	100	SASIETA	75
MARTÍNEZ DE LA RIVA	50	SAV - FCC TRATAMIENTOS	35
MÉNDEZ ÁLVARO	50	SCC - FCC	10
MÉRIDA	10	SEGURIDAD VALDEBEBAS	20
METEOROLÓGICAS A-6	33	SELECTIVES	20
MOLINA	5	SERAGUA - FCC - VIGO	50
MONTCADA	50	SIMÓN HERNÁNDEZ	50
MORALEJA	50	SOLANA	35
MORELLA	50	TIRVA FCC - FCCMA RUBÍ	20
MUSKIZ	70	TABLADA	20
NAVALMORAL	50	TARAZONA	80
NIGRÁN	10	TOMELLOSO	50
NIJAR	20	TORREJÓN	25
NOROESTE	33	TORRIBERA	50
NOVELDA	5	TORRIBERA II	50
OCAÑA	75	TOVIVAL	50
ONDA EXPLOTACIÓN	33.33	TREMP	51
OPERACIÓN ACERAS 2004	50	TRIAGTGE I CLASSIFICACIÓ D'ENVASOS	60
OPERACIÓN ACERAS II FASE	50	TXINGUDI	75
OVER	20	VERTEDERO GARDELEGUI	70
PARQUE PARÍS DE LAS ROZAS	50	VERTRESA	10
PARQUES SINGULARES MÓSTOLES	50	VIGO RECICLAJE	70
PASEO DEL ÁLAMO	50	VINARÓZ	50
PAVIMENTO ZONA I	50	ZARAUTZ	20
PAVIMENTOS	50	ZARZUELA	50
PAVIMENTOS PAMPLONA	50	ZONZAMAS FASE II	30
PEQUEÑAS OBRAS	50	ZURITA	50
PINETONS	50		
PISCINA CUBIERTA MANISES	65		
PISCINA CUBIERTA PAIPORTA	90		
PLA D'URGELL	60		
PLANTA BIOMETANIZACIÓN LAS DEHESAS	50		
PLANTA DE TRATAMIENTOS VALLADOLID	60		
POLÍGONO TORREHIERRO	50		



EXHIBIT III. ASSOCIATED AND MULTIGROUP COMPANIES

COMPANY	BOOK VALUE		% OWNERSHIP	DIVIDENDS RECEIVED	CAPITAL	RESERVES	2005 INCOME (LOSS) BEFORE TAXES	
	ASSETS	ALLOWANCE					ORDINARY	EXTRAORDINARY
Clavegueram de Barcelona, S.A. Acer, 16. Barcelona -Urban Cleaning-	811	—	22.50	107	3,606	3,114	682	290
Ecoparc del Besós, S.A. Rambla Cataluña, 91-93. Barcelona -Urban Cleaning-	2,621	—	direct 31.00 indirect 18.00	—	7,710	—	(167)	328
Ecoserveis Urbans de Figueres, S.L. Pg. Empordà Internacional, Calle A, parcela 50. Vilamalla (Girona) -Urban Cleaning-	301	—	50.00	77	601	26	102	—
Empresa Mixta de Limpieza de la Villa de Torrox, S.A. Pz. de la Constitución, 1. Torrox (Málaga) -Urban Cleaning-	300	—	50.00	86	600	180	153	—
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. Pz. Al Andaluz, 1. Rincón de la Victoria (Málaga) -Urban Cleaning-	301	—	50.00	126	601	175	310	—
Gestión Integral de Residuos Sólidos, S.A. Santa Amalia, 2. Valencia -Urban Cleaning-	4,733	—	49.00	753	781	1,514	2,041	(121)
Ingeniería Urbana, S.A. Saturno, 6. Alicante -Urban Cleaning-	3,786	—	35.00	349	6,010	5,070	3,106	(4)
Pallars Jussà Neteja i Serveis, S.A. Pau Casals, 14. Tremp (Lleida) -Urban Cleaning-	25	—	40.80	—	60	—	—	—
Proactiva Doña Juana E.S.P.S.A Calle 98 nº 9-03 of. 804 Ed. Torre Sancho Santa Fe de Bogotá (Colombia) -Urban Cleaning-	284	—	direct 23.75 indirect 27.30	—	2,250,000 (CP)	1,032,414 (CP)	2,509,849 (CP)	(193,139) (CP)
Proactiva Medio Ambiente, S.A. Paseo de la Castellana, 216. Madrid -Urban Cleaning-	119,542	86,142	50.00	—	56,520	(7)	(880)	3,171
Realia Business, S.A. Paseo de la Castellana, 216. Madrid -Real estate-	110,007	—	direct 44.25 indirect 4.20	29,945	66,570	369,176	127,609	45,807
Servicios Urbanos de Málaga, S.A. Ulises, 18. Madrid -Urban Cleaning-	1,610	—	51.00	596	3,156	354	1,662	—
Total	244,321	86,142		32,039				

NB:

– As required by Article 86 of the revised Corporations Law, in 2005 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 2005"**

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, 2005, amounted to €121,700 thousand.
2. That the Company's after-tax cash flow in the first nine months of 2005 amounted to €152,800 thousand.
3. That the Company's cash and cash equivalents as of September 30, 2005, amounted to €1,286,200 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 €100,014,692 out of 2005 income.

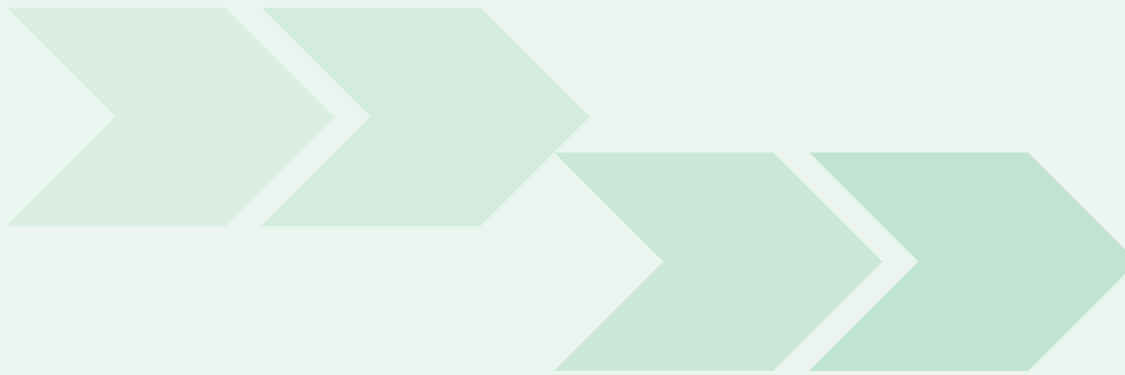
The number of shares entitled to an interim dividend is calculated by subtracting from the 130,567,483 shares of capital stock the shares of treasury stock existing at the date of payment of the dividend.

Accordingly, it is proposed that the following interim dividend out of 2005 income be approved:

Gross % of each share with dividend rights	76.6%
Gross interim dividend per share	€0.766

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

Madrid, December 21, 2005



MANAGEMENT REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

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INTRODUCTION

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 sewage systems, the maintenance of green areas and buildings, water purification and distribution and other complementary services. It is also engaged in the lease of offices and premises in the singular Torre Picasso building which is 80% owned by the Company.

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 2005, the reader is referred to the information contained in the consolidated financial statements.

The economic-financial information presented in this Management Report was prepared pursuant to the Commercial Code and the Spanish Corporations Law.

The figures below are stated in millions of euro

Company Performance in 2005

Main Aggregates	2005	2004	Variation	
			Absolute	%
Net sales	917.6	834.7	82.9	9.9
Gross Operating Income	160.7	153.6	7.1	4.6
% Gross Margin	17.5	18.4	(0.9)	(4.9)
Net Operating Income	106.5	84.3	22.2	26.3
% Gross Margin	11.6	10.1	1.5	14.9
Dividends received from Subsidiaries	181.1	192.3	(11.2)	(5.8)
Financial Loss	(16.0)	(22.8)	6.8	(29.8)
Income before Taxes	267.5	220.1	47.4	21.5
Net Income for the year	237.5	196.6	40.9	20.8
Dividend to be distributed per share (euros)	1.532	1.36	0.172	12.6

Net sales increased 9.9% in 2005 to a total of €917.6 million and the operating margin on net sales was 11.6% compared to 10.1% in 2004.

The dividends received from the Company's subsidiaries amounted to €181.1 million, which was in line with those of €192.3 million received in 2004.

Consequently, the good performance of the operating income combined with a slight reduction in financial loss and the support provided by the dividends received from the subsidiaries gave rise to net income for the year of €237.5 million, up 20.8% on 2004, which will be allocated to remunerate Company shareholders via dividend.

Dividends

The Board of Directors proposes the distribution of a final dividend of €0.766 per share, representing 76.6% 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 9, 2006, an interim dividend of €0.766 per share was paid pursuant to the resolution adopted by the Board of Directors on December 21, 2005.

ACQUISITION OF TREASURY STOCK

At 2005 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 2005, Compañía Auxiliar de Agencia y Mediación S.A. owned 316,098 shares of Fomento de Construcciones y Contratas, S.A., representing 0.24% of its capital stock, which were recorded at a book value of €1,107 thousand, and Asesoría Financiera y de Gestión S.A. (Afigesa) owned 343,922 shares of Fomento de Construcciones y Contratas, S.A., representing 0.26% of its capital stock and recorded at a book value of €16,345 thousand. These shares are also deemed to be Parent Company shares in accordance with Article 87 of the revised Corporations Law.

In accordance with Article 79.4 of the Corporations Law, the following table details the variations in the number of shares during the year:

	FCC, S.A.	Afigesa	Cía. Auxiliar de Agencia y Mediación	Grucycsa	FCC Group
At December 31, 2004	434,322		316,008	475	750,805
Purchases or additions		414,468	90		414,558
Sales or Retirements		(70,546)		(475)	(71,021)
At December 31, 2005	434,322	343,922	316,098	—	1,094,342

RESEARCH AND DEVELOPMENT ACTIVITIES

The FCC Group takes an active part in research, development and technological innovation. The Group's initiatives in this connection relate to aspects which have a direct or indirect relationship with the Group's business. In 2005 significant initiatives were carried out in each of the three strategic business lines, namely Services, Construction and Cement, which targeted environmental protection as a means of achieving sustainable growth.

In the area of Environmental services, the project to analyze the life cycle of water in waste treatment processes is of particular interest. The main aim of this project is to analyze "water", as an environmental indicator in the broadest sense of the word, in the treatment processes, defining the environmental impacts it suffers and evaluating the corrective measures required. This would permit the implementation of the complementary operations and measures required, whilst also providing an information and decision-making tool for all the sectors involved (companies, authorities and citizen groups with an interest in environmental issues). This project has been very well received by the Directorate General of Technological Policy of the Ministry of Education and Science.

In relation to waste disposal, mention should be made of the studies carried out on a closed aerobic compost system designed to process small and medium-sized organic waste, in addition to the preparation of an alternative fuel to replace traditional fuels (gas, coal, etc.) with the by-products of the sewage treatment plants.

In the Water business, work was focused mainly on industrial wastewater projects (reuse of industrial residual waters with zero effluent spill, design of anaerobic reactors, design of an advanced oxidation system for industrial wastewater difficult to biodegrade, etc.).

In the Versia business area, the Street Furniture sector is of particular interest, and is currently involved in the design of two technologically innovative projects. The first relates to the development of a light city vehicle, known as the EPISOL, with a hybrid electric propulsion system and two versions of engine, powered initially by a thermal engine and at a later stage by a battery and solar powered electric engine. Cemusa (a subsidiary) reached a cooperation agreement for this project with the Instituto Universitario de Investigación del Automóvil (INSIA), belonging to the Universidad Politécnica de Madrid and with the Instituto de Automovilística Industrial (IAI) belonging to the Centro Superior de Investigaciones Científicas. The second project is aimed at developing bus stop shelters as presented at the exhibition in Dallas (USA).

In the Construction area, noteworthy is FCC Construction S.A.'s membership of the Managing Board of the European Construction Technology Platform, an initiative which brings together over 600 organizations (industries, universities, research centers, etc.) and whose objective is to define a strategic research agenda for the industry and to try to carry out macro projects with public and private funding. Also, FCC Construcción S.A heads the Spanish Construction Technology Platform, an initiative which brings together over 140 organizations, with a similar structure and objectives to those of the above-mentioned European Construction Technology Platform.

The following projects carried out in 2005 are of particular interest: Tunconstruct, to improve underground construction; Manubuild, for the industrialization of construction; Arfrisol, for bioclimatic architecture and solar cooling; Hatcons, for the use of materials with a large number of features; and Fibras, for the use of steel fiber reinforced concrete.

Lastly, with regard to the activities of the Cement business, research and development work on new cement products and applications is carried out mainly in the Company's laboratories at the Olazagutía factory in Navarra. During 2005 work was carried out in various areas: evaluation of raw materials, studies of alternative fuels in cooperation with universities in the framework of the programs to promote technical research (PROFIT); participation in Standardization Committees, research work in cooperation with customers to improve products and create new applications, etc. Also, Cementos Portland Valderrivas is an active participant in research projects carried out at the Spanish Institute of Cement and its Applications (IECA).

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

Fomento de Construcciones y Contratas, S.A., the parent company of the FCC Group, has had a direct or indirect interest in the following transactions:

- Acquisition of Abfall Services AG (ASA) for €278 million

On November 17, 2005, the FCC Group signed a contract with the EDF Group to acquire Abfall Service AG, leader in waste management in Central and Eastern Europe with operations in Austria, the Czech Republic, Slovakia, Hungary, Rumania and Poland. On March 8, 2006, the final purchase agreement was executed.

- Preferred bidder for the New York urban furniture contract

Closure of the contract with New York's Department of Transport is expected in 2006. On September 21, 2005, this body chose Cemusa, the FCC Group's outside advertising subsidiary, as the company to supply and maintain some 3,300 new bus stops, 330 billboards and 20 automatic public lavatories over a period of 20 years.

- Cementos Portland Valderrivas launched a tender offer for the shares of its investee Cementos Lemona.

On December 2, 2005, Cementos Portland Valderrivas, which already held 30.72% of Cementos Lemona, launched a tender offer to acquire 100% of the shares of the latter at a price of €32 per share. The total amount of the transaction, the acceptance period of which closed on February 20, 2006, was €234.2 million, paid in cash and financed with debt.

Per the figures of the agent of the aforementioned tender offer, the holders of shares representing 65.3% of the capital stock responded to the offer; when added to the 30.7% interest already held by Cementos Portland Valderrivas, the latter has a holding of 96.06% in Cementos Lemona, signifying that all the significant shareholders and 88% of the minority interests responded to the offer.

- FCC Construcción took over Autopista Central Gallega.

On January 13, 2006, the acquisition by FCC Construcción, S.A. of 10% of the shares held by Iniciativas de Infraestructuras y Servicios, S.A. in Autopista Central Gallega Concesionaria Española, S.A. Sole-Shareholder Company, for a total of €13,500 thousand was completed, and the FCC Group has a controlling interest of 54.64% in this company.

OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The management of financial risks aims to minimize the impact on the Company, and on the Group, of exchange and interest rate fluctuations and to ensure that the solvency and liquidity risks stay within reasonable limits.

The Company's and the FCC Group's current positioning in the international markets means that exchange rate risk, in the overall context of the Group, is of moderate impact. Nonetheless, and irrespective of its materiality, Group policy is to reduce, as far as possible, the negative effect that this risk might have on its financial statements as a result of both transactional and purely balance variations. In practice, the impact of the former is mitigated, if the volume of operations makes it advisable, by arranging adequate hedging instruments in the market. In the case of balance

sheet variations, Company policy, when the situation so advises and provided that the financial markets offer liquidity, instruments and terms, is to obtain coverage through the arrangement of financing transactions in the same currency as that of the asset.

Given the nature of our activities, in which working capital management plays an essential role, it is general Company and Group practice to take the index which most accurately reflects inflationary variations as a reference for its financial debt. Accordingly, Group policy consists of trying to maintain both the current financial assets, which to a large extent provide natural cover for our current financial liabilities, and Group debt linked to floating interest rates. As an exception to this general policy, in long-term transactions the Group arranges interest rate hedges provided that markets exist and the project's financial structure requires it.

The current aim of Fomento de Construcciones y Contratas, S.A. and its Group is to combine the development of the strategic areas with that of corporate transactions. This corporate growth policy will focus exclusively on acquisition in the strategic areas. The aim is to achieve this growth, in both sales and earnings, without exceeding leverage of 50% in the Group whilst maintaining a debt to gross operating income (EBITDA) ratio of under 2.5 times, which would maintain the Group's financial solvency.

In view of the current stability of the financial market and the low (41%) ratio of indebtedness to gross operating income (EBITDA) at Fomento de Construcciones y Contratas, S.A. and its corporate Group as of December 31, 2005, all the loan transactions can be renewed and, where necessary, extended, signifying that at mid-term there is no indication that the Group may have liquidity problems.

OUTLOOK FOR 2006

A description follows of the outlook for 2006 of the business areas composing the FCC Group, which are expected to lead to growth in the Group's net sales and earnings.

First, the construction backlog and services backlog at 2005 year-end amounted to €20,496.8 million, equivalent to approximately three years of annual production.

In the area of **Environmental Services**, this sector consolidated the important market share achieved, and its growth will be linked to extensions and, where necessary, the renewal of contracts, in addition to the start-up of treatment plants currently under construction.

In the **International** area, the growth strategy is based, on the one hand, on maintaining and expanding the activity in the markets of countries where we have a presence and, on the other hand, expansion into new geographical markets. This interest in expansion led to the acquisition of Abfall Services AG (ASA Group), an important group of companies specializing in integral waste management and treatment services, which is well established in many Central and Eastern European countries, and has very good prospects for growth in other Euro Zone states.

In the area of **Industrial Waste**, acquisition of the remaining holding in the Marepa Group is foreseen, which, together with the growth due to the investments made in the previous year and the entry into full operation of some of the new facilities already built, means that a significant increase in net sales is expected.

In the area of **Water Management**, the diversification strategy will continue; in spite of strong market concentration, this will continue to bring significant growth. Accordingly, the recent important contracts gained in various Spanish municipalities, the renewals of important contracts, the contracts for irrigation services, the implementation and management of desalination plants should be considered along with the boost received as a result of the acquisitions of companies in 2004, in addition to the growth in the international area, particularly with the recent contracts in Italy and Algeria.

At the beginning of 2006 the services backlog was €15,000 million, equivalent to over seven years of annual production.

The outlook for the **Versia** area in 2006 is of growth based mainly in the different sectors comprising this area, e.g. Logistics, with the consolidation of the management of the Grupo Logístico Santos, acquired in 2004, which positions it as one of the most important Spanish logistics operators.

The outlook for **Street Furniture** is of growth in the international area, where the maturation of the existing contracts in Brazil, Italy and USA is combined with the commencement of the Boston contract and the contract awarded recently for the installation and advertising exploitation of street furniture in New York for 20 years, consisting of the placement, maintenance and advertising exploitation of 3,300 bus stop shelters, 330 news stands and other elements of street furniture, which will consolidate it in the US market. The New York contract is currently under negotiation with the New York City Transport Department.

The **Parking** lots area stands out for the expansion of the contracts to increase the number of parking spaces managed, in particular the contract for 26,750 parking spaces in Zone V of the controlled surface parking spaces in Madrid for a period of 11 years (renewable up to 25 years).

In **Transportation**, in 2006 the new city service will commence in Benalmádena to transport passengers by road; as regards rail transport the Parla streetcar will be operated along similar lines to the Trambaix and Trambesós lines already in operation in Barcelona.

In the **Handling** sector, in Spain AENA initiated an invitation to tender process for the renewal of all the licenses at all the airports, and the Group's aim is to retain at least its market share.

Prospects for 2006 in the **Construction** sector are good in the domestic market, in line with those in 2005, since the existing backlog of projects at 2005 year-end amounted to €5,155 million, signifying a cover period for net sales of 18.5 months. Localized growth is forecast in the International market, on the one hand, in Central and North America through those investments already made and in process and, on the other, in Central and Eastern Europe.

The performance of the **Cement** area will be determined by the performance of the construction sector and the infrastructure plans. In Spain, estimates point to a deceleration in cement and concrete consumption, which will continue their growth trend but at lower rates than in 2005. The result of Cementos Portland Valderrivas's tender offer for Lemona will result in the inclusion of the net sales in the Portland Valderrivas Group, as a result of changing from equity method accounting to full consolidation of 100% of Cementos Lemona and of CDN USA, together with the consolidation of an additional 11.24% of the income which Lemona gets from Cementos Alfa S.A. in which Cementos Portland Valderrivas currently holds 80.15%.

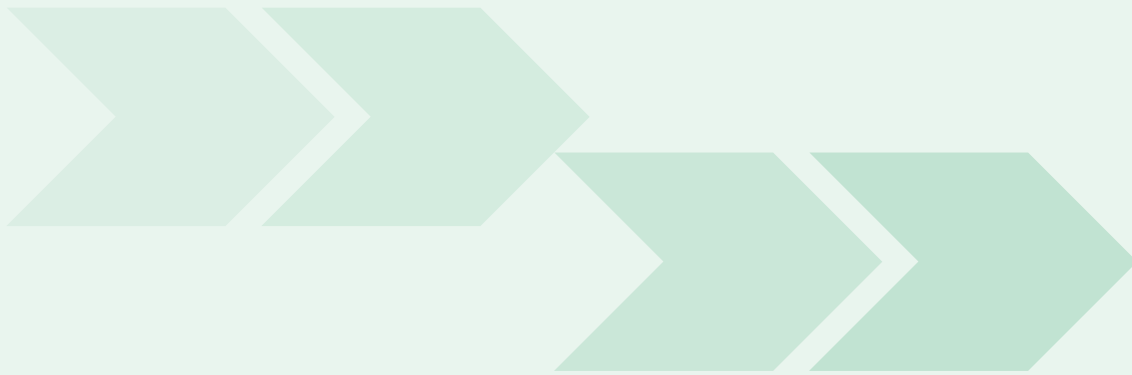
With regard to the cement business in the US, the outlook is of an increase in demand, together with a price increase in the areas of influence of CDN (Maine) and Giant (North and South Carolina and Virginia). In 2006 Giant's plant in Harleyville, which was recently modernized and upgraded, will come into full production and the project to transform the production process from wet to dry at Giant's plant in Keystone will commence. Completion is planned for mid-2008 and will result in production cost savings and increased production capacity.

In the **Real Estate business**, an increase in sales is foreseen for Realia, based mainly on the strength of the property development activity, which will result in the delivery of a significant number of real estate products. The turnover of leased property and leased surface area will also increase, which is expected to generate an improvement in sales at 2006 year-end.

Investments in progress will continue in the Guadalajara, Leganés, Murcia and Santiago Compostela shopping malls.

The domestic market business strategies focus on policies for the acquisition of land requiring urban development management and permitting the incorporation of added value, the commencement of property development activities in new markets (Valladolid, Zaragoza, etc), the materialization of opportunities to acquire office buildings, based on location and rate of return, the development of shopping mall projects which are currently self sponsored, and to facilitate growth through the completion of certain corporate acquisitions.

In the international market, work will begin on the property developments and their marketing following the acquisition of land in Portugal and Poland, and the aim in the asset protection segment is to acquire an important package of real estate within the European Economic Community, which will facilitate Realia's growth and contribute significant added value.



AUDITOR'S REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

1. We have audited the financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. comprising the balance sheet as of December 31, 2005, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate and commercial law, for comparison purposes the directors present, in addition to the 2005 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2004. Our opinion refers only to the 2005 financial statements. On April 8, 2005, we issued our auditors' report on the 2004 financial statements in which we expressed an unqualified opinion.
3. Fomento de Construcciones y Contratas, S.A. is the head of a corporate group which presents consolidated financial statements separately from the accompanying financial statements. On this same date we issued our auditors' report, on the 2005 consolidated financial statements of Fomento de Construcciones y Contratas, S.A. and Subsidiaries prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRSs), which presented consolidated equity attributable, consolidated assets and consolidated income attributable of €2,232 million, €8,939 million and €421 million, respectively, in which we expressed an unqualified opinion.
4. In our opinion, the accompanying financial statements for 2005 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, 2005, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying directors' report for 2005 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2005. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Javier Parada Pardo
April 12, 2006

EXECUTIVE PERSONNEL

**FOMENTO DE CONSTRUCCIONES
Y CONTRATAS, S.A.**

Managing Director

Rafael Montes Sánchez

 **Environment and Water**

Chairman of FCC Medio Ambiente, S.A.	José Luis de la Torre Sánchez
ENVIRONMENT	
Zone I	Jordi Payet Pérez
Aragón	Manuel Liébana Andrés
Barcelona Capital	Pablo Martín Zamora
Barcelona Exterior	Martín Juanola Carceles
Lleida-Tarragona	Jesús Padulles Caba
Levante I	Salvador Otero Caballero
Rioja-Soria	Pedro Moreno Gómez
Municipal de Serveis, S.A.	Ramón Marimón Marimón
Seinsa	Francisco Campas Delmans
Tirssa	Juan Almirall Sagué
Tirmesa	Ángel Fernández Omar
Zone II	Juan Hernández Rodríguez
Andalucía I	Blas Campos Gabucio
Andalucía II	Manuel Calderón Capilla
Canarias	Miguel Ángel Castanedo Samper
Castilla y León	César Trueba Diego
Galicia	Guillermo de Cal Alonso
Guipúzcoa-Navarra	Ignacio Eguiguren Tellechea
Levante II	Francisco Javier del Olmo Gala
Murcia-Almería	José Alcolea Heras
Vizcaya	Carlos Martínez Osset
Zone III	Agustín García Gila
Center	José María Moreno Arauz
Madrid	Jesús Medina Peralta
North	Ernesto Barrio Vega
INDUSTRIAL WASTE	
Managing Director	Carlos Aurelio Blasco Lázaro
Activity Director	Íñigo Sáenz Pérez
Cataluña	Felip Serrahima Viladevall
Aragón	Julián Imaz Escorihuela
Center-Levante	Javier Fuentes Martín
North	José María Diego Gardeazabal
South	Manuel Cuerva Sánchez
Development	Jorge Sánchez Almaraz
Administration and Finance	Domingo Bauzá Mari
Technical Director	María Jesús Kaifer Brasero
Studies	Antonio Sánchez-Trasancos Álvarez

WATER MANAGEMENT	
Managing Director	Fernando Moreno García
Vice-managing direction of Development & International	Miguel Jurado Fernández
Europe	Roberto Pérez Muñoz
Portugal and Extremadura	Francisco Jiménez Medina
Industrial Waters	Luis de Lope Alonso
SPA	Javier Santiago Pacheco
Central Zone	Félix Parra Mediavilla
Murcia	Manuel Calatayud Ruiz
Castilla-La Mancha	Matías Loarces Úbeda
Canarias	Andrés Naranjo Marquina
Centro	Higinio Martínez Marín
Northern Zone	Santiago Lafuente Pérez-Lucas José Luis García Ibáñez (Assistant)
Castilla y León	Juan Carlos Rey Fraile
Asturias	Francisco Delgado Guerra
North	Fernando de la Torre Fernández
Southern Zone	Leandro Melgar Chacón Alberto Gutiérrez Montoliu (Assistant) Benito Pérez Santos (Assistant)
Northern Andalucía	Nicolás Martínez Bautista
Southern Andalucía	José Luis Leal Morán
Eastern Zone	Jordi Hernández Blanch
Cataluña	Juan Luís Castillo Castilla
Valencia	Javier Vegas López-Manzanares
Baleares	Ferrán Bosch Mabilón
Technical Director	Pedro Rodríguez Medina
Contracting	Antonio Vassal'lo Reina
Commerical	Cecilio Sánchez Martín
Studies	Alejandro Benedet Augusto
Administration and Finance	Isidoro Marbán Fernández
Management Control	Manuel Castañedo Rodríguez
Marketing	Juan Pablo Merino Guerra
IT Development	Francisco José Martín-Moreno Carnero
INTERNATIONAL	
	Tomás Núñez Vega
Austria-Central Europe (ASA)	Rudolf Platzer
England	Tony Adamson
Egypt	Manuel Ramírez Ledesma
Portugal	Eduardo Segura Delgado
PROACTIVA DE MEDIO AMBIENTE, S.A.	
Chairman	Olivier Orsini
Deputy Director	Ramón Rebuelta Melgarejo
Northern Zone	Roberto Gómez-Morodo Suárez
Central Zone	Michel Fourné
Brazil	Marlik Bentabet
Southern Zone	Faustino Elías Morales
Legal Affairs	Ignacio Montes Pérez del Real
Administration and Finance	Marcos García García
Central Services	Agustín García Gila
Machinery	Alfonso García García
Provisions	Pedro Gaviña Martínez
Studies	Antonio Pousa Blasco
Quality Assurance and Environment	José María López Pérez
Waste Treatment	Sylvain Cortés
Coordination and Development	Catherine Milhau
Administration and Finance	Alberto Alcañiz Horta



Versia

Chairman of FCC Versia, S.A.	José Luis de la Torre Sánchez
Managing Director	Carlos Barón Thaidigsmann
Zone I	Vicente Beneyto Perlés
Car Parks and Services	José María Paz Sánchez
Vehicle Technical Inspections	Ignacio Santamaría Goiri
Conservation and Systems	Ángel Luis Pérez Buitrago
Sistemas y Vehículos de Alta Tecnología (SVAT)	Ignacio Cabanzón Alber
Zone II	Luis Marceñido Ferrón
Handling-Flightcare, S.L.	Ignacio Garrido Santamaría
Corporación Europea de Mobiliario Urbano (CEMUSA)	Eric Marotel Guillot
Logistics	Gonzalo Sanz Fernández
FCC Logística, S.A.	Miguel Ángel Gómez Ibañez
Transport	Joaquín Martínez-Vilanova Martínez
Corporación Española de Transporte, S.A.	José María Pérez Lozano
Detren, S.L.	Joaquín Martínez Vilanova
Administration and Finance	Juan Carlos Andradadas Oveja



Construction

Chairman of FCC Construcción, S.A.	José Mayor Oreja
Managing Director of FCC Construcción, S.A.	Francisco José García Martín
Deputy Directors	
Area I: Zones I, V, VII and Prefabricados Delta, S. A.	Santiago Ruiz González
Area II: Zones II, VIII, IX and Europe	Alejandro Tuya García
Area III: Zones III and VI	Jorge Piera Coll
Area IV: Zone IV, Portugal and America	José Ordóñez Sáinz
Studies and Contracts	Francisco Varona López
Study Service	Valentín García Domínguez
Development and Management	Jaime Redondo Vergé Antonio Moreno-Aurioles Serra (Assistant)
Administration and Finance	José Ramón Ruiz Carrero
Institutional Relations	Julio Senador-Gómez Odériz
CONSTRUCTION TECHNICAL SERVICES	
Managing Director	José Enrique Bofill de la Cierva
Technical Director	José Luis Álvarez Poyatos
Quality and Training	Enrique Carrasco Ruiz de la Fuente
Special Systems	Luis Viñuela Rueda
Machinery	Juan Antonio Muro Murillo

DOMESTIC CONSTRUCTION	
Zone I	José María Torroja Ribera Francisco Campos García (Deputy Director)
Andalucía West Construction	Jesús Amores Martín
Andalucía West Civil Work	Jaime Freyre de Andrade Calonge
Andalucía East Construction	Andrés García Sáiz Luciano Hidalgo Salas (Deputy Director)
Andalucía East Civil Work	José Antonio Madrazo Salas
Technical Director	José Luis García Orad-Carles
Zone II	Emilio Giraldo Olmedo
Madrid ConstructionI	Alfonso García Muñoz
Madrid ConstructionII	Francisco Mérida Hermoso
Madrid ConstructionIII	Francisco Javier Córdoba Donado
Madrid Construction IV	Carlos García León
Technical Director	Fernando Arrechea Veramendi
Zone III	Santiago Sardá Argilagós
Cataluña Construction I	Antonio Torrens Potau Rafael Cañas Clemente (Deputy Director)
Cataluña Construction II	Juan Antonio Rodríguez Callao
Technical Director	María Teresa de Ugarte Peiró
Zone IV	Juan Madrigal Martínez-Pereda
Las Palmas	Enrique Hernández Martín
Tenerife	Pablo López Marzo
Zone V	Teodoro Velázquez Rodríguez
Valencia Construction	Leopoldo Marzal Sorolla
Valencia Civil Work	Rafael Catalá Reig
Baleares	Mateo Estrany Pieras
Murcia	Juan Antonio López Cánovas
Zone VI	Francisco Vallejo Gómez
Cataluña Civil Work I	Josep Torrens Fonts
Cataluña Civil Work II	Francisco Diéguez Lorenzo
Technical Director	Javier Ainchil Lavín
Zone VII	Antonio Pérez Gil
Castilla-La Mancha and Extremadura	Aurelio Callejo Rodríguez
Madrid Civil Work	César Carretero Ramos Angel Serrano Manchado (Deputy Director)
Aragón, Navarra and Rioja	Roberto Monteagudo Fernández José Manuel Ojanguren Gamba (Deputy Director)
Zone VIII	Francisco Javier Lázaro Estarta
Castilla y León Construction	Florentino Rodríguez Palazuelos
Castilla y León Civil Work	José Manuel San Miguel Muñoz
Galicia	Juan Sanmartín Ferreiro
North	Javier Hidalgo González
País Vasco	Norberto Ortega Lázaro
Technical Director	Mariano Martín Serrano
Zone IX	Avelino Acero Díaz
Transport	Alejandro Cisneros Müller Ricardo Gil Edo (Deputy Director)
Technical Manager Zones IV, V, VII and IX	Jesús Mateos Hernández-Briz
INTERNATIONAL CONSTRUCTION	
Zone Portugal and America	Eugenio del Barrio Gómez
Central America	Julio Casla García
Europe	Alcibiades López Cerón

SPECIALISED CONSTRUCTION AND INVESTEE COMPANIES

Managing Director	José Ordóñez Sáinz
Specialised Construction	José Miguel Janices Pérez
Ibérica de Servicios y Obras, S.A.	Fernando Rodríguez Madinabeitia
Auxiliar de Pipelines, S.A.(APL)	Eduardo Yges Peña
Mantenimiento de Infraestructuras, S.A. (Matinsa)	Fernando Martín Barrios Ignacio Sánchez Salinero (Deputy Director)
Pinturas Jaque, S.L	Fernando Martín Barrios
Investee Companies	Ramón Fontcuberta García
Proyectos y Servicios, S.A. (Proser)	José Miguel Colio Sola
Megaplas, S.A. y Megaplas Italia, S.p.A.	José Antonio Martínez Jiménez
Reparalia	Jaime Asúa Arrizabalaga
Industrial Companies	
Espelsa	Dámaso Bueno Crespo
Internacional Tecair, S.A. y Eurman, S.A	Daniel Candil Menes
Technical Director	Miguel Ángel Lobato Kropnick

CONCESSIONS

Spanish Concessions	Jesús E. Duque Fernández del Rivero
International Concessions	Javier Villalobos Giménez



Cement

Chairman of Cementos Pórtland Valderrivas, S.A. and Chief Executive	Rafael Martínez-Ynzenga y Cánovas del Castillo
General Secretary	Vicente Ynzenga Martínez-Dabán
Managing Directors	
Deputy Managing Director	José Manuel Revuelta Lapique
Administration and Finance	Jaime Úrculo Bareño
Commercial	Ángel Luis Heras Aguado
Corporate	Manuel Melgar Oliver
Subsidiaries and Investes	Federico Bernabeu Morón
Technical	Pablo Espeso Martínez



Real Estate

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Deputy Managing Director	Antonio Moyano Paredes
Deputy General Manager and Promotions Manager	Pedro Javier Roderá Zazo
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Assets	Agustín González Sánchez
Planning	Jaime Llorens Coello
Administration and Finance	Juan Antonio Franco Díez
Secretary of the Board of Directors	Daniel Ángel Rodríguez Olay

Administration and Finance

Director of Administration and Finance	José E. Trueba Gutiérrez
Administration Managing Director	José Luis Vasco Hernando
Deputy Managing Director	Carlos Pujol Lienas
Administrative Coordination	Alberto Farré Ramos
Taxes	Miguel Mata Rodríguez
Administrative Organization and Budgets	José M ^a Alamañac Gil
Finance Director	Manuel Somoza Serrano Esther Alcocer Koplowitz (Assistant) Alicia Alcocer Koplowitz (Assistant)
Stock Market and Investor Relations	Íñigo Morenés Mariategui
Financing	José Manuel Carrasco Delgado
Afigesa	Luis Mora Callejas
Asiris, S.A.	Miguel Angel Jabal Madrid

Secretary General's Office

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Legal Advisory of Barcelona	Esteban Correa Arlés
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Communications	Francisco Javier Hernández Fernández
Corporate Image	Antonio de Lorenzo Vázquez

Human Resources

Managing Director	Antonio Pérez Colmenero Francisco Santos Martín (Deputy Director)
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Internal Audits

Director	Antonio Gómez Ciria José María Martínez Basanta (Deputy Director) Miguel Hernanz Sanjuán (Deputy Director)
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Managing Director	Raúl Vázquez Pérez
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