





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.

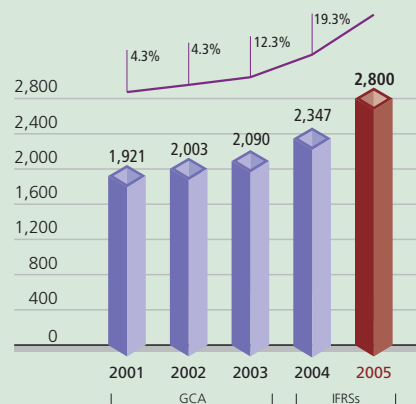
The full list of the Services companies can be seen in the appendix to the consolidated annual report for the Group.

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.

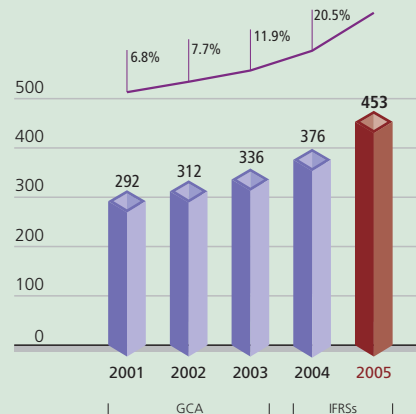
Turnover

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.

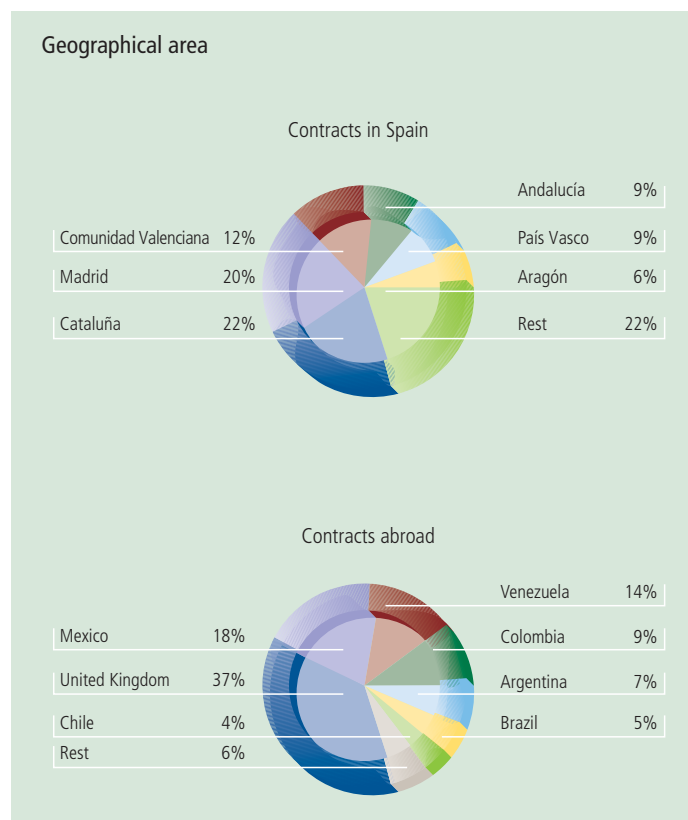
Caracas (Venezuela). Solid refuse collection and transport for the municipality of Libertador, in Caracas. The contract is for a ten-year term and the population served comes to 690,000.

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.

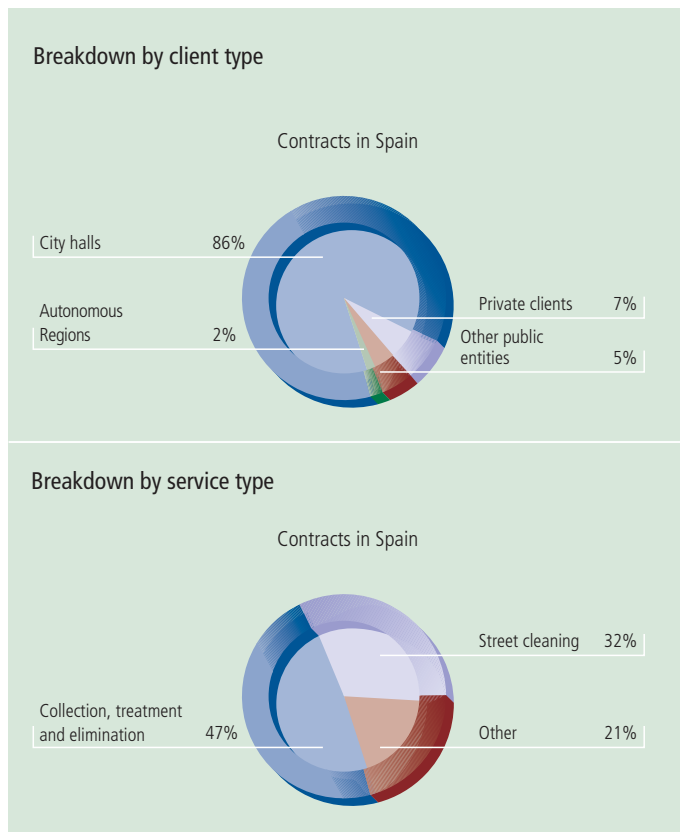
Sevilla. Maintenance and planned cleaning of part of the sanitation systems, a total of 140 kilometres, in addition to 65,100 scuppers. The contract period is four years.

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.

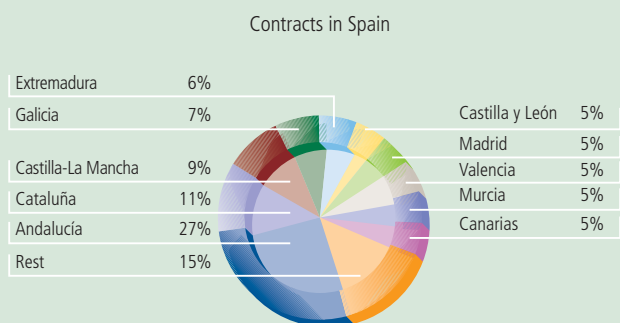
Langreo (Asturias). Creation of a semi-public company in partnership with the city government, to supply drinking water and maintain the sewer system for 25 years.

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.

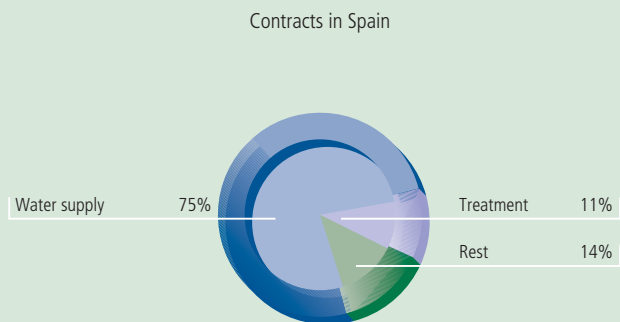


Seawater desalination plant in Tordera. Girona

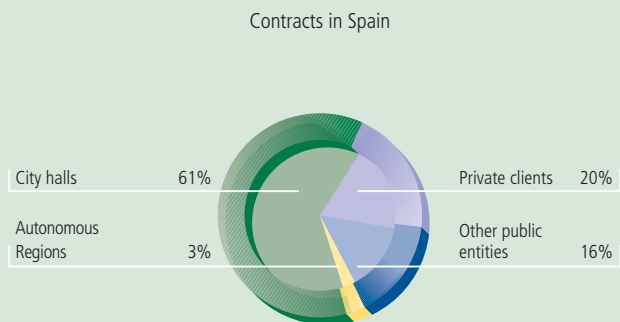
Geographical area



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

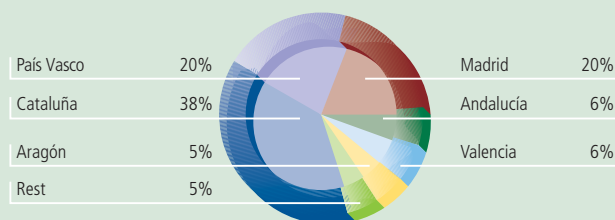
- **Canarias.** Acquisition of 100% of Gemecan, the main industrial waste management company of the islands, with facilities on Gran Canaria and Tenerife.
- **Lemona (Vizcaya).** Enlargement of the Bistibieta dump with a new cell that will provide an additional 400,000 cubic metres of holding capacity.
- **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

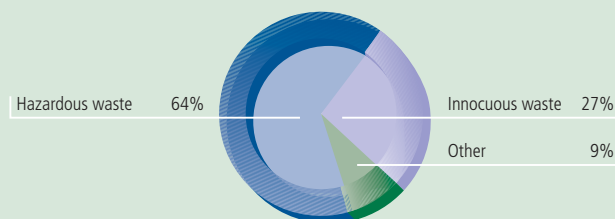
Geographical area

Contracts in Spain



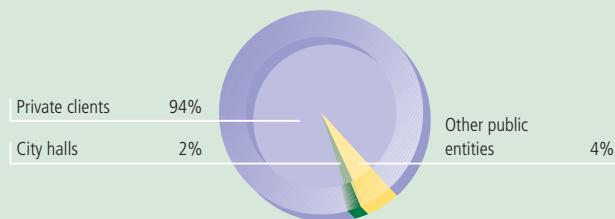
Breakdown by service type

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**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

Analysis of the sector	43	Electricity	58
FCC's activity	45	Heating and air conditioning	59
Motorways, dual carriageways and roads	46	Infrastructure conservation	60
Hydraulic works	48	Engineering	62
Maritime works	49	Corporate Image	64
Airports	50	Oil and gas pipelines	65
Railway infrastructures	51	Precast components	66
Urban development	52	Repairs and reforms	68
Residential building	53	Infrastructure awards	69
Non-Residential building	54	Technological innovation	73



El Corte Inglés Bahía de Málaga Shopping Centre

Construction



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

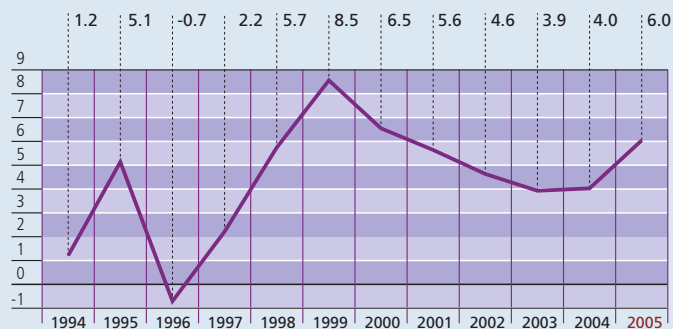
Analysis of the sector

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%.

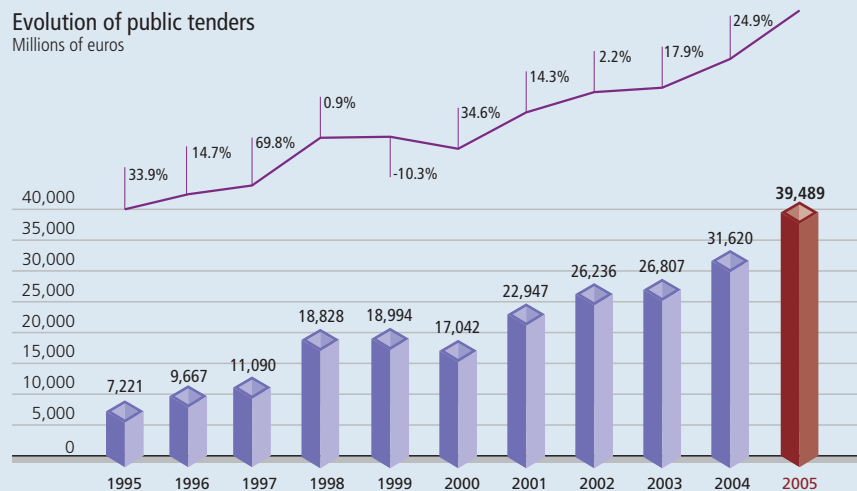
The **tenders** awarded by public administrations were valued at 39,489 million euros, up 24.9% over the year before, which constitutes a considerable hike from the figures of 2004, due to local administrations’ efforts to bring out tenders.

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.

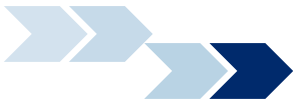
The **forecasts** for 2006 are very hopeful and call for a level of growth similar to that of 2005, with a rise in the sector’s overall production of between 5.5% and 6.5% in constant terms, continuing the expansion cycle which began in 1997.



M-50 Dual carriageway ringing Madrid



Source: Seopan



FCC's activity



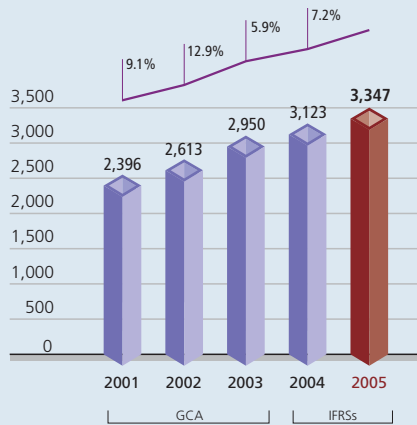
FCC Construcción, S.A., is the umbrella company that holds the strings to all the FCC Group's activity in the construction sector, which accounts for 47.2% of the consolidated turnover.

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.

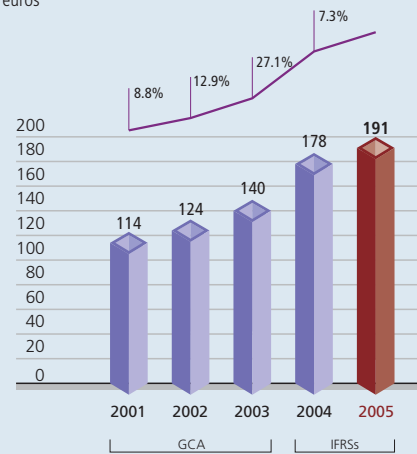
Turnover

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 Cabezon 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.



El Corte Inglés Shopping Centre in Castellón

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 Guadaira** (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).



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-Escoriatza. 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: Font Santa-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 Font Santa 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.



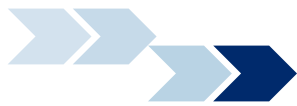


Poststressed concrete pipes with metal sleeves and elastic gaskets

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

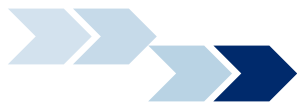
Works and reforms in Commercial premises

- 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.

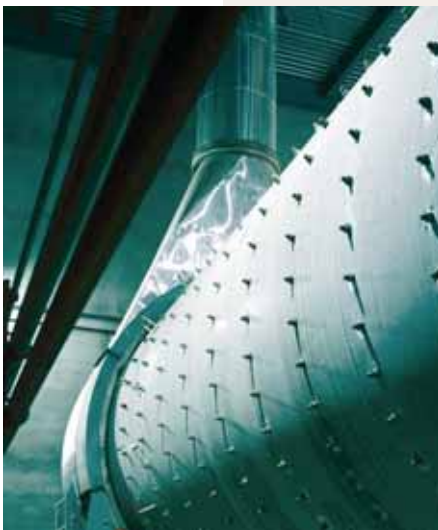
Cement

Analysis of the sector	77
Cementos Portland Valderrivas, S.A.	78
Cement	80
Concrete	80
Aggregates	81
Dry Mortar	82
Transport	82
Results	82
Bid to Take Over Cementos Leona	82
Stock Market Analysis	83



Cementos Alfa factory in Mataporquera. Cantabria

Cement



Mill in the Morata de Tajuña cement factory, Madrid

Analysis of the Sector

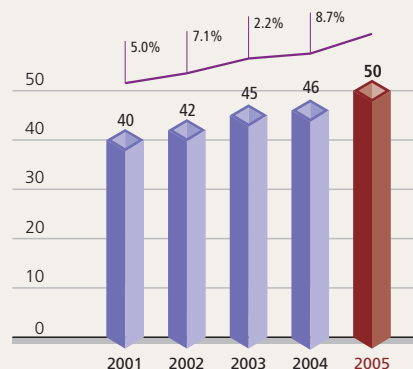
In the year 2005 the domestic consumption of cement reached 51.5 million MT, 7.4% higher than the year before, a new historical record for the ninth year running according to data released by the National Cement Manufacturers' Group Oficemen.

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

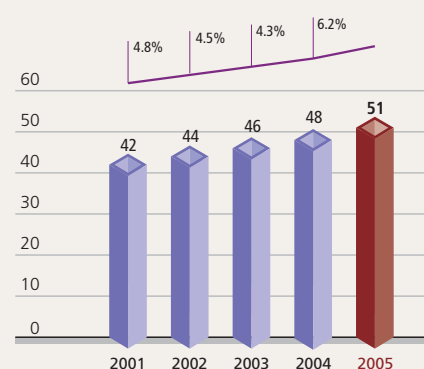
Millions of tons



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



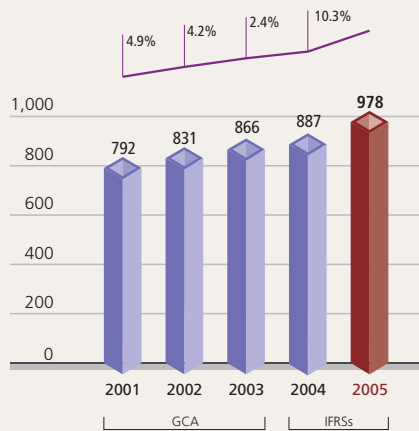
Hympsa concrete plant in Vicálvaro. Madrid



The Olazagutía factory's research and analysis laboratory. Navarra

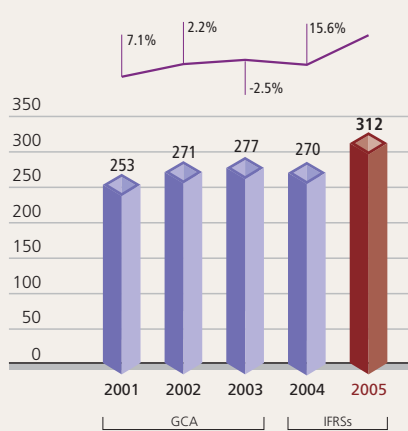
Turnover

Millions of euros



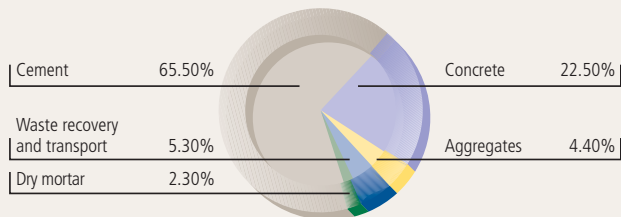
Gross operating profit (Ebitda)

Millions of euros

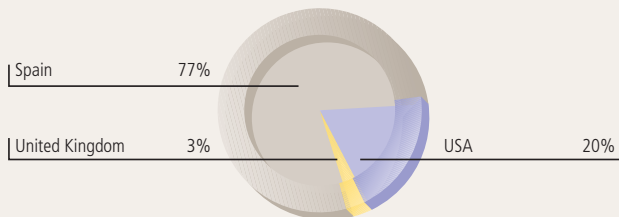


GCA: Date according to General Chart of Accounts rules
IFRSs: International Financial Reporting Standards

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 Almodovar (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.

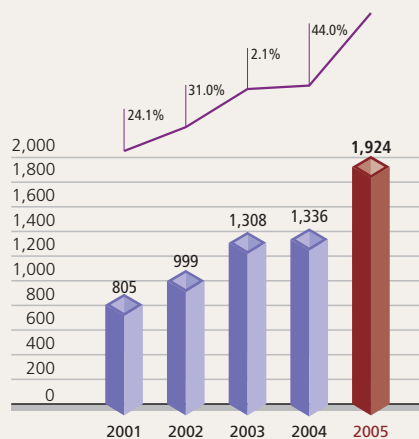
The result of this transaction is calculated to be a 10% increase in the turnover and the Ebitda, because when CPV takes control of the management of Cementos Lemona, it will be switched from the equity method of consolidation to full consolidation, which will mean consolidating 100% of Cementos Lemona 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.

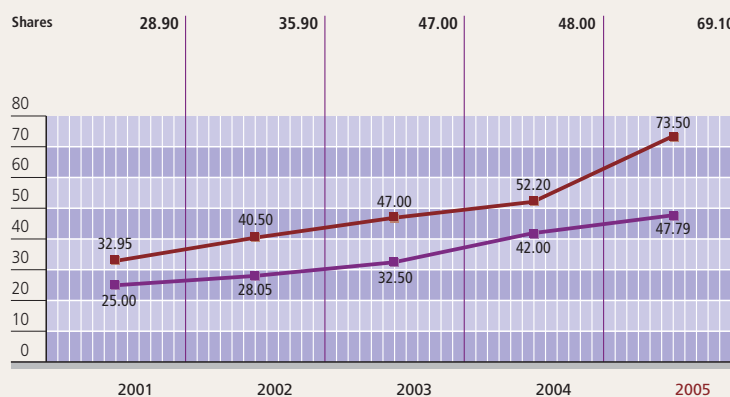
Stock Market Analysis

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

Analysis of the Sector	85
FCC's activity	87
Realia	87
Torre Picasso	89



Four buildings at the Eisenhower intersection in Barajas. Madrid

Real estate



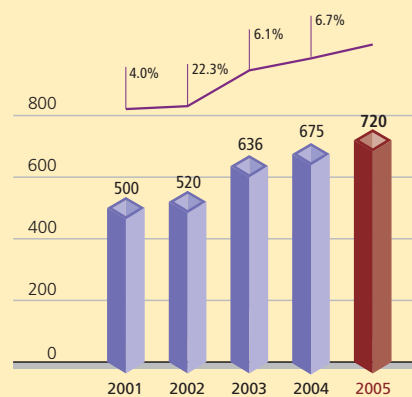
Residencial Frontemar I y II. Valencia

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.

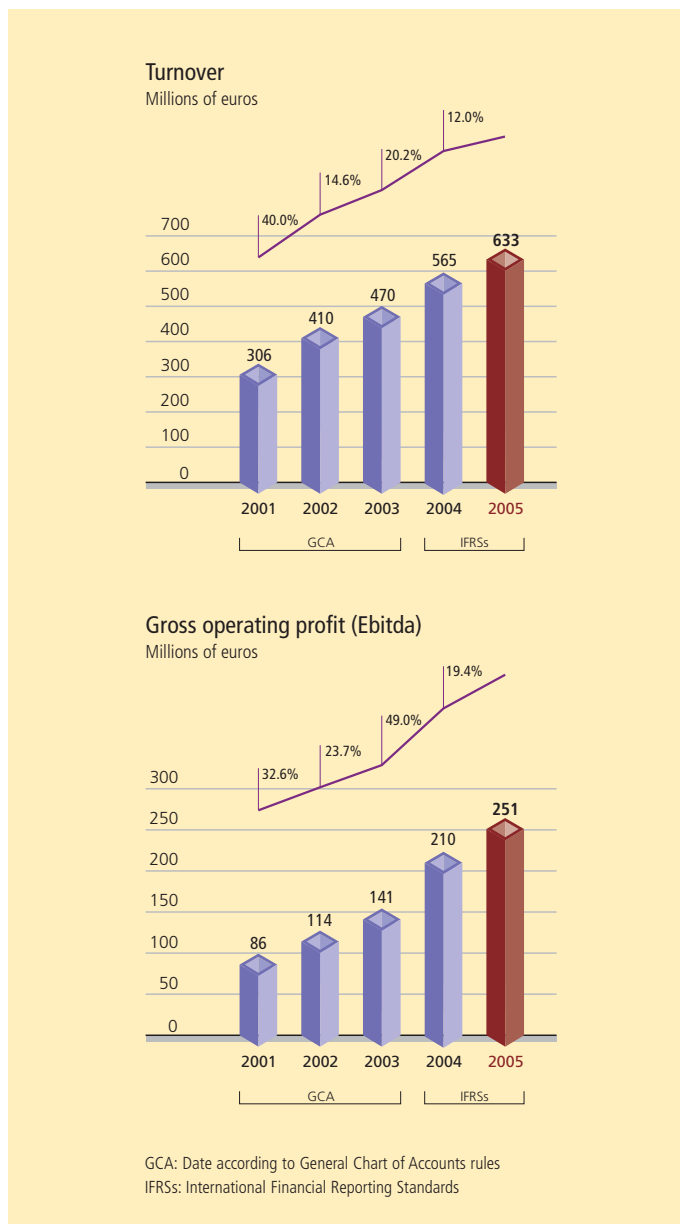
One of the company's firmest commitments has been shopping and entertainment centres, where it can bring long experience to bear, backed up by such representative complexes as El Jardín de Serrano, Diversia, La Vaguada in Madrid, Nervión Plaza in Sevilla and Twin Towers in Lisbon. This outstanding career 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

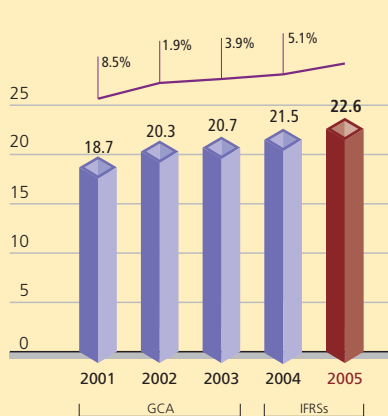
FCC owns 80% of Torre Picasso, the most outstanding office building in Madrid, which has a total area of 121,000 square metres. This holding is proportionally consolidated.

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%.

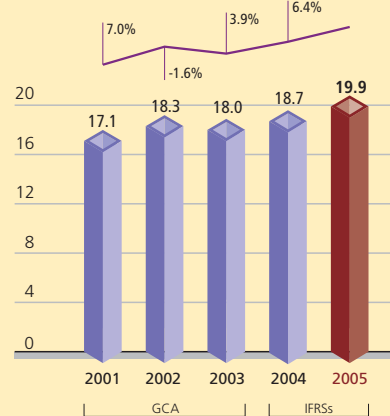


Turnover
Millions of euros



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.

