



**Earnings report**  
**January-June 2006**

**26 July 2006**

## 1H06 EARNINGS

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## 1. HIGHLIGHTS OF 2006

❖ **FCC HAS ACQUIRED 74.76% OF ALPINE MAYREDER BAU** (*26 July 2006*).

Alpine, Austria's second-largest construction and services group, which has been controlled to date by the Pappas family. The acquisition of another 5.94% held by Erste Bank is expected to be completed in the next few weeks. The enterprise value of 100% of Alpine is 725 million euro (including 130 million euro of net debt).

❖ **ACQUISITION OF WASTE RECYCLING GROUP** (*17 July 2006*).

FCC purchased, from WRG Holdings (controlled by Terra Firma), its environmental division (Waste Recycling Group Ltd.), the incineration business and the integrated waste management projects for a total of 1.4 billion pounds sterling. The acquisition of WRG makes FCC the leading waste management company in the UK, a sector in which it has been operating for 15 years via subsidiary FOCSA Services UK.

❖ **FCC RETAINS 3.44% OF XFERA** (*15 June 2006*).

FCC and Telia-Sonera have reached an agreement whereby FCC will retain 3.44% of Xfera, which holds a UMTS telephony licence. FCC is participating, with all the other shareholders, in the reorganisation of Xfera's capital, which will allow Telia-Sonera to control 76.56% of the stock.

❖ **CEMENTOS PORTLAND VALDERRIVAS BUYS UNILAND** (*5 June 2006*).

Cementos Portland Valderrivas (CPL) acquired 51% of Uniland for 1.092 billion euro. The other shareholders have a put option to sell another 22.5% of Uniland to CPL at the same price and terms. The option is valid for five years. In 2007 (the first full year of consolidation), Cementos Portland Valderrivas will obtain 1.8 billion euro in revenues and over 600 million euro in EBITDA (i.e. an EBITDA margin of 30%).

❖ **FLOTATION OF REALIA AND ACQUISITION OF SIIC DE PARIS** (*12 May 2006*).

FCC and Caja Madrid agreed to change the ownership structure in place at Realia since it was founded in 2000 to enable FCC to fully consolidate it, and they reiterated their plans to commence the procedures required to list Realia on the stock market while retaining a stable controlling stake.

Realia also acquired over 87% of SIIC de Paris, a French real estate rental company. The French company is valued at 586 million euro and Realia will also assume SIIC de Paris's existing debt (260 million euro).

❖ **CEMUSA SIGNS STREET FURNITURE CONTRACT IN NEW YORK CITY** (*April 2006*).

Cemusa, FCC's outdoor advertising subsidiary, signed a contract with New York City to supply and maintain approximately 3,300 new bus stop shelters, 330 newsstands and up to 20 automatic public toilets for a period of 20 years.

❖ **ACQUISITION OF SEVEROMORAVSKÉ VODOVODY A KANALIZACE OSTRAVA, A.S. (SMVAK)** (*11 April 2006*).

SmVaK is the third-largest water company in the Czech Republic and the largest in Moravia and Silesia. It also supplies water in Poland and has begun commercial operations in Slovakia. The investment is worth 248 million euro.



## 2. KEY FIGURES

Financial			
	Jun. 06	Jun. 05	Change
Net sales	3,963.7	3,308.9	19.8%
EBITDA	583.0	453.7	28.5%
<i>Margin</i>	<i>14.7%</i>	<i>13.7%</i>	
EBIT	400.6	305.1	31.3%
<i>Margin</i>	<i>10.1%</i>	<i>9.2%</i>	
Earnings before taxes (EBT) from continuing activities	422.1	323.8	30.4%
Attributable to equity holders of parent	258.5	193.0	33.9%
Operating			
	Jun. 06	Jun. 05	Change
Backlog	23,185.3	18,781.5	23.4%
Capital expenditure	984.0	335.6	193.2%
Operating cash flow	336.2	369.2	-8.9%
Net debt	-1,589.9	-409.0	288.7%

- **REVENUES** +20%.
- **EBITDA MARGIN:** 14.7% **EBIT MARGIN:** 10.1%
- **NET PROFIT** 258 MILLION EURO (+34%).
- **NEW RECORD BACKLOG** IN WORKS AND SERVICES: 23.185 BILLION EURO (+23%).
- **INVESTMENTS** OF 984 MILLION EURO **(TRIPLED)**.
- **OPERATING CASH FLOW:** 336 MILLION EURO

SUMMARY BY BUSINESS AREA					
	Jun. 06	Jun. 05	Chg. (%)	% of 06 total	% of 05 total
<b>NET REVENUES</b>					
Construction	1,781.2	1,555.4	14.5%	44.9%	47.0%
Environmental services	1,196.0	964.6	24.0%	30.2%	29.2%
Versia	405.7	320.0	26.8%	10.2%	9.7%
Cement	614.4	472.1	30.1%	15.5%	14.3%
Torre Picasso	9.3	8.6	8.1%	0.2%	0.3%
Other	-42.9	-11.8	263.4%	-1.1%	-0.4%
<b>Total</b>	<b>3,963.7</b>	<b>3,308.9</b>	<b>19.8%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBITDA</b>					
Construction	109.5	89.1	22.9%	18.8%	19.6%
Environmental services	194.9	148.9	30.9%	33.4%	32.8%
Versia	53.1	51.2	3.7%	9.1%	11.3%
Cement	213.7	151.5	41.1%	36.7%	33.4%
Torre Picasso	8.1	7.5	7.4%	1.4%	1.7%
Other	3.7	5.5	-32.7%	0.6%	1.2%
<b>Total</b>	<b>583.0</b>	<b>453.7</b>	<b>28.5%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBIT</b>					
Construction	102.5	72.8	40.8%	25.6%	23.9%
Environmental services	104.1	88.8	17.2%	26.0%	29.1%
Versia	26.7	27.5	-2.8%	6.7%	9.0%
Cement	155.7	105.9	47.0%	38.9%	34.7%
Torre Picasso	7.2	6.2	15.9%	1.8%	2.0%
Other	4.3	3.9	10.3%	1.1%	1.3%
<b>Total</b>	<b>400.6</b>	<b>305.1</b>	<b>31.3%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>BACKLOG</b>					
Construction	5,447.3	4,734.8	15.0%	23.5%	25.2%
Environmental services	17,489.8	13,776.0	27.0%	75.4%	73.3%
Versia	248.2	260.8	-4.8%	1.1%	1.4%
<b>Total</b>	<b>23,185.3</b>	<b>18,781.5</b>	<b>23.4%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>INVESTMENTS</b>					
Construction	64.7	41.0	57.8%	6.6%	12.2%
Environmental services	586.8	94.3	522.3%	59.6%	28.1%
Versia	28.3	140.7	-79.9%	2.9%	41.9%
Cement	297.6	65.3	355.7%	30.2%	19.5%
Other	6.6	-5.7	-215.8%	0.7%	-1.7%
<b>Total</b>	<b>984.0</b>	<b>335.6</b>	<b>193.2%</b>	<b>100.0%</b>	<b>100.0%</b>

### 3. INCOME STATEMENT.

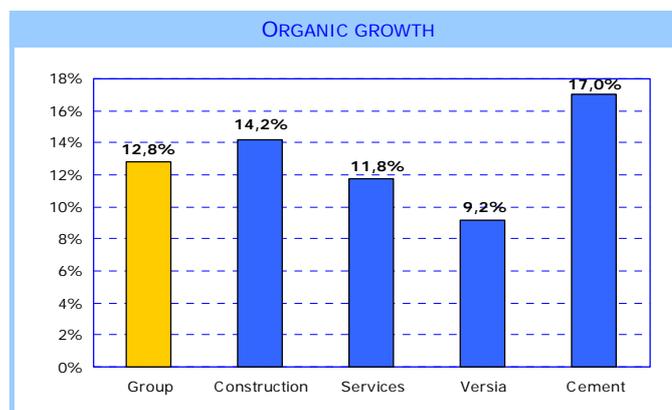
	Jun. 06	Jun. 05	Chg. (%)	as % of 06 revenues	as % of 05 revenues
<b>Net sales</b>	<b>3,963.7</b>	<b>3,308.9</b>	<b>19.8%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBITDA</b>	<b>583.0</b>	<b>453.7</b>	<b>28.5%</b>	<b>14.7%</b>	<b>13.7%</b>
<b>Margin</b>	<b>14.7%</b>	<b>13.7%</b>			
Depreciation and amortisation	-183.4	-141.2	29.9%	-4.6%	-4.3%
(Allocation)/reversal of operating provisions	1.0	-7.4	-113.5%	0.0%	-0.2%
<b>EBIT</b>	<b>400.6</b>	<b>305.1</b>	<b>31.3%</b>	<b>10.1%</b>	<b>9.2%</b>
<b>Margin</b>	<b>10.1%</b>	<b>9.2%</b>			
Financial income	-24.2	-14.7	64.6%	-0.6%	-0.4%
Equity-accounted affiliates	43.4	39.1	11.0%	1.1%	1.2%
Other operating income	2.3	-5.7	-140.4%	0.1%	-0.2%
<b>Earnings before taxes (EBT) from continuing activities</b>	<b>422.1</b>	<b>323.8</b>	<b>30.4%</b>	<b>10.6%</b>	<b>9.8%</b>
Corporate income tax expense	-129.4	-101.3	27.7%	-3.3%	-3.1%
Minority interest	-34.3	-29.5	16.3%	-0.9%	-0.9%
<b>Attributable to equity holders of parent</b>	<b>258.5</b>	<b>193.0</b>	<b>33.9%</b>	<b>6.5%</b>	<b>5.8%</b>

#### 3.1 REVENUES

Net revenues improved by 19.8% to 3.964 billion euro.

Organic growth, excluding changes in the consolidated group due to acquisitions (Grupo Logístico Santos, Entemanser, Marepa, ASA, Cementos Leona, etc.), was 12.8%.

All areas performed superbly: *Construction* continues to provide the largest contribution to revenues, which rose by 14.5%; *Environmental Services* increased revenues by 24.0%, with strong growth overseas;



Versia increased revenues by 26.8% as a result of organic growth in all business areas and the consolidation of GLS; and Cement gained 30.1% due to very strong business activity in Spain and other countries.

Revenues performed positively in Spain (+16.0%) and other countries (+56.7%), the latter boosted by Environmental Services and Cement. International activity continued to increase its contribution to revenues, and it accounted for nearly 12% of total Group revenues in 1H06.

	Jun. 06	Jun. 05	Chg. (%)	% of 06 total	% of 05 total
Spain	3,484.5	3,003.1	16.0%	87.9%	90.8%
International	479.2	305.8	56.7%	12.1%	9.2%
<b>Total</b>	<b>3,963.7</b>	<b>3,308.9</b>	<b>19.8%</b>	<b>100.0%</b>	<b>100.0%</b>

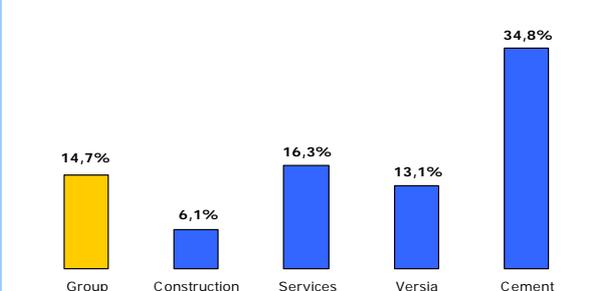
### 3.2 EBITDA

EBITDA increased by 28.5% to 583 million euro, boosting the consolidated EBITDA margin by 100 basis points to 14.7%.

Although all areas contributed to that improvement, EBITDA increased by over 20% in Cement, Construction and Services, and EBITDA margins also improved notably.

Operating expenses increased by 23.5%, although they fell to below 86% of revenues, evidencing greater efficiency and productivity. Personnel expenses increased by 21.0% due to the inclusion of the employees of the recently-acquired companies. In 1H06, the FCC Group's workforce averaged 70,395 (vs. 65,210 in 1H05).

EBITDA margin by area		
	Jun. 06	Jun. 05
Construction	6.1%	5.7%
Services	16.3%	15.4%
Versia	13.1%	16.0%
Cement	34.8%	32.1%
Torre Picasso	86.6%	87.2%
<b>Total</b>	<b>14.7%</b>	<b>13.7%</b>

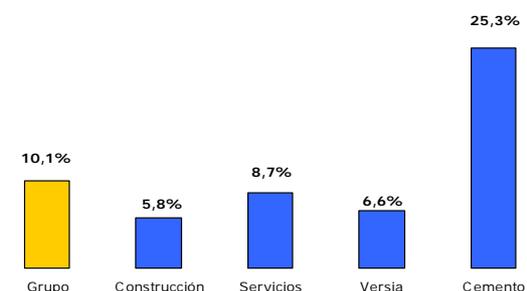


### 3.3 EBIT

Earnings before interest and taxes (EBIT) also performed positively, rising 31.3% to over 400 million euro. The EBIT margin widened 90 basis points to 10.1% (9.2% in 1H05).

All areas performed positively, especially Cement and Construction, both of which registered over 40% growth in EBIT.

EBIT margin by area		
	Jun. 06	Jun. 05
Construction	5.8%	4.7%
Services	8.7%	9.2%
Versia	6.6%	8.6%
Cement	25.3%	22.4%
Torre Picasso	77.8%	72.6%
<b>Total</b>	<b>10.1%</b>	<b>9.2%</b>

Area	EBIT margin
Grupo	10.1%
Construcción	5.8%
Servicios	8.7%
Versia	6.6%
Cemento	25.3%

### 3.4 EARNINGS BEFORE TAXES FROM CONTINUING ACTIVITIES

Earnings before taxes from continuing activities increased 30.4% year-on-year to 422.1 million euro.

#### 3.4.1 FINANCIAL INCOME

The financial loss amounted to 24 million euro because of the increase in net debt from 409 million euro to 1.589 billion euro after the recent acquisitions.

#### 3.4.2 EQUITY-ACCOUNTED AFFILIATES

Results at equity-accounted affiliates totalled 43 million euro after increasing by 11% due to good performance by Realia, whose net profit grew 18.5%.

### 3.5 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

In 1H06, profit attributable to equity holders of the parent company totalled a record 258.5 million euro after improving 33.9%, boosting the net margin by 70 basis points year-on-year to 6.5%.

#### 3.5.1 MINORITY INTEREST

The minority interest account reflects the consolidation of the additional 8.5% stake in Cementos Portland acquired in 2005. Nevertheless, even considering that effect, the sharp increase in net profit at Cementos Portland Valderrivas (+51.2%) boosted this line-item by 16.3%.

#### 3.5.2 CORPORATE INCOME TAX EXPENSE

The tax rate was 30.7%, in line with 1H05 (31.3%).



## 4. CASH FLOW

	Jan. - Jun. 06	Jan. - Jun. 05	Chg. (%)
+ Operating cash flow	336.2	369.2	-8.9%
<i>Funds from operations</i>	585.8	447.8	30.8%
<i>Decrease (Increase) in working capital</i>	-214.1	-75.2	184.7%
<i>Other items (taxes, etc.)</i>	-35.5	-3.4	944.1%
- Investment cash flow	-950.8	-331.5	186.8%
= <b>Cash flow from business operations</b>	<b>-614.6</b>	<b>37.7</b>	<b>N/A</b>
- Financing cash flow	-166.6	-136.5	22.1%
+ Other cash flow (change in consolidation scope, etc.)	-405.6	-40.0	914.0%
= <b>Increase in net debt</b>	<b>-1,186.8</b>	<b>-138.9</b>	<b>754.4%</b>
<b>Net debt</b>	<b>-1,589.9</b>	<b>-409.0</b>	<b>288.7%</b>

- ❖ In 1H06, operating cash flow exceeded 336 million euro, i.e. slightly less than in 1H05 due to the increase in working capital required by greater activity in Construction and to the return to normal of receivable collections after an exceptional first quarter.
- ❖ Investment cash flow practically tripled, to 950 million euro, due to the acquisitions of Cementos Lemona, ASA and SmVAK.
- ❖ The financing cash flow includes interim dividends paid which amounted to over 117 million euro and financial expenses (30 million euro) paid in the first half of the year.
- ❖ Other cash flow totalled 405.6 million euro, mainly due to the debt of companies newly consolidated in 1H06 (ASA: 54.1 million euro and SmVAK: 69.2 million euro) and the debt at Cementos Lemona (91.2 million euro) and Autopista Central Gallega (217.8 mn), which are now fully consolidated.

## 5. BALANCE SHEET

ASSETS			
	Jun. 06	Dec. 05	Difference
Tangible assets	3,205.2	2,181.6	1,023.6
Intangible assets	1,356.6	955.8	400.8
Investment in associated companies	538.2	511.7	26.5
Non-current financial assets	205.5	184.4	21.1
Other non-current assets	390.8	367.4	23.4
<b>Non-current assets</b>	<b>5,696.2</b>	<b>4,200.9</b>	<b>1,495.3</b>
Inventories	699.2	509.1	190.1
Accounts receivable and other assets	3,379.2	3,120.6	258.6
Other current financial assets	87.1	67.4	19.7
Cash and cash equivalents	821.0	1,041.6	-220.6
<b>Current assets</b>	<b>4,986.5</b>	<b>4,738.7</b>	<b>247.8</b>
<b>Total assets</b>	<b>10,682.7</b>	<b>8,939.5</b>	<b>1,743.2</b>
LIABILITIES			
	Jun. 06	Dec. 05	Difference
Equity attributable to equity holders of parent company	2,448.4	2,232.1	216.3
Minority interest	448.1	376.2	71.9
<b>Equity</b>	<b>2,896.5</b>	<b>2,608.4</b>	<b>288.1</b>
Bank debt and other non-current financial liabilities	1,556.5	811.0	745.5
Non-current provisions	484.2	414.8	69.4
Other non-current liabilities	481.3	320.9	160.4
<b>Non-current liabilities</b>	<b>2,522.0</b>	<b>1,546.7</b>	<b>975.3</b>
Bank debt and other current financial liabilities	1,093.4	831.6	261.8
Trade accounts payable and other current liabilities	4,145.4	3,922.2	223.2
Current provisions	25.4	30.7	-5.3
<b>Current liabilities</b>	<b>5,264.2</b>	<b>4,784.5</b>	<b>479.7</b>
<b>Total liabilities</b>	<b>10,682.7</b>	<b>8,939.5</b>	<b>1,743.2</b>

The strong investment process led to major changes in most of the balance sheet items as a result of the consolidation of recent acquisitions.

The main changes in the balance sheet with respect to December 2005 are due principally to the first-time consolidation of ASA and SmVAK and to the change to full consolidation of Cementos Lemona and Autopista Central Gallega.



## 5.1 NET DEBT

	Jun. 06	Dec. 05	Difference
Bank debt	-2,147.7	-1,396.3	-751.4
<i>With recourse</i>	-1,939.6	-1,331.6	-608.0
<i>Without recourse</i>	-208.1	-64.7	-143.4
Debt securities outstanding	-187.5	-50.2	-137.3
Other financial assets (liabilities)	-149.0	-54.6	-94.4
<i>With recourse</i>	-85.7	-54.6	-31.1
<i>Without recourse</i>	-63.3	0.0	-63.3
Current financial assets and cash	894.4	1,098.1	-203.5
Total net debt	-1,589.9	-403.0	-1,186.9
<b>NET DEBT WITH RECOURSE</b>	<b>-1,318.5</b>	<b>-338.3</b>	<b>-980.2</b>

Net debt with recourse totalled 1.318 billion euro, after increasing by 980 million euro in 1H06.

Debt without recourse (project finance) amounted to 271 million euro, increasing significantly due to the full consolidation of Autopista Central Gallega (212 million euro).

Main ratios			
	Jun. 06	Dec. 05	Jun. 05
Financial leverage*	31.3%	11.5%	11.6%
Net debt with recourse/EBITDA**	1.13	0.34	0.37

\* *Net debt with recourse / (Net debt with recourse + equity)*

\*\* *Annualised EBITDA*

Financial leverage increased to 31.3% and net debt represents slightly more than annualised EBITDA.

## 5.2 WORKING CAPITAL

	Jun. 06	Jun. 05
+ Decrease (Increase) in inventories and accounts receivable	-288.2	-216.8
- Decrease (Increase) in accounts payable	74.1	141.6
<b>= Decrease (Increase) in working capital</b>	<b>-214.1</b>	<b>-75.2</b>

In 1H06, accounts receivable increased in line with 1Q05. Accounts payable increased to a smaller extent.

The increase in working capital was due to greater activity in Construction and to the return to normal of receivable collections after an exceptional first quarter.

## 6. BUSINESS PERFORMANCE

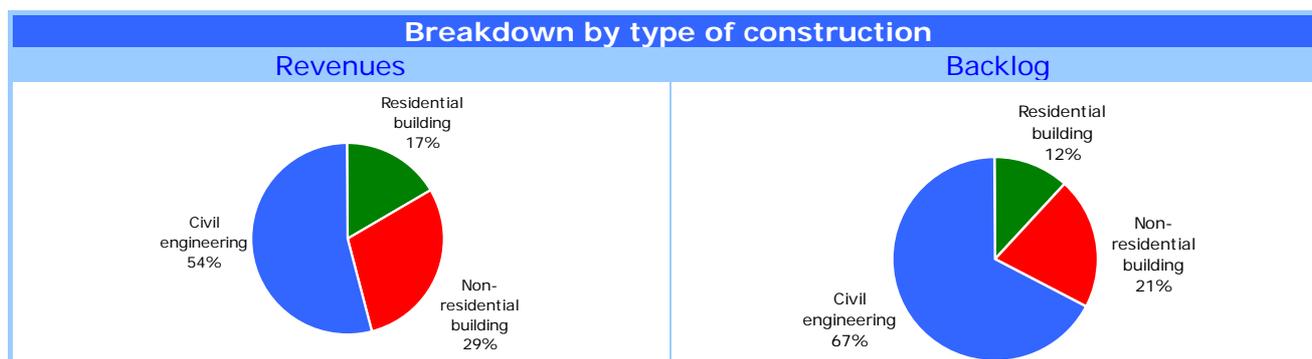
### 6.1 CONSTRUCTION

#### ➤ RESULTS

	Jun. 06	Jun. 05	Change
Revenues	1,781.2	1,555.4	14.5%
<i>Spain</i>	1,697.0	1,497.7	13.3%
<i>International</i>	84.2	57.7	45.9%
EBITDA	109.5	89.1	22.9%
<i>EBITDA margin</i>	6.1%	5.7%	
EBIT	102.5	72.8	40.8%
<i>EBIT margin</i>	5.8%	4.7%	

Revenues grew 14.5% to 1.781 billion euro due to good performance in Spain (+13.3%), which continues strong as a result of major civil engineering work such as Madrid Metro line 3, the M-30 ring road in Madrid and the Pajares tunnel, and other countries (+45.9%) due to expanded activity in Portugal, which represents practically half of all overseas activity.

The breakdown by type of construction is as follows:



EBITDA increased by 22.9%, boosting the margin from 5.7% to 6.1%, as a result of major civil engineering work.

EBIT grew faster (+40%) as a result of good performance by operations and operating provisions, raising the margin to 5.8%.

#### ➤ BACKLOG AND CAPITAL EXPENDITURE

	Jun. 06	Jun. 05	Chg. (%)
Backlog	5,447.3	4,734.8	15.0%
Capital expenditure	64.7	41.0	57.8%

The construction backlog rose by 15.0% to a new record high and now accounts for 18.3 months of production, considering a moving year (vs. 17.9 months in June 2005). That sizeable increase in the backlog was attained, despite a rapid pace of construction, due to obtaining a large volume of new contracts (up 16% in the period).



Capital expenditure totalled 64.7 million euro, over half of which was in financial assets related to concession projects, mainly Autopista Central Gallega (13.5 million euro) and Autopista Costa Cálida (10.7 million euro).

➤ CASH FLOW

	Jan. - Jun. 06	Jan. - Jun. 05	Chg. (%)
<b>Operating cash flow</b>	<b>18.4</b>	<b>70.7</b>	<b>-74.0%</b>
<i>Funds from operations</i>	108.9	88.7	22.8%
<i>Decrease (Increase) in working capital</i>	-80.8	-5.8	1,293.1%
<i>Other items (taxes, etc.)</i>	-9.7	-12.2	-20.5%
<b>Investment cash flow (net)</b>	<b>-57.5</b>	<b>-37.7</b>	<b>52.5%</b>
<b>Cash flow from business activities</b>	<b>-39.1</b>	<b>33.0</b>	<b>-218.5%</b>
	Jun. 06	Dec. 05	Difference
<b>Net cash at end of period</b>	<b>477.7</b>	<b>534.1</b>	<b>-56,4</b>
Net cash	699.6	534.1	165,5
Net debt without recourse	-221.9	-11.3	-210,6

Funds from operations increased by 22.8% year-on-year and operating cash flow fell due to the increase in working capital that was caused by a sharp increase in Construction revenues and normalisation of collection flows after an exceptional first quarter.

The division's net cash, excluding debt linked to concession projects (without recourse), amounted to 700 million euro. The balance of net debt without recourse at 30 June 2006 was 222 million euro, comprising the debt of Autopista Central Gallega (212.2 million euro), fully consolidated for the first time, and the Sóller tunnel (9.7 million euro).

## 6.2 ENVIRONMENTAL SERVICES

### ➤ RESULTS

	Jun. 06	Jun. 05	Chg. (%)
Revenues	1,196.0	964.6	24.0%
<i>Spain</i>	1,018.6	885.4	15.0%
<i>International</i>	177.4	79.2	124.0%
EBITDA	194.9	148.9	30.9%
<i>EBITDA margin</i>	16.3%	15.4%	
EBIT	104.1	88.8	17.2%
<i>EBIT margin</i>	8.7%	9.2%	

Revenues in Environmental Services grew 24.0% in 1H06, supported by strong performance in all activities and the consolidation of the acquisitions (ASA, Entemanser, Marepa, etc.).

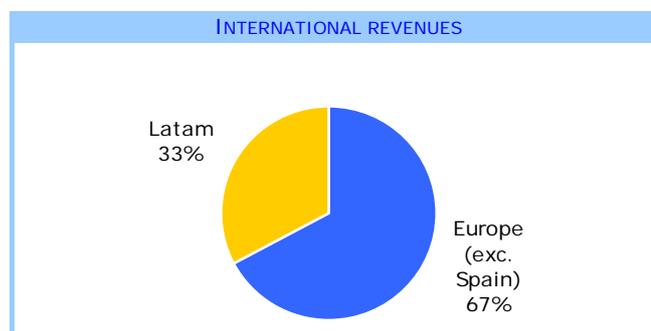
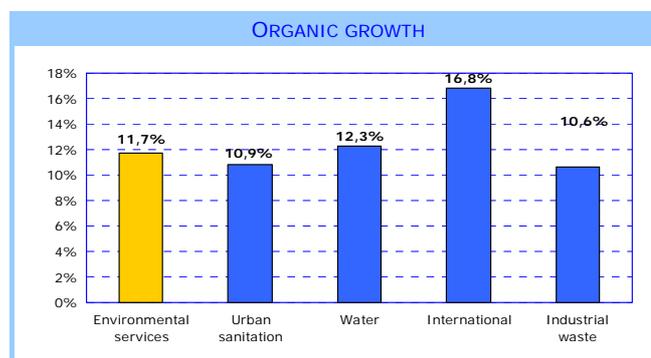
Czech company SmVAK is not yet contributing to earnings.

	Revenues				
	Jun. 06	Jun. 05	Chg. (%)	% of 06 total	% of 05 total
Urban sanitation	636.5	573.2	11.0%	53.2%	59.4%
Water	311.1	262.6	18.5%	26.0%	27.2%
International	177.4	79.2	124.7%	14.8%	8.2%
Industrial waste	70.8	49.8	42.2%	5.9%	5.2%
<b>Total</b>	<b>1,196.0</b>	<b>964.6</b>	<b>24.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Excluding the acquisitions, organic growth in Environmental Services was 11.8%, with all the activities growing over 10%.

*The International* business grew fastest (+124.7%) due to consolidation of ASA, and it doubled its revenue contribution to 14.8% of the division's total.

As a result of the consolidation of ASA, Latin America reduced its revenue contribution to one-third of the total while Europe (excluding Spain) is now the largest single revenue source.



EBITDA grew 30.9% and the EBITDA margin was 16.3%, 90 basis points higher than in 1H05.

EBIT improved 17.2% and the EBIT margin was 8.7% due to an increase in depreciation and amortisation as a result of consolidating the recent acquisitions.



➤ BACKLOG AND CAPITAL EXPENDITURE

	Jun. 06	Jun. 05	Chg. (%)
Backlog	17,489.8	13,776.0	27.0%
Capital expenditure	586.8	94.3	522.3%

The environmental services backlog surged by 27.0% due to major contracts obtained in 1H06 in Water (Algeria, Italy, Portugal, etc.) and Urban Sanitation (Vitoria, Cartagena, Segovia, etc.).

Capital expenditure totalled 587 million euro following the acquisition of ASA (224 million euro) and SmVAK (172 million euro).

➤ CASH FLOW

	Jan. - Jun. 06	Jan. - Jun. 05	Chg. (%)
<b>Operating cash flow</b>	<b>90.3</b>	<b>99.8</b>	<b>-9.5%</b>
<i>Funds from operations</i>	194.6	148.8	30.8%
<i>Decrease (Increase) in working capital</i>	-79.8	-33.8	136.1%
<i>Other items (taxes, etc.)</i>	-24.4	-15.1	61.6%
<b>Investment cash flow (net)</b>	<b>-568.9</b>	<b>-96.6</b>	<b>488.9%</b>
<b>Cash flow from business activities</b>	<b>-478.6</b>	<b>3.2</b>	<b>N/A</b>
	Jun. 06	Dec. 05	Difference
<b>Net debt at end of period</b>	<b>-1,537.4</b>	<b>-775.6</b>	<b>98.2%</b>

Funds from operations increased by 30.8% due to good business performance, while operating cash flow declined as a result of the increase in working capital derived from greater business activity in 1H06.

The division's net debt totalled 1.537 billion euro due to strong business expansion and heavy investment.

## 6.3 VERSIA

### ➤ RESULTS

	Jun. 06	Jun. 05	Change
Revenues	405.7	320.0	26.8%
<i>Spain</i>	322.3	245.8	31.1%
<i>International</i>	83.4	74.2	12.4%
EBITDA	53.1	51.2	3.7%
<i>EBITDA margin</i>	13.1%	16.0%	
EBIT	26.7	27.5	-2.8%
<i>EBIT margin</i>	6.6%	8.6%	

The division's revenues increased by 26.8% due to good performance in all areas and the consolidation of Grupo Logístico Santos since April 2005 and of SVAT (Sistemas y Vehículos de Alta Tecnología), which was included under "Other" until December 2005.

Revenues					
	Jun. 06	Jun. 05	Chg. (%)	% of 06 total	% of 05 total
Logistics	162.7	112.5	44.6%	40.1%	35.1%
Handling	83.3	77.7	7.2%	20.5%	24.3%
Site Furniture	49.4	44.4	11.3%	12.2%	13.9%
Parking	34.9	27.7	26.0%	8.6%	8.6%
Maintenance and Systems	27.0	24.3	11.1%	6.7%	7.6%
Vehicle testing	22.6	20.7	9.2%	5.6%	6.5%
Mass Transport	14.6	13.1	11.5%	3.6%	4.1%
SVAT*	11.2	0.0	N/A	2.8%	0.0%
<b>Total</b>	<b>405.7</b>	<b>320.0</b>	<b>26.8%</b>	<b>100.0%</b>	<b>100.0%</b>

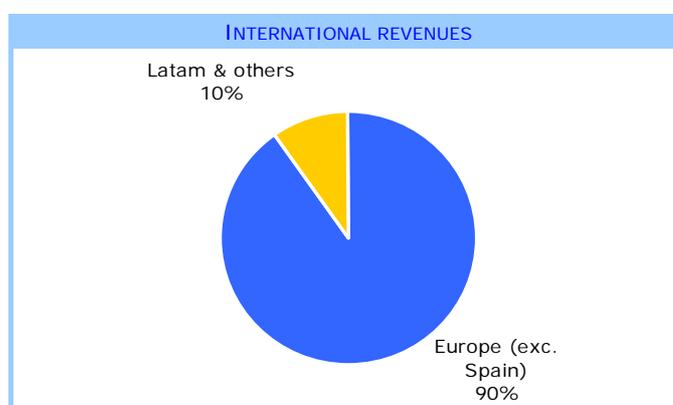
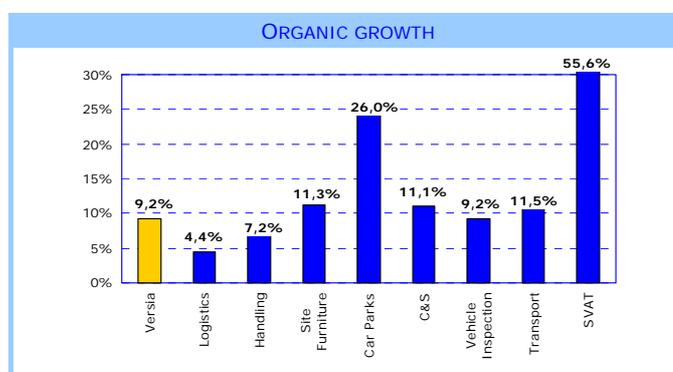
\* SVAT's revenues amounted to 7.2 million euro in 1H05.

Excluding the contribution of GLS and SVAT, Versia's organic growth was over 9.2%, with good performance by Site Furniture and Parking.

The domestic market (revenues +31.1%) increased its contribution due to the consolidation of GLS, which operates mainly in Spain.

International activity increased 12.4% as a result of international expansion by Site Furniture, airport handling in Belgium, and logistics in Portugal.

Cemusa (Site Furniture) has begun installing the equipment under the contract with New York, although the contribution to 2006 earnings will be very limited.



Versia's EBITDA increased by 3.7% and the EBITDA margin was 13.1%. This margin is the result of the new business mix, which has a greater contribution from the Logistics division (which is less capital-intensive and, therefore, has lower EBITDA margins).

➤ **BACKLOG AND CAPITAL EXPENDITURE**

	Jun. 06	Jun. 05	Change
Backlog	248,2	260,8	-4.8%
Capital expenditure	28,3	140,7	-79.9%

Versia's backlog amounts to 248 million euro, on a par with June 2005.

➤ **CASH FLOW**

	Jan. - Jun. 06	Jan. - Jun. 05	Chg. (%)
<b>Operating cash flow</b>	<b>43.3</b>	<b>36.2</b>	<b>19.6%</b>
<i>Funds from operations</i>	53.3	50.3	6.0%
<i>Decrease (Increase) in working capital</i>	-11.9	-14.4	-17.4%
<i>Other items (taxes, etc.)</i>	1.9	0.3	533.3%
<b>Investment cash flow (net)</b>	<b>-30.1</b>	<b>-138.9</b>	<b>-78.3%</b>
<b>Cash flow from business activities</b>	<b>13.2</b>	<b>-102.7</b>	<b>N/A</b>
	Jun. 06	Dec. 05	Difference
<b>Net debt at end of period</b>	<b>-368.0</b>	<b>-333.9</b>	<b>10.2%</b>

Operating cash flow increased by 19.6% due to good operating performance and improved working capital management.

## 6.4 CEMENT

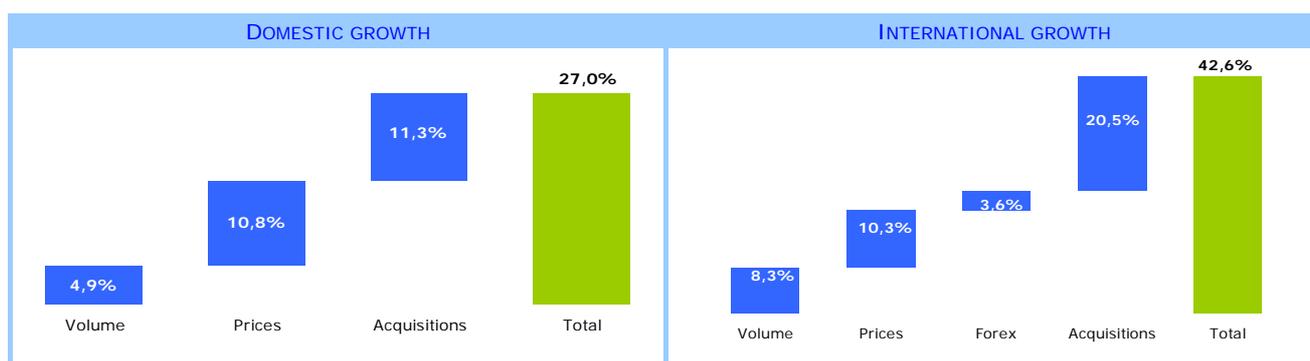
FCC's operations in the cement business are conducted through subsidiary Cementos Portland Valderrivas (owned 67.36%).

### ➤ RESULTS

	Jun. 06	Jun. 05	Change
Revenues	614.4	472.1	30.1%
<i>Spain</i>	480.2	378.0	27.0%
<i>International</i>	134.2	94.1	42.6%
EBITDA	213.7	151.5	41.1%
<i>EBITDA margin</i>	34.8%	32.1%	
EBIT	155.7	105.9	47.1%
<i>EBIT margin</i>	25.3%	22.4%	
Net profit	96.2	63.6	51.2%

Revenues increased by 30.1%, driven by positive performance in Spain (+27.0%), a strong recovery in other countries (+42.6%), mainly the US, and the consolidation of Cementos Lemona effective 1 March 2006.

Cementos Portland attained 17.0% organic growth in 1H06.



EBITDA increased by 41.1% and the EBITDA margin improved over 270 basis points to 34.8%.

Production efficiency improved significantly in the US due to the installation of dry-process kilns at the Maine and South Carolina plants. As a result of lower energy costs and lower raw material consumption, margins tripled in the US operations. That improvement, which commenced at the end of 2005, will gather pace as the dry-process kiln at the South Carolina plant becomes fully operational during 2006.

EBIT grew sharply, by 47.1%, due to good operating performance and lower depreciation and amortisation.

### ➤ CAPITAL EXPENDITURE

	Jun. 06	Jun. 05	Chg. (%)
Capital expenditure	297.6	65.3	355.7%

Net investments totalled 297 million euro following the acquisition of Cementos Lemona (240.2 million euro).



➤ CASH FLOW

	Jan. - Jun. 06	Jan. - Jun. 05	Chg. (%)
<b>Operating cash flow</b>	<b>156.3</b>	<b>110.1</b>	<b>42.0%</b>
<i>Funds from operations</i>	216.6	146.7	47.6%
<i>Decrease (Increase) in working capital</i>	-44.8	-39.0	32.8%
<i>Other items (taxes, etc.)</i>	-15.5	2.4	N/A
<b>Investment cash flow (net)</b>	<b>-291.8</b>	<b>-58</b>	<b>403.1%</b>
<b>Cash flow from business activities</b>	<b>-135.5</b>	<b>52.1</b>	<b>N/A</b>
	Jun. 06	Dec. 05	Difference
<b>Net debt at end of period</b>	<b>-408.0</b>	<b>-133.0</b>	<b>-275</b>

Main ratios		
	Jun. 06	Dec. 05
Financial leverage*	27.6%	11.7%
Net debt/EBITDA**	1.0	0.43

\* *Net debt / (Net debt + net equity)*

\*\* *Annualised EBITDA*

Operating cash flow improved 42% due to excellent operating performance.

Net debt increased to 408 million euro due to the acquisition of Cementos Lemona and leverage is now 27.6%. The debt for the acquisition of Uniland has not yet been included.

## 6.5 REAL ESTATE

### 6.5.1 TORRE PICASSO

FCC owns 80% of Torre Picasso, Madrid's tallest building (157 metres in height) which has 45 floors above grade and 5 basement levels, making a total of 121,000 square metres. The holding is proportionately consolidated.

#### ➤ RESULTS

	Jun. 06	Jun. 05	Chg. (%)
Revenues	9.3	8.6	8.1%
EBITDA	8.1	7.5	7.4%
<i>EBITDA margin</i>	<i>86.6%</i>	<i>87.2%</i>	
EBIT	7.2	6.2	15.9%
<i>EBIT margin</i>	<i>77.8%</i>	<i>72.6%</i>	

Torre Picasso's revenues increased by 8.1% due to rent increases and higher occupancy.

Occupancy is currently 100% and monthly rents average 26 euro per square metre.

EBITDA increased by 7.4% and EBIT by 15.9%, boosting the EBIT margin to 77.8%.

### 6.5.2 REALIA

FCC controls 49.17% of Realia. The holding is equity accounted.

Realia's contribution to the equity-accounted affiliates line-item amounted to 40.9 million euro (+18.5%).

French company **SIIC de Paris** has been consolidated since 1 May 2006. On reaching the deadline for acceptance of its tender offer (19 July), Realia controlled over 87.23% of SIIC de Paris.

#### ➤ RESULTS

	Jun. 06	Jun. 05	Chg. (%)
Revenues	358.4	261.2	37.2%
<i>Real estate development</i>	<i>285.0</i>	<i>218.6</i>	<i>30.4%</i>
<i>Rental</i>	<i>38.9</i>	<i>36.6</i>	<i>6.2%</i>
<i>Land sales</i>	<i>27.7</i>	<i>0.0</i>	<i>N/A</i>
<i>Services</i>	<i>6.8</i>	<i>5.9</i>	<i>15.9%</i>
EBITDA	155.4	123.1	26.3%
<i>EBITDA margin</i>	<i>43.4%</i>	<i>47.1%</i>	
EBIT	144.3	114.7	25.8%
<i>EBIT margin</i>	<i>40.2%</i>	<i>43.9%</i>	
Net profit	83.1	70.1	18.5%

Realia's revenues increased by 37.2%, boosted by the increase in the number of newly-built properties delivered to buyers in the first half.

EBITDA increased by 26.3% and EBIT by 25.8%, with the margins up 270 and 150 basis points, respectively, with respect to the previous quarter.

Operating performance:

- ❖ In Real Estate Development, the pre-sales backlog decreased slightly due to the large volume of deliveries in 1H06.
- ❖ In Rental, the gross lettable area increased by 22.9% year-on-year to over 432,000 square metres following the inclusion of SIIC de Paris.

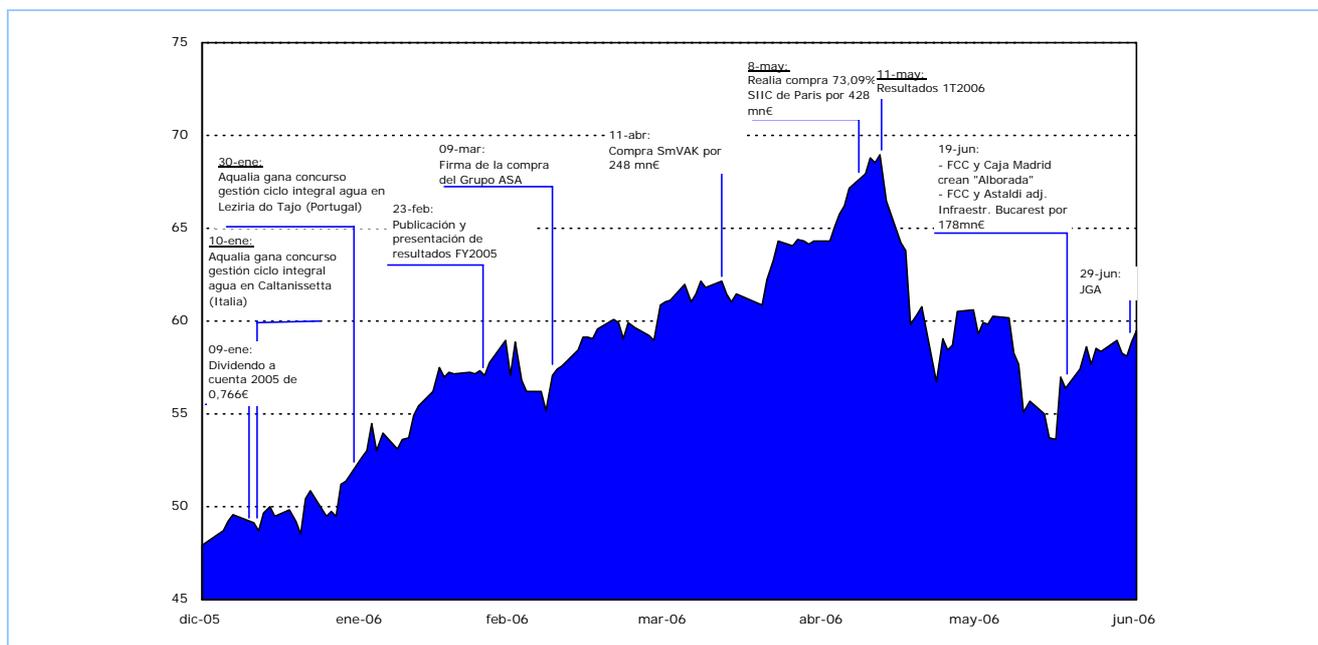
OPERATING DATA			
	Jun. 06	Jun. 05	Chg. (%)
Pre-sold backlog (€Mn)	647.0	693.6	-6.7%
Leased space (square metres)	432,228	351,809	22.9%
Occupancy	96.00%	96.50%	1

In addition to the acquisition of SIIC de Paris, Realia made sizeable investments in 1H06, including:

- Development of a shopping centre in Guadalajara (investment: 100 million euro). The centre will have 50,550 square metres of commercial space, divided into 124 shops.
- Acquisition of one of the two skyscrapers in the "Torres Fira" project in Barcelona, for 130 million euro; the building will have 31,315 square metres of office space, 3,038 square metres of commercial space and 399 parking spaces. The work is expected to be completed by the end of 2008.
- Acquisition of two buildings in Madrid (15,000 square metres combined) and the sale of another building (3,000 square metres).

Refurbishment of the "Los Cubos" building, acquired at the end of 2004, has been completed and occupancy stands at 100%.

## 7. SHARE PERFORMANCE AND DIVIDENDS



	Jan. – Jun. 2006	Jan. – Jun. 2005
Closing price (euro)	59.45	46.59
<i>Appreciation</i>	24,1%	31,5%
High (euro)	68.95	47.80
Low (euro)	47.90	34.39
Average daily trading (shares)	331,448	370,256
Average daily trading (million euro)	19.2	17.8
Capitalisation at end of period (million euro)	7,762	6,083

The 2005 interim dividend paid on 9 January 2006 amounted to over 100 million euro, 12.6% more than the dividend distributed in January 2005. After the end of the period, a supplementary dividend of 110 million euro (84.8 cent per share) was paid on 10 July 2006.

FCC distributed a total of 1.616 euro/share out of 2005 income (18.7% more than in the previous year), which represents a 50% payout.

## 8. REGULATORY DISCLOSURES IN 2Q06 AND THEREAFTER

- The company filed the resolutions adopted by the Ordinary General Meeting of Shareholders on 29 June 2006 and the changes in the composition of the Board of Directors (*30 June 2006*).
- FCC and Telia-Sonera reached an agreement whereby FCC will retain 3.44% of Xfera (*15 June 2006*).
- FCC filed information about the appeal in the FCC-Acciona case (*30 May 2006*).
- The Board of Directors of FCC resolved on 25 May 2006 to amend the content of the proposal to be submitted to the General Meeting of Shareholders in connection with item Six of the agenda so as to increase the number of members of the Board of Directors from eighteen to nineteen and propose the appointment of Max Mazin to fill the new vacancy (*26 May 2006*).
- The company filed the Agenda of the General Meeting of Shareholders scheduled for 29 June or 30 June, at first or second call, respectively (*23 May 2006*).
- FCC and Caja Madrid announced a number of changes in their real estate strategy. They reached an agreement to change the strategy and ownership structure of their subsidiary Realia Business, owned 49.17% each. And they decided to commence the process of listing Realia on the stock exchange (*12 May 2006*).
- FCC acquired Czech water company Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVaK). The investment totals 248 million euro (*11 April 2006*).
- The Company filed the 2006 Annual Report on Corporate Governance (*3 April 2006*).

## 9. MAIN CONTRACTS OBTAINED IN THE QUARTER

### ENVIRONMENTAL SERVICES

#### URBAN SANITATION

- Servicio de Tecnología Ambiental, a 90% subsidiary of Proactiva, won a 20-year contract for urban sanitation in Tuxtla-Gutiérrez and adjacent municipalities in the Mexican state of Chiapas.
- A 5-year contract for waste collection and street cleaning in Monforte del Cid (Alicante).
- An 8-year contract for waste collection and street cleaning in Es Castell (Menorca).
- A 30-year contract for the implementation of pneumatic collection and management of municipal solid waste in the municipality of Mollerussa (Lleida). The contract was awarded to a joint venture in which FCC has a 60% stake.
- An extension to 8 years of the waste collection contract in Oliva (Valencia).
- An 8-year contract for street cleaning and municipal solid waste collection and disposal in Benicarló (Castellón).
- A 10-year contract for street cleaning in Pravia (Asturias).
- An 8-year contract for waste collection, street cleaning and management of the landfill in Palau Saverdera (Girona).
- A 2-year contract to maintain green areas in Mataró (Barcelona).
- An 8-year contract for waste collection, street cleaning and landfill management in Sant Esteve Sesrovires (Barcelona).
- An eight-year contract for waste collection and street cleaning in Santa Brigida (Gran Canaria).
- Extension of the waste collection and street and beach cleaning contract in Altea (Alicante).
- Extension of the municipal waste collection contract in Alzira (Valencia).
- Amendment of the street cleaning and waste collection contract in Xativa (Valencia).
- Three-year extension to the waste collection and street cleaning contract in Sueca (Valencia).
- Extension of the waste collection contract in Albacete, which will conclude in 2009.

#### WATER MANAGEMENT

- Algerian Energy Company awarded a consortium composed 50% each by Aqualia and INIMA a contract to expand the macro-desalination plant in Mostaganem (Algeria) which the consortium is to build under a 25-year contract.
- A 20-year contract for water supply and sewage in Rábade (Lugo);
- The city government of Llanera (Asturias) awarded Aqualia the concession to manage the municipal water supply and sewage systems for 25 years.
- A 20-year contract for water supply and sewage treatment in Ciudad Rodrigo (Salamanca).
- Renewal for 10 years of the water supply contract in Valdepeñas (Ciudad Real).

#### VERSIA

- Airlines SNBA and Virgin engaged Spanish company Flightcare for ground handling services at Brussels airport for 2 years.
- Gijón city government granted a 15-year extension of the on-street parking management and tow-away service to Empresa Mixta de Tráfico de Gijón, S.A., which is owned 60% by FCC.

### CONCESSIONS

- Madrid Regional Government granted a consortium comprising FCC and Caja Madrid the concession to build and operate the extension of Metro Line 8 from Barajas station to the new terminus at the airport's Terminal T-4. The concession is for 20 years (including the construction period).
- The Mallorca Island Government granted a 5-year extension to the Sóller tunnel concession, which will now expire in 2021. FCC owns 56.53% of the shares of the toll tunnel concession company; the tunnel has been open since 1997.
- A 33-year shadow toll concession for the C-17 road between Centelles and Ripoll (Barcelona). The concession company is Cedinsa, in which FCC owns 34% and the remainder is owned by three Catalan companies.
- A 40-year contract to build and operate the Cabezo de Torres sports centre in Murcia (backlog: 63.4 million euro).

### CONSTRUCTION

#### CIVIL ENGINEERING

- Assembly of the Madrid-Miraflores de la Sierra section of the Northwest high-speed railway line in Spain.
- Contract to design the A-15 Navarra highway between Medinaceli and Radona (Soria).
- Contract to connect the desalination plants in the new Cartagena canal with Pilar de la Horadada in Vega Baja del Segura (Murcia).
- The Narros del Castillo-Peñaranda de Bracamonte and Peñaranda de Bracamonte-Villar de Gallimazo sections of the A-50 highway.
- Sections III and IV of the Barranco de Santos road in Santa Cruz de Tenerife.
- New Barcelona Metro line 5 between Collblanc and Pubilla Cases.



#### INTERNATIONAL

- Ramalho Rosa Cobetar was awarded the contract for the Monte Novo secondary water supply network in Bejar (Portugal) for 12.2 million euro in consortium with a local company.
- Mexican subsidiary Impulsa was awarded the contract for the Arco Marco II, Paseo Tamarindos, 90 in Bosque de Lomas, Mexico City, for 27.1 million euro, and Towers 1 and 2 of City Santa Fe, 1st stage, Mexico, for 18.2 million euro.
- Basarab viaduct in Bucharest (Romania), 1,900 metres long, which will connect Titulescu Boulevard with Grozavesti Street. The viaduct will cross the Dambovita river and the railways leading into the North station, with a connection to the Basarab metro station; the contract was awarded by the Bucharest city government to a joint venture between FCC and an Italian company. The contract is worth approximately 135 million euro.

#### RESIDENTIAL BUILDING

- 105 homes in Azuqueca de Henares (Guadalajara) for Premier España.
- Site development of Plaza de Europa and the new Gran vía for the L'Hospitalet de Llobregat planning board, in consortium with a local company.
- 176 homes in Almería, for Metrovacesa, and 352 in Leganés (Madrid), with commercial premises and parking garages.
- Construction of 149 homes in Valdemoro (Madrid) for Anhera.
- 149 homes in "Las Tablas" (Madrid) for BSCH-Banif Inmobiliaria.
- Site development work for the city government of Les Franqueses del Vallés (Barcelona), consisting of expanding an industry park, building a bridge over the river Congost, plus a recreation area with boules, mini-golf, archery, artificial rock face for climbing, and gardens.

#### NON-RESIDENTIAL BUILDING

- School in Sector I "La Estación" in Colmenar Viejo (Madrid) for Colegio Peñalar.
- Vodafone awarded Espelsa a contract to build a switching centre in Barcelona.
- Kindergarten and primary school in Muro (Balearic Islands) for the Balearic Islands Government.
- New hospital in Denia-Alicante, refurbishment of the existing hospital and outpatient centre, for DKV Seguros, S.A., which won the contract in a public tender held by the Valencia Government.
- Hipercor shopping centre in Elche.
- Finishing work and installations at the Candelaria Hospital (Santa Cruz de Tenerife).
- Refurbishment of the Paraninfo building at Zaragoza University, for the Aragón Regional Government, in consortium with a local company.
- Winery in Gumiel de Hizán (Burgos), designed by Norman Foster for Bodegas Faustino, S.L.
- Structure of a shopping centre in Jaén for El Corte Inglés, for 14 million euro approximately.
- R&D and Innovation building no. 5, phase III, for 18.4 million euro, for the Valencia Polytechnical University, in consortium with a local company.

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